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DISCLAIMER

Attached please find an electronic copy of the Offering Circular dated November 21, 2007 (the "Offering Circular") relating to the offering by Collybus CDO I Ltd. and Collybus CDO I Corp. of certain Offered Securities (the "Offering").

The information contained in the electronic copy of the Offering Circular has been formatted in a manner which should exactly replicate the printed Offering Circular; however, physical appearance may differ and other discrepancies may occur for various reasons, including electronic communication difficulties or particular user equipment. The user of this electronic copy of the Offering Circular assumes the risk of any discrepancies between it and the printed version of the Offering Circular.

Neither this e-mail nor the attached Offering Circular constitutes an offer to sell or the solicitation of an offer to buy the securities described in the Offering Circular in any jurisdiction in which such offer or solicitation would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

In order to be eligible to view this e-mail and/or access the Offering Circular or make an investment decision with respect to the securities described therein, you must either (i) be a "qualified purchaser" within the meaning of Section 3(c)(7) of the Investment Company Act of 1940, as amended who is also a "Qualified Institutional Buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") or (ii) not be a "U.S. person" within the meaning of Regulation S under the Securities Act.

By opening the attached documents and accessing the Offering Circular, you agree to accept the provisions of this page and consent to the electronic transmission of the Offering Circular.

THIS E-MAIL IS NOT TO BE DISTRIBUTED OR FORWARDED TO ANY PERSON OTHER THAN THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION FROM CANTOR FITZGERALD & CO. AS PLACEMENT AGENT AND ANY PERSON RETAINED TO ADVISE THE PERSON RECEIVING THIS ELECTRONIC TRANSMISSION WITH RESPECT TO THE OFFERING CONTEMPLATED IN THE OFFERING CIRCULAR AND IS NOT TO BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FURTHER DISTRIBUTION, FORWARDING OR REPRODUCTION OF THIS EMAIL IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT.

A PROSPECTUS PREPARED PURSUANT TO THE PROSPECTUS DIRECTIVE WILL BE PUBLISHED, WHICH CAN BE OBTAINED FROM THE WEBSITE OF THE FINANCIAL REGULATOR IN IRELAND.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE 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.

U.S.$90,000,000 Class A-1 Senior Secured Floating Rate Notes due 2047
U.S.$675,000,000 Class A-2 Senior Secured Floating Rate Notes due 2047
U.S.$55,000,000 Class A-3 Senior Secured Floating Rate Notes due 2047
U.S.$53,000,000 Class B Senior Secured Floating Rate Notes due 2047
U.S.$35,000,000 Class C Deferrable Senior Secured Floating Rate Notes due 2047
U.S.$44,000,000 Class D Deferrable Senior Secured Floating Rate Notes due 2047
U.S.$60,583,157.67 Subordinate Securities

Backed Primarily by a Portfolio of Residential Mortgage-Backed Securities

Collybus CDO I Ltd.
Collybus CDO I Corp.

Collybus CDO I Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the "Issuer"), and Collybus CDO I Corp., a Delaware corporation (the "Co-Issuer" and, together with the Issuer, the "Co-Issuers") will issue the Class A-1 Senior Secured Floating Rate Notes (the "Class A-1 Notes"), the Class A-2 Senior Secured Floating Rate Notes (the "Class A-2 Notes), the Class A-3 Senior Secured Floating Rate Notes, (the "Class A-3 Notes" and, together with the Class A-1 Notes and the Class A-2 Notes, the "Class A Notes"), the Class B Senior Secured Floating Rate Notes (the "Class B Notes"), the Class C Deferrable Senior Secured Floating Rate Notes (the "Class C Notes") and the Class D Deferrable Senior Secured Floating Rate Notes (the "Class D Notes" and, together with the Class A Notes, Class B Notes and Class C Notes, the "Co-Issued Notes" or the "Notes"), in the respective principal amounts set forth above. Concurrently with the issuance of the Notes, the Issuer will also issue U.S.$60,583,157.67 Subordinate Securities (the "Subordinate Securities" and, collectively with the Notes, the "Offered Securities") pursuant to the Fiscal Agency Agreement. The Notes will be issued and secured pursuant to an Indenture dated as of November 9, 2007 (the "Indenture") among the Issuer, the Co-Issuer and Wells Fargo Bank, N.A., as Trustee (the "Trustee").

It is a condition to the issuance of the Offered Securities that the Class A-1 Notes be rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's" and, together with Moody's, the "Rating Agencies"), that the Class A-2 Notes be rated "Aaa" by Moody's and "AAA" by Standard & Poor's, that the Class A-3 Notes be rated at least "Aa1" by Moody's and "AAA" by Standard & Poor's, that the Class B Notes be rated at least "Aa3" by Moody's and at least "AA+" by Standard & Poor's, that the Class C Notes be rated at least "A3" by Moody's and at least "A+" by Standard & Poor's and that the Class D Notes be rated at least "Baa3" by Moody's and at least "BBB+" by Standard & Poor's.

SEE "RISK FACTORS" IN THIS OFFERING CIRCULAR FOR A DESCRIPTION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE OFFERED SECURITIES. THE PLEDGED ASSETS OF THE ISSUER ARE THE SOLE SOURCE OF PAYMENTS ON THE OFFERED SECURITIES. THE OFFERED SECURITIES DO NOT REPRESENT AN INTEREST IN OR OBLIGATIONS OF, AND ARE NOT INSURED OR GUARANTEED BY, THE

TRUSTEE, THE COLLATERAL MANAGER, CANTOR FITZGERALD & CO. OR ANY OF THEIR RESPECTIVE AFFILIATES.

THE OFFERED SECURITIES BEING OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), UNDER APPLICABLE STATE SECURITIES LAWS OR UNDER THE LAWS OF ANY OTHER JURISDICTION. NEITHER THE ISSUER NOR THE CO-ISSUER HAS BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, IN RELIANCE ON THE EXEMPTION PROVIDED BY SECTION 3(c)(7) THEREOF. THE OFFERED SECURITIES ARE BEING OFFERED (A) IN THE UNITED STATES IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT TO QUALIFIED PURCHASERS (AS DEFINED HEREIN) WHO ARE ALSO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S). PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE OFFERED SECURITIES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. EACH ORIGINAL PURCHASER OF AN OFFERED SECURITY WILL MAKE OR BE DEEMED TO MAKE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS, WARRANTIES AND CERTIFICATIONS. SEE "TRANSFER RESTRICTIONS".

The Class A Notes and Class B Notes are offered by Cantor Fitzgerald & Co., as agent for the Co-Issuers, from time to time as described under "Plan of Distribution" (in such capacity, together with such affiliates, the "Placement Agent"). The Offered Securities will be sold by the Co-Issuers directly to investors pursuant to one or more securities purchase agreements, as further described under "Plan of Distribution". The Placement Agent reserves the right to withdraw, cancel or modify any offer of the Class A Notes or Class B Notes and to reject orders of the Class A Notes or Class B Notes in whole or in part. It is expected that the Offered Securities will be delivered on or about November 9, 2007 (the "Closing Date"), in the case of all of the Offered Securities except for the Placement Notes, in the offices of Cantor Fitzgerald & Co. or its counsel, and in the case of the Placement Notes, through the facilities of The Depository Trust Company ("DTC"), against payment therefor in immediately available funds or securities, as further described in "Plan of Distribution". The collateral securing the Notes will be managed by Commonwealth Advisors, Inc. (together with any successor collateral manager, the "Collateral Manager"). It is a condition to the issuance of the Offered Securities that all Offered Securities be issued concurrently. This Offering Circular constitutes the Prospectus (the "Prospectus") for purposes of Directive 2003/71/EC (the "Prospectus Directive"). Application has been made to the Irish Financial Services Regulatory Authority ("Financial Regulator"), as competent authority under the Prospectus Directive for the Prospectus to be approved. Approval by the Financial Regulator relates only to the Notes that are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of the Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Any foreign language text that is included within this document is for convenience purposes only and does not form part of the Prospectus. Application has been made

to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its regulated market. There can be no assurance that listing on the Irish Stock Exchange will be granted. Each of the Co-Issuers has been established as a special purpose vehicle or entity for the purpose of, among other things, issuing asset-backed securities.

Cantor Fitzgerald & Co.
Placement Agent

The date of this Offering Circular is November 21, 2007.

NO PERSON IS AUTHORIZED IN CONNECTION WITH ANY OFFERING MADE HEREBY TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED HEREIN AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE ISSUER, THE CO-ISSUER, THE PLACEMENT AGENT, THE COLLATERAL MANAGER OR ANY OF THEIR RESPECTIVE AFFILIATES. THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, (A) ANY SECURITIES OTHER THAN THE OFFERED SECURITIES OR (B) ANY OFFERED SECURITIES IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER OR SOLICITATION. THE DISTRIBUTION OF THIS OFFERING CIRCULAR AND THE OFFERING OF THE OFFERED SECURITIES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS INTO WHOSE POSSESSION THIS OFFERING CIRCULAR COMES ARE REQUIRED BY THE CO-ISSUERS AND THE PLACEMENT AGENT TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS. IN PARTICULAR, THERE ARE RESTRICTIONS ON THE DISTRIBUTION OF THIS OFFERING CIRCULAR, AND THE OFFER AND SALE OF OFFERED SECURITIES, IN THE UNITED STATES OF AMERICA, THE UNITED KINGDOM AND THE CAYMAN ISLANDS. SEE "PLAN OF DISTRIBUTION". NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE OF ANY SECURITIES OFFERED HEREBY SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CO-ISSUERS OR THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE OF THIS OFFERING CIRCULAR. THE CO-ISSUERS AND THE PLACEMENT AGENT RESERVE THE RIGHT, FOR ANY REASON, TO REJECT ANY OFFER TO PURCHASE IN WHOLE OR IN PART, TO ALLOT TO ANY OFFEREE LESS THAN THE FULL AMOUNT OF OFFERED SECURITIES SOUGHT BY SUCH OFFEREE OR TO SELL LESS THAN THE MINIMUM DENOMINATION OF ANY CLASS OF NOTES.

THE CO-ISSUED NOTES ARE LIMITED RECOURSE OBLIGATIONS OF THE CO-ISSUERS. THE SUBORDINATE SECURITIES ARE LIMITED RECOURSE OBLIGATIONS OF THE ISSUER. THE NOTES ARE PAYABLE SOLELY FROM THE COLLATERAL DEBT SECURITIES AND OTHER COLLATERAL PLEDGED BY THE ISSUER TO SECURE THE NOTES. NONE OF THE SECURITY HOLDERS, MEMBERS, OFFICERS, DIRECTORS, MANAGERS OR INCORPORATORS OF THE ISSUER, THE CO-ISSUER, THE TRUSTEE, THE ADMINISTRATOR, THE COLLATERAL MANAGER, ANY RATING AGENCY, THE SHARE TRUSTEE, THE PLACEMENT AGENT, ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OTHER PERSON OR ENTITY WILL BE OBLIGATED TO MAKE PAYMENTS ON THE NOTES. CONSEQUENTLY, THE NOTEHOLDERS MUST RELY SOLELY ON AMOUNTS RECEIVED IN RESPECT OF THE COLLATERAL DEBT SECURITIES AND OTHER COLLATERAL PLEDGED TO SECURE THE NOTES FOR THE PAYMENT OF PRINCIPAL THEREOF AND INTEREST.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, EACH PROSPECTIVE INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF SUCH PROSPECTIVE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE UNITED STATES FEDERAL INCOME "TAX

TREATMENT" AND "TAX STRUCTURE" (IN EACH CASE, WITHIN THE MEANING OF TREASURY REGULATION SECTION 1.6011-4) OF THE TRANSACTIONS DESCRIBED IN THIS OFFERING CIRCULAR AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO SUCH PROSPECTIVE INVESTOR (OR SUCH PROSPECTIVE INVESTOR'S REPRESENTATIVES OR AGENTS) RELATING TO SUCH TAX TREATMENT OR TAX STRUCTURE. THIS AUTHORIZATION OF TAX DISCLOSURE IS RETROACTIVELY EFFECTIVE TO THE COMMENCEMENT OF DISCUSSIONS WITH PROSPECTIVE INVESTORS REGARDING THE TRANSACTIONS CONTEMPLATED HEREIN.

AN INVESTMENT IN THE OFFERED SECURITIES IS NOT SUITABLE FOR ALL INVESTORS AND IS APPROPRIATE ONLY FOR AN INVESTOR CAPABLE OF (A) ANALYZING AND ASSESSING THE RISKS ASSOCIATED WITH DEFAULTS, LOSSES AND RECOVERIES ON, REINVESTMENT OF PROCEEDS OF AND OTHER CHARACTERISTICS OF ASSETS SUCH AS THOSE INCLUDED IN THE COLLATERAL AND (B) BEARING SUCH RISKS AND THE FINANCIAL CONSEQUENCES THEREOF AS THEY RELATE TO AN INVESTMENT IN THE OFFERED SECURITIES. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN OFFERED SECURITIES FOR AN INDEFINITE PERIOD OF TIME.

THE CONTENTS OF THIS OFFERING CIRCULAR ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN ATTORNEY, BUSINESS ADVISOR AND TAX ADVISOR AS TO LEGAL, BUSINESS AND TAX ADVICE. IT IS EXPECTED THAT PROSPECTIVE INVESTORS INTERESTED IN PARTICIPATING IN THIS OFFERING ARE WILLING AND ABLE TO CONDUCT AN INDEPENDENT INVESTIGATION OF THE RISKS POSED BY AN INVESTMENT IN THE OFFERED SECURITIES.

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

This Offering Circular has been prepared by the Co-Issuers solely for use in connection with the offering of the Offered Securities described herein (the "Offering"). The Co-Issuers have taken all reasonable care to confirm that the information contained in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect and that there are

no other facts relating to the Co-Issuers or the Offered Securities, the omission of which makes this Offering Circular as a whole or any such information contained herein, in light of the circumstances under which it was made, misleading in any material respect. The Co-Issuers accept responsibility for the information contained in this document accordingly. To the best knowledge and belief of the Co-Issuers the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Co-Issuers disclaim any obligation to update such information and do not intend to do so. Neither the Placement Agent nor any of its affiliates makes any representation or warranty as to, has independently verified or assumes any responsibility for, the accuracy or completeness of the information contained herein. Neither the Collateral Manager nor any of its affiliates makes any representation or warranty as to, has independently verified or assumes any responsibility for, the accuracy or completeness of the information contained herein (other than the information describing the Collateral Manager set forth under "The Collateral Manager" and the subsections of the Risk Factors entitled "Conflicts of Interest Involving the Collateral Manager" and "Dependence on the Collateral Manager and Key Personnel and Prior Investment Results"). No other party to the transactions described herein makes any representation or warranty as to, has independently verified or assumes any responsibility for, the accuracy and completeness of the information contained herein. Nothing contained in this Offering Circular is or should be relied upon as a promise or representation as to future results or events. The Trustee has not participated in the preparation of this Offering Circular and assumes no responsibility for its contents.

None of the Placement Agent, the Collateral Manager, the Surveillance Agent, their respective affiliates and any other person party to the transactions described herein (other than the Co-Issuers) assumes any responsibility for the performance of any obligations of either of the Co-Issuers or any other person described in this Offering Circular (other than its own obligations under documents entered into by it) or for the due execution, validity or enforceability of the Offered Securities or for the value or validity of the Collateral.

This Offering Circular contains summaries of certain documents. The summaries do not purport to be complete and are qualified in their entirety by reference to such documents, copies of which will be made available to offerees upon request. Requests and inquiries regarding this Offering Circular or such documents should be directed to the Placement Agent at 110 East 59th Street, New York, New York 10022; Attention: Yu-Hui Lin.

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

Although the Placement Agent may from time to time make a market in any Class of Notes or the Subordinate Securities, the Placement Agent is under no obligation to do so. If the Placement Agent commences any market-making, the Placement Agent may discontinue the same at any time. There can be no assurance that a secondary market for any Class of the Notes or the Subordinate Securities will develop, or if a secondary market does develop, that it will

provide the holders of such Offered Securities with liquidity of investment or that it will continue for the life of such Offered Securities.

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

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

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

NOTICE TO FLORIDA RESIDENTS

THE OFFERED SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 517.061 OF THE FLORIDA SECURITIES ACT (THE "FLORIDA ACT") AND HAVE NOT BEEN REGISTERED UNDER THE FLORIDA ACT IN THE STATE OF FLORIDA. FLORIDA RESIDENTS WHO ARE NOT INSTITUTIONAL INVESTORS DESCRIBED IN SECTION 517.061(7) OF THE FLORIDA ACT HAVE THE RIGHT TO VOID THEIR PURCHASES OF THE OFFERED SECURITIES WITHOUT PENALTY WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION.

NOTICE TO MEMBERS OF THE PUBLIC IN THE CAYMAN ISLANDS

PURSUANT TO S. 194 OF THE COMPANIES LAW (2004 REVISION) OF THE CAYMAN ISLANDS, THE OFFERED SECURITIES MAY NOT BE OFFERED TO MEMBERS OF THE PUBLIC IN THE CAYMAN ISLANDS.

NOTICE TO RESIDENTS WITHIN THE EUROPEAN ECONOMIC AREA

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHICH HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE (EACH, A "RELEVANT MEMBER STATE"), THE PLACEMENT AGENT 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 OFFERED SECURITIES WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFERING CIRCULAR TO THE PUBLIC IN THAT RELEVANT MEMBER STATE OTHER THAN:

(A) TO LEGAL ENTITIES WHICH ARE AUTHORISED OR REGULATED TO OPERATE IN THE FINANCIAL MARKETS OR, IF NOT SO AUTHORISED OR REGULATED, WHOSE CORPORATE PURPOSE IS SOLELY TO INVEST IN SECURITIES;

(B) TO ANY LEGAL ENTITY WHICH HAS TWO OR MORE OF (1) AN AVERAGE OF AT LEAST 250 EMPLOYEES DURING THE LAST FINANCIAL YEAR; (2) A TOTAL BALANCE SHEET OF MORE THAN €43,000,000; AND (3) AN ANNUAL NET TURNOVER OF MORE THAN €50,000,000, AS SHOWN IN ITS LAST ANNUAL OR CONSOLIDATED ACCOUNTS;

(C) TO FEWER THAN 100 NATURAL OR LEGAL PERSONS (OTHER THAN QUALIFIED INVESTORS AS DEFINED IN THE PROSPECTUS DIRECTIVE); OR

(D) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 3(2) OF THE PROSPECTUS DIRECTIVE;

PROVIDED THAT NO SUCH OFFER OF OFFERED SECURITIES SHALL REQUIRE THE ISSUER OR THE PLACEMENT AGENT TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE OR SUPPLEMENT A PROSPECTUS PURSUANT TO ARTICLE 16 OF THE PROSPECTUS DIRECTIVE.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF OFFERED SECURITIES TO THE PUBLIC" IN RELATION TO ANY OFFERED SECURITIES 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 OFFERED SECURITIES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE THE OFFERED SECURITIES, AS THE SAME MAY BE VARIED IN THAT MEMBER STATE BY ANY MEASURE IMPLEMENTING THE PROSPECTUS DIRECTIVE IN THAT MEMBER STATE AND THE EXPRESSION "PROSPECTUS DIRECTIVE" MEANS DIRECTIVE 2003/71/EC

AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN EACH RELEVANT MEMBER STATE.

NOTICE TO RESIDENTS OF IRELAND

EACH OF THE ISSUER AND THE PLACEMENT AGENT HAS REPRESENTED, WARRANTED AND AGREED THAT (A) IT WILL NOT UNDERWRITE THE ISSUE OF, OR PLACE THE OFFERED SECURITIES OTHERWISE THAN IN CONFORMITY WITH THE PROVISIONS OF THE EUROPEAN COMMUNITIES (MARKETS IN FINANCIAL INSTRUMENTS) REGULATIONS, 2007 AND THE PROVISIONS OF THE INVESTOR COMPENSATION ACT 1998, (B) IT WILL NOT UNDERWRITE THE ISSUE OF, OR PLACE THE OFFERED SECURITIES OTHERWISE THAN IN CONFORMITY WITH THE PROVISIONS OF THE IRISH CENTRAL BANK ACT 1989 (AS AMENDED) AND ANY CODES OF CONDUCT RULES MADE UNDER SECTION 117(1) THEREOF, (C) IT WILL NOT UNDERWRITE THE ISSUE OF, OR PLACE, OR DO ANYTHING IN IRELAND IN RESPECT OF THE OFFERED SECURITIES OTHERWISE THAN IN CONFORMITY WITH THE PROVISIONS OF THE IRISH PROSPECTUS (DIRECTIVE 2003/71/EC) REGULATIONS 2005 AND ANY RULES ISSUED UNDER SECTION 51 OF THE IRISH INVESTMENT FUNDS, COMPANIES AND MISCELLANEOUS PROVISIONS ACT 2005 BY THE IRISH FINANCIAL REGULATOR; AND (D) IT WILL NOT UNDERWRITE THE ISSUE OF, PLACE OR OTHERWISE ACT IN IRELAND IN RESPECT OF THE OFFERED SECURITIES, OTHERWISE THAN IN CONFORMITY WITH THE PROVISIONS OF THE IRISH MARKET ABUSE (DIRECTIVE 2003/6/EC) REGULATIONS 2005 AND ANY RULES ISSUED UNDER SECTION 34 OF THE IRISH INVESTMENT FUNDS, COMPANIES AND MISCELLANEOUS PROVISIONS ACT 2005 BY THE IRISH FINANCIAL REGULATOR.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

THE PLACEMENT AGENT HAS AGREED THAT (A) 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 FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “FSMA”)) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE OFFERED SECURITIES IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE ISSUER; AND (B) IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE OFFERED SECURITIES IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with the sale of the Offered Securities, each of the Co-Issuers (or the Issuer, in the case of the Subordinate Securities) will be required to furnish, upon request of a holder of an Offered Security, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request such Co-Issuer is not a reporting company under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. In the case of the Notes, such information may be obtained from the Trustee. It is not contemplated that either of the Co-Issuers will be such a reporting company or so exempt.

Table of Contents

SUMMARY

The following summary does not purport to be complete and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offering Circular. An index of defined terms used herein appears at the back of this Offering Circular.

CERTAIN GENERAL TERMS

Issuer:	Collybus CDO I Ltd.
Co-Issuer (with respect to the Co-Issued Notes only):	Collybus CDO I Corp.
Collateral Manager:	Commonwealth Advisors, Inc. or any successor Collateral Manager appointed in accordance with the Indenture and the Collateral Management Agreement.
Placement Agent:	Cantor Fitzgerald & Co., acting in its individual capacity and through its affiliates, including Cantor Fitzgerald Europe, as agent for the Co-Issuers in connection with the sale and offer of the Class A Notes.
Trustee/Custodian/Fiscal Agent/Collateral Administrator/Paying Agent:	Wells Fargo Bank, N.A.
Closing Date:	November 9, 2007
Distribution Dates:	March 7, June 7, September 7 and December 7 of each year, commencing on December 7, 2007. However, if a Distribution Date would otherwise fall on a day that is not a Business Day, the relevant Distribution Date will be the first following day that is a Business Day and the last Distribution Date will be December 9, 2047.
Expected Proceeds:	The Offered Securities and the Subordinate Securities will be issued on the Closing Date in consideration of U.S.$200,044,930.76 in immediately available funds, and Collateral Debt Securities with an Aggregate Principal Balance of at least U.S.$1,079,157,000. See "Plan of Distribution". The net proceeds from the issuance of the Offered Securities, are expected to be approximately U.S.$994,716,896.98 in cash and securities after payment of organizational, placement and structuring fees and expenses of the Co-Issuers, including, without

	limitation (i) the legal fees and expenses of counsel to the Co-Issuers, the Placement Agent and the Collateral Manager, (ii) the expenses, fees and commissions incurred in connection with the acquisition by the Issuer of the Collateral Debt Securities acquired on the Closing Date, (iii) the expenses of offering the Offered Securities (including placement agency fees, structuring fees and certain marketing costs) and (iv) the initial deposits into the Expense Account and the Interest Reserve Account.
Use of Proceeds:	Net cash proceeds will be used by the Issuer to purchase on the Closing Date certain Collateral Debt Securities listed on Schedule F and Schedule G hereto, subject to the conditions set forth herein. As described above in "*Expected Proceeds*", the Issuer shall also acquire certain Collateral Debt Securities in consideration of the issuance of the Offered Securities and the Subordinate Securities. See "Plan of Distribution".

GENERAL TERMS OF THE NOTES

Designation	Ratings (Moody's/S&P)	Aggregate Original Principal Amount	Note Stated Maturity
Class A-1 Notes	Aaa/AAA	U.S.$90,000,000	December 9, 2047
Class A-2 Notes[1]	Aaa/AAA	U.S. $675,000,000	December 9, 2047
Class A-3 Notes	Aa1/AAA	U.S. $55,000,000	December 9, 2047
Class B Notes	Aa3/AA+	U.S. $53,000,000	December 9, 2047
Class C Notes	A3/A+	U.S. $35,000,000	December 9, 2047
Class D Notes	Baa3/BBB+	U.S. $44,000,000	December 9, 2047

Note Interest Rates on Applicable Distribution Dates

	Closing Date through the March 2008 Distribution Date	June 2008 Distribution Date through the December 2009 Distribution Date	March 2010 Distribution Date through the June 2012 Distribution Date	September 2012 Distribution Date through the Stated Maturity
Class A-1 Notes	LIBOR + .15%	LIBOR + .15%	LIBOR + .15%	LIBOR + .15%
Class A-2 Notes	LIBOR + 0.92%	LIBOR + 1.05%	LIBOR + 1.45%	LIBOR + 1.65%
Class A-3 Notes	LIBOR + 2.25%	LIBOR + 2.25%	LIBOR + 2.25%	LIBOR + 2.25%
Class B Notes	LIBOR + 2.65%	LIBOR + 2.65%	LIBOR + 2.65%	LIBOR + 2.65%
Class C Notes	LIBOR + 2.70%	LIBOR + 2.70%	LIBOR + 2.70%	LIBOR + 2.70%
Class D Notes[2]	LIBOR + 4.50%	LIBOR + 4.50%	LIBOR + 4.50%	LIBOR + 4.50%

Minimum Denomination: U.S.$250,000 and integral multiples of U.S.$1,000 in excess thereof.

Additional Class A-2 Notes: As described in greater detail below, from time to time, the Co-Issuers may issue Additional Class A-2 Notes periodically under an Additional Notes Supplemental Indenture, subject to certain conditions and limitations set forth herein, including the reaffirmation of the

[1]Additional Class A-2 Notes may be issued after the Closing Date as described herein.

[2] The Holders of the Class D Notes shall also receive an additional unrated interest amount in the form of the Class D Additional Interest Amount, subject to available funds and in accordance with "Description of the Notes – Priority of Payments".

	ratings of the Original Class A-2 Notes (as defined below) and each of the other Notes issued by each Rating Agency on the Closing Date. Each issuance of additional Class A-2 Notes (the, "Additional Class A-2 Notes") will have a minimum aggregate principal amount of at least U.S.$25,000,000 and, with respect to all issuances of Additional Class A-2 Notes, will not exceed, collectively, an aggregate amount of U.S.$750,000,000. Any sale proceeds from the issuance of such Additional Class A-2 Notes shall be invested in Collateral Debt Securities in accordance with the Eligibility Criteria or, pending such investment, deposited into the Uninvested Proceeds Account on the related Additional Notes Closing Date. Any Additional Class A-2 Notes shall be pari passu in all respects with the Class A-2 Notes issued on the Closing Date (such notes, the "Original Class A-2 Notes") and shall have the same terms as the Original Class A-2 Notes, and the Additional Class A-2 Notes and the Original Class A-2 Notes shall vote together as one class. See "Description of the Notes—Additional Class A-2 Notes".
Seniority:	The seniority of and the relative payment priorities with respect to the Offered Securities are set forth in "Description of the Notes—Priority of Payments".
Security for the Notes:	The Notes will be limited recourse debt obligations of the Co-Issuers and the Subordinate Securities will be limited recourse debt obligations of the Issuer, and the Notes will be secured solely by a pledge of the Collateral by the Issuer to the Trustee for the benefit of the holders from time to time of the Notes, the Collateral Manager, the Surveillance Agent, the Fiscal Agent, the Paying Agent, the Collateral Administrator, the Custodian, the Trustee and any Hedge Counterparty (collectively, the "Secured Parties") pursuant to the Indenture.
Interest Payments:	Interest on the Notes will accrue from the Closing Date. Accrued and unpaid interest

	will be payable on the Notes on each Distribution Date beginning on December 7, 2007, if and to the extent funds are available on such Distribution Date in accordance with the Priority of Payments.
Principal Repayment:	After the Closing Date, all Principal Proceeds (including all Sale Proceeds received as a result of discretionary sales effected in accordance with the Indenture) will be applied on each Distribution Date, after paying certain other amounts, to pay principal and interest (as specified below) of each Class of Notes in accordance with the Priority of Payments. In certain circumstances, Interest Proceeds will be applied to pay principal other than pursuant to a Mandatory Redemption. The Priority of Payments provides that Interest Proceeds will be used to pay principal on the Class A-2 Notes, in the form of the Class A-2 Target Amount, for a certain limited period of time. In addition, certain Interest Proceeds will be used to pay the principal on the Class D Notes, and, on or after the initial Auction Date, a portion of the Interest Proceeds will be used to pay principal on all of the Notes. See "Description of the Notes—Priority of Payments".
Mandatory Redemption:	If any Overcollateralization Test is not satisfied on the Determination Date related to any Distribution Date, as described under "Description of the Notes—Mandatory Redemption", Interest Proceeds will be used to pay the principal of the Notes, to the extent funds are available in accordance with the Priority of Payments and to the extent necessary to satisfy the relevant Overcollateralization Test(s).
Early Redemption:	The Notes will be subject to early redemption in connection with an Optional Redemption, Tax Redemption or Auction Call Redemption, each as described under "Description of the Notes—Optional Redemption and Tax Redemption" and "Description of the Notes—

	Auction Call Redemption" in accordance with the procedures, and subject to the satisfaction of the conditions, described under "Description of the Notes—Redemption Procedures".
Listing:	Application has been made to the Financial Regulator, as competent authority under the Prospectus Directive for the Prospectus to be approved. Approval by the Financial Regulator relates only to the Notes that are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of the Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its regulated market. The issuance and settlement of the Notes on the Closing Date are not conditioned on the listing of the Notes on such exchange, and there can be no guarantee that such application will be granted.
Irish Listing Agent:	Maples and Calder Listing Services Limited

DESCRIPTION OF THE COLLATERAL

General:	The Notes (together with the Issuer's obligations to the Secured Parties other than the Noteholders) will be secured by (i) all of the Collateral Debt Securities and Equity Securities standing to the credit of the Custodial Account, (ii) the Interest Collection Account, the Uninvested Proceeds Account, the Principal Collection Account, the Payment Account, the Expense Account, the Interest Reserve Account, any Hedge Counterparty Collateral Account, all funds and other property standing to the credit of each such account, Eligible Investments purchased with funds standing to the credit of each such account and all income from the investment of funds therein, (iii) the rights of the Issuer under any Hedge Agreement, (iv) the rights of the Issuer under the Collateral Management

	Agreement, the Collateral Administration Agreement, the Surveillance Agency Agreement, the Administration Agreement, (v) all cash delivered to the Trustee, and (vi) all proceeds, accessions, profits, income benefits, substitutions and replacements, whether voluntary or involuntary, of and to any of the property of the Issuer described in the preceding clauses (collectively, the "Collateral").
Acquisition and Disposition of Collateral Debt Securities:	It is anticipated that, on the Closing Date, the Issuer will have purchased (or entered into agreements to purchase for settlement following the Closing Date) Collateral Debt Securities (as listed on Schedule F and Schedule G hereto) having an aggregate principal balance of not less than U.S.$1,093,107,000. All Collateral Debt Securities purchased by the Issuer will, on the date of purchase, be required to satisfy the criteria set forth in the Indenture and described herein under "Security for the Notes—Collateral Debt Securities" and "Security for the Notes—Eligibility Criteria" (except those Collateral Debt Securities labeled "Ineligible Collateral Debt Securities" in Schedule G to this Offering Circular). The Issuer may, at the direction of the Collateral Manager, but subject to certain limitations and procedures, sell Deferred Interest PIK Bonds, Defaulted Securities, Written Down Securities, Credit Improved Securities, Credit Risk Securities and Equity Securities at any time. The Sale Proceeds from any such sale will be deposited in the Interest Collection Account or the Principal Collection Account, as the case may be, in accordance with the Indenture, and will be applied on the Distribution Date immediately succeeding the end of the Due Period in accordance with the Priority of Payments. See "Security for the Notes—Disposition of Collateral Debt Securities".

In addition, the Issuer may invest the sales proceeds from the issuance of Additional Class A-2 Notes in Collateral Debt Securities that satisfy the Eligibility Criteria. See "Description of the Notes—Additional Class A-2 Notes".

RISK FACTORS

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

RISK FACTORS RELATING TO THE TERMS OF THE OFFERED SECURITIES

Investor Suitability. An investment in the Offered Securities will not be appropriate for all investors. Structured investment products like the Offered Securities are complex instruments and typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. Any investor interested in purchasing Offered Securities should conduct its own investigation and analysis of the product and consult its own professional advisers as to the risks involved in making such a purchase.

Limited Liquidity and Restrictions on Transfer. There is currently no market for the Offered Securities. Although the Placement Agent may from time to time make a market in Offered Securities, the Placement Agent is under no obligation to do so. If the Placement Agent commences any market-making, it may discontinue the same at any time. There can be no assurance that a secondary market for any of the Offered Securities will develop, or if a secondary market does develop, that it will provide the holders of such Offered Securities with liquidity of investment or that it will continue for the life of the Offered Securities. In addition, the Offered Securities are subject to certain transfer restrictions and can only be transferred to certain transferees as described under "Transfer Restrictions". Consequently, an investor in the Offered Securities must be prepared to hold its Offered Securities for an indefinite period of time or until the Stated Maturity of the Notes. Such restrictions on the transfer of the Notes may further limit the liquidity of the Notes. See "Transfer Restrictions." In addition, although the Offered Securities may be listed on the Irish Stock Exchange, such listing does not guarantee any liquidity for such Offered Securities.

Limited-Recourse Obligations. The Notes are limited-recourse obligations of the Co-Issuers. The Subordinate Securities are limited-recourse obligations of the Issuer. The Notes are payable solely from the Collateral Debt Securities and other Collateral pledged to the Trustee to secure the Notes. None of the security holders, members, officers, directors, managers or incorporators of the Issuer, the Co-Issuer, the Trustee, any Hedge Counterparty or any of their respective guarantors, the Administrator, any Rating Agency, the Share Trustee, the Collateral Manager, the Surveillance Agent, the Placement Agent, any of their respective affiliates and any other person or entity will be obligated to make payments on the Notes. Consequently, the Noteholders must rely solely on amounts received in respect of the Collateral Debt Securities and other Collateral pledged to secure the Notes for the payment of principal thereof and interest thereon. There can be no assurance that the distributions on the Collateral Debt Securities and other Collateral pledged to the Trustee to secure the Notes will be sufficient to make payments on any Class of Notes, in particular after making payments on more Senior Classes of Notes and certain other required amounts ranking Senior to such Class. The Issuer's ability to make payments in respect of any Class of Notes will be constrained by the terms of the Notes of Classes more Senior to such Class and the Indenture. If distributions on the Collateral are

insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency and, following liquidation of all the Collateral, the obligations of the Co-Issuers to pay such deficiencies will be extinguished and will not thereafter revive.

Subordination of Each Class of Subordinate Notes. The relative order of seniority of payment of each Class of Notes and the Subordinate Securities on each Distribution Date is as follows: *first*, Class A-1 Notes, *second*, Class A-2 Notes, *third*, Class A-3 Notes, *fourth*, Class B Notes, *fifth*, Class C Notes, *sixth*, Class D Notes and *seventh*, Subordinate Securities with (a) each Class of Notes (other than the Subordinate Securities) in such list being "Senior" to each other Class of Notes that follows such Class of Notes in such list and (b) each Class of Notes (other than the Class A-1 Notes) in such list being "Subordinate" to each other Class of Notes that precedes such Class of Notes in such list.

Notwithstanding the foregoing general description of the relative seniority of the Notes, the Priority of Payments provides that: (a) certain Interest Proceeds that would otherwise be distributed to the Class C Notes, Class D Notes or paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay the Class A-2 Target Amount (in reduction of the Aggregate Outstanding Amount of the Class A-2 Notes); (b) if the Class A/B Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date occurring after the Closing Date, certain Interest Proceeds that would otherwise be distributed to the Class C Notes, Class D Notes or paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes and *fourth*, the Class B Notes in accordance with the Priority of Payments and to the extent necessary to cause the Class A/B Overcollateralization Test to be satisfied; (c) if the Class C Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date occurring after the Closing Date, certain Interest Proceeds that would otherwise be distributed to the Class D Notes or the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes, *fourth*, the Class B Notes and *fifth*, the Class C Notes in accordance with the Priority of Payments and to the extent necessary to cause the Class C Overcollateralization Test to be satisfied; (d) certain Interest Proceeds that would otherwise be paid to the Class D Notes or the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used, prior to the payment of the principal in full of all outstanding Senior Classes of Notes, to pay Class C Deferred Interest; (e) if the Class D Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date, certain Interest Proceeds that would otherwise be distributed to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes, *fourth*, the Class B Notes, *fifth*, the Class C Notes and *sixth*, the Class D Notes in accordance with the Priority of Payments and to the extent necessary to cause the Class D Overcollateralization Test to be satisfied; (f) certain Interest Proceeds that would otherwise be paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used, prior to the payment of the principal in full of all outstanding Senior Classes of Notes, to pay Class D Deferred Interest, the Class D Additional Interest Amount and principal of the Class D Notes; (g) on and after the initial Auction Date,

certain Interest Proceeds that would otherwise be paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay the principal of the Notes; and (h) certain Principal Proceeds that would otherwise be used to pay the principal in full of all outstanding Senior Classes of Notes, will be used to pay the Interest Distribution Amount with respect to the Class A Notes and the Class B Notes to the extent not paid in full with Interest Proceeds, all as described under "Description of the Notes—Priority of Payments".

However, if any Event of Default has not been cured or waived and acceleration occurs in accordance with the Indenture, each Class that is Senior to the other Classes shall be paid in full in Cash (unless such Class otherwise consents in accordance with the Indenture) before any further payment or distribution is made on account of any Class that is Subordinate to such Class that is Senior; any amounts otherwise distributable on a Distribution Date (in accordance with the Priority of Payment provisions for distribution of "Interest Proceeds" and "Principal Proceeds" prior to an Event of Default) to any Class that is Subordinate to another shall not be so distributed but shall instead distributed, in order of seniority, to the full payment of principal and interest of each Class that is Senior to such Subordinate Class. In addition, if any Event of Default has not been cured or waived and acceleration occurs in accordance with the Indenture, all amounts payable to any Hedge Counterparty pursuant to the Priority of Payments (other than any Subordinate Hedge Termination Payment) shall be paid in Cash before any further payment or distribution is made on account of any Class. The foregoing could result in an elimination, deferral or reduction in the payments in respect of interest or the principal repayments made to the holders of one or more Classes, which could adversely impact the returns of such holders.

If an Event of Default occurs, so long as any Notes are outstanding, the Requisite Percentage will be entitled to determine the remedies to be exercised under the Indenture. So long as any Class A Notes or Class B Notes are outstanding, (a) the failure on any Distribution Date to make payment in respect of interest on the Class C Notes by reason of the operation of the Priority of Payments will not constitute an Event of Default under the Indenture and, (b) any interest on the Class C Notes that is not paid when due by operation of the Priority of Payments will be deferred and capitalized. So long as any Class A Notes, Class B Notes or Class C Notes are outstanding, (a) the failure on any Distribution Date to make payment in respect of interest on the Class D Notes by reason of the operation of the Priority of Payments will not constitute an Event of Default under the Indenture and, (b) any interest on the Class D Notes (other than the Class D Additional Interest Amount) that is not paid when due by operation of the Priority of Payments will be deferred and capitalized. In the event of any realization on the Collateral, proceeds will be allocated to the Notes and other amounts in accordance with the Priority of Payments prior to any distribution to the holders of the Subordinate Securities. See "Description of the Notes—The Indenture" and "—Priority of Payments". Remedies pursued by the holders of the Class or Classes of Notes entitled to determine the exercise of such remedies could be adverse to the interest of the holders of the other Classes of Notes. To the extent that any losses are suffered by any of the holders of any Offered Securities, such losses will be borne, *first*, by the holders of the Subordinate Securities, *second*, by the holders of the Class D Notes, *third*, by the holders of the Class C Notes, *fourth*, by the holders of the Class B Notes, *fifth*, by the holders of the Class A-3 Notes, *sixth*, by the holders of the Class A-2 Notes, and *seventh*, by the holders of the Class A-1 Notes.

Distributions on the Subordinate Securities; Investment Term; Non-Petition Agreement. Prior to the payment in full of the Notes and all other amounts owing under the Indenture, holders of Subordinate Securities will be entitled to receive distributions only to the extent permissible under the Indenture and the Fiscal Agency Agreement. The timing and amount of distributions payable to holders of Subordinate Securities will be affected by the average life of the Notes. See "—Average Life of the Notes and Prepayment Considerations" below. Each initial purchaser of Subordinate Securities will be required to covenant or be deemed to covenant (and each transferee of Subordinate Securities will be required to covenant in a transfer certificate or be deemed to covenant) that it will not cause the filing of a petition in bankruptcy against the Issuer before one year and one day have elapsed since the payment in full of the Notes and the Subordinate Securities or, if longer, the applicable preference period then in effect. If such provision failed to be effective to preclude the filing of a petition under applicable bankruptcy laws, then the filing of such a petition could result in one or more payments on the Notes and the Subordinate Securities made during the period prior to such filing being deemed to be preferential transfers subject to avoidance by the bankruptcy trustee or similar official exercising authority with respect to the Issuer's bankruptcy estate.

Additional Notes—Class A-2 Notes. After the Closing Date, the Co-Issuers will be permitted to issue Additional Class A-2 Notes subject to the conditions set forth in the Indenture. See "Description of the Notes—Additional Class A-2 Notes". The issuance of such Notes could affect, *inter alia*, the average life of the Notes, the allocation of voting rights among Noteholders and the funds available to be distributed to Noteholders on each Distribution Date. In addition, as the proceeds from the issuance of the Additional Class A-2 Notes would be invested in additional Collateral Debt Securities, the performance of such Collateral Debt Securities could be materially different from the Collateral Debt Securities held by the Issuer as of the Closing Date. There can be no assurance that any such Additional Class A-2 Notes will be issued.

Rating Condition. Certain actions taken under the Indenture require that each Rating Agency has confirmed in writing to the Trustee that such action will not result in the withdrawal, reduction or other adverse action with respect to the rating (including any shadow, private or confidential rating) of the Notes issued on the Closing Date or issued or reaffirmed on the most recent Additional Notes Closing Date. If the rating by any Rating Agency of the Notes issued on the Closing Date, or issued or reaffirmed as of the most recent Additional Notes Closing Date (as to such Rating Agency, the "Minimum Rating") improved during the period after such issuance or reaffirmation but prior to such action, the Rating Condition may still be satisfied even though such action could result in a downgrade of such rating, *provided* that the resulting rating is no worse than the Minimum Rating.

Auction Call Redemption. In addition, if the Notes have not been redeemed in full prior to the Distribution Date occurring in December 2011, then an auction of the Collateral Debt Securities included in the Collateral will be conducted and, *provided* that certain conditions are satisfied, the Collateral Debt Securities will be sold and the Notes will be redeemed (in whole, but not in part) on such Distribution Date. If such conditions are not satisfied and the auction is not successfully conducted on such Distribution Date, the Trustee will conduct auctions on a quarterly basis until the Notes are redeemed in full. See "Description of the Notes—Auction Call Redemption". Each Hedge Agreement (if any) will terminate upon an Auction Call Redemption.

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

Optional Redemption. Subject to satisfaction of certain conditions, a Majority-in-Interest of Subordinate Securityholders may require that the Notes be redeemed in whole and not in part as described under "Description of the Notes—Optional Redemption and Tax Redemption", *provided* that no such optional redemption may occur prior to the Distribution Date occurring in December 2010. Each Hedge Agreement (if any) will terminate upon an Optional Redemption. Any requirement of the Issuer to make termination payments under a Hedge Agreement may prevent the Issuer from satisfying the conditions for an Optional Redemption.

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

Tax Redemption. Subject to satisfaction of certain conditions, upon the occurrence of a Tax Event, the Issuer may redeem the Notes (such redemption, a "Tax Redemption") on any Distribution Date, in whole but not in part, at the applicable Redemption Price therefor (i) at the direction of the holders of a majority in Aggregate Outstanding Amount of any Class of Notes that, as a result of the occurrence of a Tax Event, has not received 100% of the aggregate amount of principal and interest payable to such Class on any Distribution Date (each such Class, an "Affected Class") or (ii) at the direction of a Majority-in-Interest of Subordinate Securityholders. No Tax Redemption may be effected, however, unless the Tax Materiality Condition is satisfied. See "Description of the Notes—Optional Redemption and Tax Redemption". Each Hedge Agreement will terminate upon any Tax Redemption.

Mandatory Redemption of the Notes. If any of the Overcollateralization Tests are not satisfied on the Determination Date related to any Distribution Date, Interest Proceeds will be used to repay the principal of the Notes, to the extent that funds are available in accordance with the Priority of Payments and to the extent necessary to either restore the relevant Overcollateralization Test(s) to certain minimum required levels or to pay the Notes in full. See "Description of the Notes – Mandatory Redemption" and "—Priority of Payments."

The foregoing could result in an elimination, deferral or reduction in the payments in respect of interest or the principal repayments made to the holders of one or more Classes of Notes that are Subordinate to any other outstanding Class of Notes, which could adversely impact the returns of such holders.

Modification of the Indenture. Pursuant to the terms of the Indenture, the Trustee and the Co-Issuers may, from time to time, execute one or more supplemental indentures that add to,

change, modify or eliminate provisions of the Indenture or modify the rights of holders of the Offered Securities. Approval for entering into such supplemental indentures does not in all cases require the consent of all of the holders of the outstanding Notes and Subordinate Securities. Accordingly, certain supplemental indentures that result in material and adverse changes to the interests of Noteholders, and in some cases Subordinate Securityholders, may be approved without the consent of all of the Noteholders and Subordinate Securityholders adversely affected. See "Description of the Notes—The Indenture—Modification of the Indenture."

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

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

Limited Control of Administration and Amendment of Collateral Debt Securities. The Collateral Manager on behalf of the Issuer will exercise or enforce, or refrain from exercising or enforcing, any or all of its rights in connection with the Collateral Debt Securities or any related documents or will refuse amendments or waivers of the terms of any Collateral Debt Securities and related documents in accordance with its portfolio management practices and the standards specified in the Indenture and the Collateral Management Agreement. The Issuer's ability to change the terms of the Collateral Debt Securities will generally not otherwise be restricted by the Indenture. The Noteholders will not have any right to compel the Collateral Manager or the Issuer to take or refrain from taking any actions other than in accordance with its portfolio management practices and the standards specified in the Indenture and the Collateral Management Agreement. Any amendment, waiver or modification of a Collateral Debt Security could postpone the expected maturity of the Notes and/or reduce the likelihood of timely and complete payment of interest on and principal of the Notes. It is likely that the Issuer's investment in any Collateral Debt Security will not be of a sufficient size or class to confer a substantial degree of control over amendments or waivers with respect thereto (except certain fundamental amendments).

Significant Fees Reduce Proceeds Available for Purchase of Collateral Debt Securities. On the Closing Date, the Co-Issuers will use a portion of the gross proceeds from the offering to pay various fees and expenses, including expenses, fees and commissions incurred in connection with the acquisition of the Collateral, structuring and placement agency fees payable to the Placement Agent, and legal, accounting, rating agency and other fees. Closing fees and expenses reduce the amount of the gross proceeds of the offering available to purchase Collateral and, therefore, the return to purchasers of the Offered Securities. Rating agencies will consider the

amount of net proceeds available to purchase Collateral in determining any ratings assigned by them to the Offered Securities.

RISK FACTORS RELATING TO THE COLLATERAL

Nature of Collateral. The Collateral is subject to credit, liquidity, interest rate, market, operations, fraud and structural risk. The amount and nature of the Collateral Debt Securities included in the Collateral have been established to withstand certain assumed deficiencies in payment occasioned by defaults in respect of the Collateral Debt Securities. If any deficiencies exceed such assumed levels, however, payment in respect of the Offered Securities could be adversely affected. To the extent that a default occurs with respect to any Collateral Debt Security included in the Collateral and the Issuer sells or otherwise disposes of such Collateral Debt Security, it is not likely that the proceeds of such sale or disposition will be equal to the amount of principal and interest owing to the Issuer in respect of such Collateral Debt Security.

The market value of the Collateral Debt Securities included in the Collateral generally will fluctuate with, among other things, the financial condition of the obligors on or issuers of such Collateral Debt Securities, the remaining term thereof to maturity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Moreover, the market value of certain Collateral Debt Securities is used in calculating the Overcollateralization Tests and, as a result, fluctuations in the market values may affect the amount and timing of payments on the Notes.

The ability of the Issuer to sell Collateral Debt Securities prior to maturity is subject to certain restrictions described under "Security for the Notes—Dispositions of Collateral Debt Securities".

The Collateral Debt Securities consist primarily of residential mortgage-backed securities many of which the Issuer has purchased at a significant discount to par, due to a variety of factors, including, but not limited to, such securities being part of an out-of-favor or stressed asset class or being distressed, undervalued or orphaned. Although such investments may result in significant returns to the Issuer, they involve a substantial degree of risk. Any one or all of the Collateral Debt Securities which the Issuer may acquire may fail to perform at the level expected at the time such Collateral Debt Security was acquired by the Issuer. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed securities is unusually high. There is no assurance that the Issuer will correctly evaluate the value of the assets collateralizing the Collateral Debt Securities. In addition, there may be limited sources for determining the market value of the Collateral Debt Securities. The Collateral Debt Securities that were acquired on the Closing Date by the Issuer were acquired from an affiliate of the Placement Agent, entities advised by the Collateral Manager and entities advised by Waterfall Asset Management, LLC. Part of the consideration paid by the Issuer to certain of the sellers of such Collateral Debt Securities takes the form of issuance of all or a portion of certain Classes of Offered Securities by the Issuer to such sellers. The transfer price paid by the Issuer (in cash and/or Offered Securities) for such Collateral Debt Securities may not reflect the current market value of such Collateral Debt Securities. To the extent the Issuer sells any Collateral Debt Security in accordance with the Indenture, there is no assurance that the

proceeds of such sale or disposition would equal or exceed the transfer price paid by the Issuer for such Collateral Debt Security.

Asset-Backed Securities. As of the Closing Date, almost all of the Collateral Debt Securities acquired by the Issuer consist of Residential Mortgage-Backed Securities ("RMBS"). However, under the terms of the Indenture, in connection with any Additional Notes Closing Date, the Issuer may obtain a variety of other asset-backed securities. "Asset-Backed Securities", which include RMBS, are debt obligations or debt securities that entitle the holders thereof to receive payments that depend primarily on the cash flow from (a) a specified pool of financial assets, either static or revolving, that by their terms convert into cash within a finite time period, together with rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities or (b) real estate mortgages, either static or revolving, together with rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities. Asset-Backed Securities backed by real estate mortgages do not entitle the holders thereof to share in the appreciation in value of or in the profits generated by the related real estate assets.

Asset-Backed Securities include but are not limited to securities for which the underlying collateral consists of assets such as home equity loans, leases, residential mortgage loans, commercial mortgage loans, auto finance receivables, credit card receivables and other debt obligations and can include securities commonly referred to as collateralized debt obligations or CDOs. Issuers of Asset-Backed Securities are primarily banks and finance companies, captive finance subsidiaries of non-financial corporations, specialized originators such as credit card lenders or, in the case of CDOs, special purpose entities.

An Asset-Backed Security is typically created by the sale of assets or collateral to a conduit, which becomes the legal issuer of the Asset-Backed Securities. The securitization conduit or issuer is generally a bankruptcy-remote vehicle such as a grantor trust or other special-purpose entity. Interests in or other securities issued by the trust or special-purpose entity, which give the holder thereof the right to certain cash flows arising from the underlying assets, are then sold to investors through an investment bank or other securities underwriter. Each Asset-Backed Security has a servicer (often the originator of the collateral) that is responsible for collecting the cash flows generated by the securitized assets—principal, interest and fees net of losses and any servicing costs as well as other expenses—and for passing them along to the investors in accordance with the terms of the securities. The servicer processes the payments and administers the assets in the pool. In addition, a credit-rating agency often will analyze the policies and operations of the originator and servicer, as well as the structure, underlying pool of assets, expected cash flows and other attributes of the securities. Before assigning a rating to the issue, the rating agency will also assess the extent of loss protection provided to investors by the credit enhancements associated with the issue.

Asset-Backed Securities carry coupons that can be fixed or floating. The spread will vary depending on the credit quality of the underlying collateral, the degree and nature of credit enhancement and the degree of variability in the cash flows emanating from the securitized assets.

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. Although the basic elements of all Asset-Backed Securities are similar, individual transactions can differ markedly in both structure and execution. Important determinants of the risk associated with issuing or holding the securities include the process by which principal and interest payments are allocated and distributed to investors, how credit losses affect the issuing vehicle and the return to investors in such Asset-Backed Securities, 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 entity and the extent to which the entity that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or to the investors in such Asset-Backed Securities.

Securities backed by closed-end installment loans are typically the least complex form of asset-backed instruments. Collateral for these Asset-Backed Securities typically includes leases, student loans and automobile loans. The loans that form the pool of collateral for the Asset-Backed Securities may have varying contractual maturities and may or may not represent a heterogeneous pool of borrowers. Unlike a mortgage pass-through instrument, the trustee does not need to take physical possession of any account documents to perfect a security interest in the receivables under the Uniform Commercial Code. The repayment stream on installment loans is fairly predictable, since it is primarily determined by a contractual amortization schedule. Early repayment on these instruments can occur for a number of reasons, with most tied to the disposition of the underlying collateral (for example, in the case of Asset-Backed Securities backed by automobile loans, the sale of the vehicles). Interest is typically passed through to security holders at a fixed rate that is slightly below the weighted average coupon of the loan pool, allowing for servicing and other expenses as well as credit losses.

Unlike closed-end installment loans, revolving credit receivables involve greater uncertainty about future cash flows. Therefore, Asset-Backed Securities structures using this type of collateral must be more complex to afford investors more comfort in predicting their repayment. Accounts included in the securitization pool may have balances that grow or decline over the life of the Asset-Backed Securities. Accordingly, at maturity of the Asset-Backed Securities, any remaining balances revert to the originator. During the term of the Asset-Backed Securities, the originator may be required to sell additional accounts to the pool to maintain a minimum dollar amount of collateral if accountholders pay down their balances in advance of predetermined rates. Credit card securitizations are the most prevalent form of revolving credit Asset-Backed Securities, although home equity lines of credit are a growing source of Asset-Backed Securities collateral. Credit card securitizations are typically structured to incorporate two phases in the life cycle of the collateral: an initial phase during which the principal amount of the securities remains constant and an amortization phase during which investors are paid off. A specific period of time is assigned to each phase. Typically, a specific pool of accounts is identified in the securitization documents, and these specifications may include not only the initial pool of loans but a portfolio from which new accounts may be contributed. The dominant vehicle for issuing securities backed by credit cards is a master trust structure with a "spread account" that is funded up to a predetermined amount through "excess yield" —that is, interest and fee income less credit losses, servicing and other fees. With credit card receivables, the income from the pool of loans—even after credit losses—is generally much higher than the

return paid to investors. After the spread account accumulates to its predetermined level, the excess yield reverts to the issuer.

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. In addition, concentrations of Asset-Backed Securities of a particular type, as well as concentrations of Asset-Backed Securities issued or guaranteed by affiliated obligors, serviced by the same servicer or backed by underlying collateral located in a specific geographic region, may subject the Offered Securities to additional risk.

Credit risk is an important issue in Asset-Backed Securities because of the significant credit risks inherent in the underlying collateral and because issuers are primarily private entities. Credit risk arises from losses due to defaults by the borrowers in the underlying collateral or the issuer's or servicer's failure to perform. These two elements can overlap as, for example, in the case of a servicer who 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 many 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 if 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 security holders and from the need to mark to market the excess servicing or spread account proceeds carried on the balance sheet. Liquidity risk can arise from increased perceived credit risk, such as that which occurred in 1996 and 1997 with the rise in reported delinquencies and losses on securitized pools of credit cards. Liquidity can also become a significant problem if concerns about credit quality, for example, lead investors to avoid the securities issued by the relevant special-purpose entity. Some securitization transactions may include a "liquidity facility," which requires the facility provider to advance funds to the relevant special-purpose entity should liquidity problems arise. However, where the originator is also the provider of the liquidity facility, the originator may experience similar market concerns if the assets it originates deteriorate and the ultimate practical value of the liquidity facility to the transaction may be questionable. Operations risk arises through the potential for misrepresentation of asset quality or terms by the originating institution, misrepresentation of the nature and current value of the assets by the servicer and inadequate controls over disbursements and receipts by the servicer.

Further issues may arise based on discretionary behavior of the issuer within the terms of the securitization agreement, such as voluntary buybacks from, or contributions to, the underlying pool of loans when credit losses rise. A bank or other issuer may play more than one role in the securitization process. An issuer can simultaneously serve as originator of loans, servicer, administrator of the trust, underwriter, provider of liquidity and credit enhancer. Issuers typically receive a fee for each element of the transaction they undertake. Institutions acquiring Asset-Backed Securities should recognize that the multiplicity of roles that may be played by a single firm—within a single securitization or across a number of them—means that credit and operational risk can accumulate into significant concentrations with respect to one or a small number of firms. In particular, with respect to the Collateral Debt Securities acquired by the Issuer on the Closing Date the three largest issuers (by outstanding balance) are Park Place Securities Inc. 2004-WWF1, Merrill Lynch Mortgage Investors Trust 2007-SD1 and Bear

Stearns Second Lien Trust 2007-SV1A and the three largest servicers (by outstanding balance) are Wells Fargo Bank, N.A., Countrywide Home Loans, Inc. and Residential Funding Corp.

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

If the Issuer purchases a Collateral Debt Security at a premium, a prepayment rate that is faster than expected may result in a lower than expected yield to maturity on such security. Alternatively, if the Issuer purchases a Collateral Debt Security at a discount, slower than expected prepayments may result in a lower than expected yield to maturity on such security.

Often Asset-Backed Securities are structured to reallocate the risks entailed in the underlying collateral (particularly credit risk) into security tranches that match the desires of investors. For example, senior subordinated security structures give holders of senior tranches greater credit risk protection (albeit at lower yields) than holders of subordinated tranches. Under this structure, at least two classes of Asset-Backed Securities are issued, with the senior class having a priority claim on the cash flows from the underlying pool of assets. The subordinated class must absorb credit losses on the collateral before losses can be charged to the senior portion. Because the senior class has this priority claim, cash flows from the underlying pool of assets must first satisfy the requirements of the senior class. Only after these requirements have been met will the cash flows be directed to service the subordinated class. A significant portion of the Collateral may consist of Asset-Backed Securities that are subordinate in right of payment and rank junior to other securities that are secured by or represent an ownership interest in the same pool of assets. In addition, many of the Asset-Backed Securities included in the Collateral may have been issued in transactions that have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool exceeds certain levels. As a result, such securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets. In certain circumstances, payments of interest may be reduced or eliminated for one or more payment dates. Additionally, as a result of cash flow being diverted to payments of principal on more senior classes, the average life of such securities may lengthen. Subordinate Asset-Backed Securities generally do not have the right to call a default or vote on remedies following a default unless more senior securities have been paid in full. As a result, a shortfall in payments to subordinate investors in Asset-Backed Securities will generally not result in a default being declared on the transaction and the transaction will not be restructured or unwound. Furthermore, because subordinate Asset-Backed Securities may represent a relatively small percentage of the size of the asset pool being securitized, the impact of a relatively small loss on the overall pool may disproportionately affect the holders of such subordinate security.

Asset-Backed Securities often use various forms of credit enhancements to transform the risk-return profile of the underlying collateral, including third-party credit enhancements, recourse provisions, overcollateralization and various covenants. Third-party credit enhancements include standby letters of credit, collateral or pool insurance, or surety bonds from third parties. Recourse provisions are guarantees that require the originator to cover any losses up to a contractually agreed-upon amount. One type of recourse provision, often seen in securities backed by credit card receivables, is the "spread account." This account is actually an escrow account whose funds are derived from a portion of the spread between the interest earned on the assets in the underlying pool of collateral and the lower interest paid on securities issued by the trust. The amounts that accumulate in this escrow account are used to cover credit losses in the underlying asset pool, up to several multiples of historical losses on the particular assets collateralizing the securities. Overcollateralization is another form of credit enhancement that covers a predetermined amount of potential credit losses. It occurs when the value of the underlying assets exceeds the face value of the securities. A similar form of credit enhancement is the cash-collateral account, which is established when a third party deposits cash into a pledged account. The use of cash-collateral accounts, which are considered by enhancers to be loans, grew as the number of highly rated banks and other credit enhancers declined in the early 1990s. Cash-collateral accounts provide credit protection to investors of a securitization by eliminating "event risk," or the risk that the credit enhancer will have its credit rating downgraded or that it will not be able to fulfill its financial obligation to absorb losses.

Some of the Collateral consists of Asset-Backed Securities that are subordinate in right of payment and rank junior to other securities that are secured by or represent an ownership interest in the same pool of assets. In addition, many of the transactions in which such securities are issued have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool exceeds certain levels. As a result, such securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets. In certain circumstances, payments of interest may be reduced or eliminated for one or more payment dates for such securities or, in some cases, deferred or capitalized as additional principal or replaced by identical securities. Additionally, as a result of cash flow being diverted to payments of principal on more senior classes, the average life of such securities may lengthen. Subordinate Asset-Backed Securities generally do not have the right to call a default or vote on remedies following a default unless more senior securities have been paid in full. As a result, a shortfall in payments to subordinate investors in Asset-Backed Securities will generally not result in a default being declared on the transaction, and the transaction will not be restructured or unwound. Furthermore, because subordinate Asset-Backed Securities may represent a relatively small percentage of the size of the asset pool being securitized, the impact of a relatively small loss on the overall pool may be substantial with regard to the holders of such subordinate securities.

Residential Mortgage-Backed Securities. Almost all of the Collateral Debt Securities acquired by the Issuer as of the Closing Date consist of RMBS, including Residential A Mortgage Securities, Residential B/C Mortgage Securities and Home Equity Loan Securities. A portion of the obligations in the Underlying Portfolios of the CDO Securities may also consist of RMBS, including Residential A Mortgage Securities, Residential B/C Mortgage Securities and Home Equity Loan Securities.

Holders of RMBS bear various risks, including credit, market, interest rate, structural and legal risks. RMBS represent interests in pools of residential mortgage loans secured by one- to four-family residential mortgage loans. Such loans may be prepaid at any time. See "Maturity, Prepayment and Yield Considerations."

Credit risk arises from losses due to defaults by the borrowers in the underlying collateral and the servicer's failure to perform. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity. 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 mortgage loans with disproportionately large aggregate principal amounts secured by properties in only a few states or regions. As a result, the 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.

The RMBS may be backed by non-conforming mortgage loans, which are mortgage loans that do not qualify for purchase by government-sponsored agencies such as Fannie Mae and Freddie Mac because of credit characteristics that do not satisfy Fannie Mae and Freddie Mac guidelines, including loans to mortgagors whose creditworthiness and repayment ability do not satisfy Fannie Mae and Freddie Mac underwriting guidelines and loans to mortgagors who may have a record of credit write-offs, outstanding judgments, prior bankruptcies and other negative credit items. Accordingly, non-conforming mortgage loans are likely to experience rates of delinquency, foreclosure and loss that are higher, and that may be substantially higher, than mortgage loans originated in accordance with Fannie Mae or Freddie Mac underwriting guidelines. The majority of mortgage loans made in the United States qualify for purchase by government-sponsored agencies. The principal differences between conforming mortgage loans and non-conforming mortgage loans include the applicable loan-to-value ratios, the credit and income histories of the related mortgagors, the documentation required for approval of the related mortgage loans, the types of properties securing the mortgage loans, the loan sizes and the mortgagors' occupancy status with respect to the mortgaged properties. As a result of these and other factors, the interest rates charged on non-conforming mortgage loans are often higher than those charged for conforming mortgage loans. The combination of different underwriting criteria and higher rates of interest may also lead to higher delinquency, foreclosure and losses on non-conforming mortgage loans as compared to conforming mortgage loans.

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

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

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

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

Some of the RMBS owned by the Issuer 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 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.

RMBS may have structural characteristics that distinguish them from other Asset-Backed Securities. The rate of interest payable on RMBS may be set or effectively capped at the weighted average net coupon of the underlying mortgage loans themselves, often referred to as an "available funds cap. " As a result of this cap, the return to investors is dependent on the relative timing and rate of delinquencies and prepayments of mortgage loans bearing a higher rate of interest. In general, early prepayments will have a greater impact on the yield to investors. Federal and state law may also affect the return to investors by capping the interest rates payable by certain mortgagors (including hard caps and lifetime caps). Many of the RMBS which the Issuer has acquired are subject to available funds caps or other caps on the interest rate payable to holders of such securities. The effect of such caps is to reduce the rate at which interest is paid to the holders of such securities (including the Issuer), which would have an adverse effect on the Issuer's ability to pay interest or make distributions on the Notes and Subordinate Securities, as applicable.

The Servicemembers' Civil Relief Act of 2003, as amended (the "Relief Act"), provides relief to mortgagors who enter into active military service and who were on reserve status but are called to active duty after the origination of their mortgage loans. Under the Relief Act, during the period of a mortgagor's active duty, the rate of interest that may be charged on such mortgagor's loan will be capped at a rate of 6% per annum, which may be below the interest rate that would otherwise have been applicable to such mortgage loan. In light of current United States involvement in Iraq, a number of mortgage loans in the mortgage pools underlying RMBS may become subject to the Relief Act. As a result, the weighted average interest rate on RMBS may be reduced. If such RMBS are subject to weighted average net coupon caps, investors' return on their investment in such RMBS will be similarly affected.

RMBS often are in the form of certificates of beneficial ownership of the underlying mortgage loan pool. These securities are entitled to payments provided for in the underlying agreement only when and if funds are generated by the underlying mortgage loan pool. The likelihood of the return of interest and principal may be assessed as a credit matter. However, securityholders do not have the legal status of secured creditors, and cannot accelerate a claim for payment on their securities, or force a sale of the mortgage loan pool in the event that insufficient funds exist to pay such amounts on any date designated for such payment. The sole remedy available to such securityholders would be removal of the servicer of the mortgage loans.

A portion of the RMBS acquired by the Issuer are backed by sub-prime mortgages. RMBS backed by sub-prime mortgages may be subject to the additional risk arising as a result of using less restrictive underwriting standards during origination than the underwriting standards for agency programs such as Fannie Mae. Sub-prime mortgages are also subject to greater risk of divergence in credit performance than prime mortgages. In addition, servicer performance has a greater impact on the performance of sub-prime mortgage products than other mortgage

products due to the higher rate of delinquencies and the fact that returning delinquent loans to performing status is generally preferred to foreclosure.

Recent RMBS Developments. Recently, the residential mortgage market in the United States has experienced a variety of difficulties and changed economic conditions that could adversely affect the performance and market value of various Collateral Debt Securities. In particular, approximately 98% of the Collateral Debt Securities purchased on the Closing Date (and which will always constitute the vast majority of the Collateral Debt Securities constituting Collateral, unless the Issuer acquires additional Collateral Debt Securities after the Closing Date in connection with an Additional Notes Closing Date) have been issued by issuers that are in the business of originating, servicing and investing in residential mortgage loans. As a result of these developments, such issuers could experience (or may continue to experience) credit, liquidity and other difficulties, which could affect the Collateral Debt Securities issued or guaranteed by them. These developments could in turn adversely affect the holders of the Offered Securities (with losses to be borne in inverse order of the priorities of the Offered Securities).

Limited liquidity in the secondary market for residential mortgage-backed securities has had, and may continue to have, a severe adverse effect on the market value of residential mortgage-backed securities, especially those that are backed by subprime or second-lien mortgage loans, those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors.

Delinquencies and losses with respect to residential mortgage loans generally have increased in recent months, and may continue to increase, particularly in the nonprime sector. The "nonprime" mortgage sector consists of loan origination and servicing of mortgage loans made to (i) "subprime" borrowers that have poor or "impaired" credit histories, including, for example, prior bankruptcy of the borrower and (ii) "Alt-A" borrowers that may have credit scores above subprime levels but below prime levels and that borrow under mortgage loans with non-traditional features, such as negative amortization. Nonprime mortgage loans generally have higher interest rates than loans made to "prime" borrowers.

In addition, in recent months housing prices and appraisal values in many states have declined or stopped appreciating, after extended periods of significant appreciation. A continued decline or an extended flattening of those values may result in additional increases in delinquencies and losses on residential mortgage loans generally.

Another factor that may result in higher delinquency rates is the increase in monthly payments on adjustable rate mortgage loans. Borrowers with adjustable rate mortgage loans are being exposed to increased monthly payments when the related mortgage interest rate adjusts upward from the initial fixed rate or a low introductory rate, as applicable, to the rate computed in accordance with the applicable index and margin. This increase in borrowers' monthly payments, together with any increase in prevailing market interest rates, may result in significantly increased monthly payments for borrowers with adjustable rate mortgage loans. This issue is exacerbated by a rising interest rate environment.

Borrowers seeking to avoid these increased monthly payments by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. A decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. In addition, many mortgage loans have prepayment premiums that inhibit refinancing. Furthermore, borrowers who intend to sell their homes on or before the expiration of the fixed rate periods on their mortgage loans may find that they cannot sell their properties for an amount equal to or greater than the unpaid principal balance of their loans. These events, alone or in combination, may contribute to higher delinquency rates.

Higher delinquencies and losses may decrease the value of mortgage loans in the mortgage market, forcing originators of mortgage loans to sell these loans at a greater discount to par, resulting in decreased revenues or losses. Additionally, delinquencies and defaults may result in increased repurchase obligations with respect to the sellers of these mortgage loans, diverting capital for that purpose, and exposing the seller to 100% of the risk of loss on the loans upon repurchase. Even if the seller is not required to repurchase a delinquent or defaulted loan, increased defaults and delinquencies may decrease the value of, and cash flow from, any residual interests retained by sellers of mortgage loans in the securitization market. Moreover, servicing delinquent loans may result in higher costs for the servicer without a corresponding increase in compensation. Finally, in certain securitization transactions, if certain triggers are met with respect to loss and delinquency numbers, the servicer may lose its rights to service the portfolio, which would result in decreased servicing revenues and reputational damage as a servicer.

A rising interest rate environment may decrease the number of borrowers seeking to refinance their loans, thus decreasing overall originations. Declining real estate values also have the result of reducing a borrower's equity in a home and making new loan originations more difficult and, in some cases, increasing the propensity for default.

These factors, among others, as well as potential regulatory and/or legislative responses to developments in the mortgage market, may have the overall effect of increasing costs and expenses of these seller/servicers while at the same time decreasing servicing cash flow and loan origination revenues. This will adversely affect their ability to meet their existing financial obligations and obtain additional financing. In turn, this will increase their cost of funds and of doing business generally. The above developments may negatively affect the ability of the related issuers of Collateral Debt Securities with exposure to the residential mortgage market to make payments on such Collateral Debt Securities.

Numerous residential mortgage loan originators that originate nonprime, and in particular subprime, mortgage loans have recently experienced serious financial difficulties, negative ratings actions and, in some cases, bankruptcy. Those developments could affect other participants in the market as well as holders of securities of such originators, which originators could in some cases be issuers of the Collateral Debt Securities.

Violations of Consumer Protection Laws May Result in Losses on Consumer Protected Securities. Applicable state laws generally regulate interest rates and other charges require licensing of originators and require specific disclosures. In addition, other state laws, public policy and general principles of equity relating to the protection of consumers, unfair and deceptive practices and debt collection practices may apply to the origination, servicing and

collection of the loans backing Home Equity Loan Securities, Residential A Mortgage Securities and Residential B/C Securities (collectively, "Consumer Protected Securities"). Depending on the provisions of the applicable law and the specific facts and circumstances involved, violations of these laws, policies and principles may limit the ability of the issuer of a Consumer Protected Security to collect all or part of the principal of or interest on the underlying loans, may entitle a borrower to a refund of amounts previously paid and, in addition, could subject the owner of a mortgage loan to damages and administrative enforcement.

The mortgage loans are also subject to federal laws, including:

(1) the Federal Truth in Lending Act and Regulation Z promulgated under the Truth in Lending Act, which require particular disclosures to the borrowers regarding the terms of the loans;

(2) the Equal Credit Opportunity Act and Regulation B promulgated under the Equal Credit Opportunity Act, which, among other things, prohibit discrimination on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act, in the extension of credit;

(3) the Americans with Disabilities Act, which, among other things, prohibits discrimination on the basis of disability in the full and equal enjoyment of the goods, services, facilities, privileges, advantages or accommodations of any place of public accommodation;

(4) the Fair Credit Reporting Act, which, among other things, regulates the use and reporting of information related to the borrower's credit experience;

(5) the Home Ownership and Equity Protection Act of 1994, which regulates the origination of high cost loans;

(6) the Depository Institutions Deregulation and Monetary Control Act of 1980, which, among other things, preempts certain state usury laws; and

(7) the Alternative Mortgage Transaction Parity Act of 1982, which preempts certain state lending laws which, among other things, regulate alternative mortgage transactions.

In addition to the laws described above, a number of legislative proposals have been introduced at both the federal, state and municipal level that is designed to discourage predatory lending practices. Some states have enacted, or may enact, laws or regulations that prohibit inclusion of some provisions in mortgage loans that have mortgage rates or origination costs in excess of prescribed levels, and require that borrowers be given certain disclosures prior to the consummation of such mortgage loans. In some cases, state law may impose requirements and restrictions greater than those in the Home Ownership and Equity Protection Act of 1994. An originator's failure to comply with these laws could subject the issuer of a Consumer Protected Security to monetary penalties and could result in the borrowers rescinding the loans underlying such Consumer Protected Security.

Violations of particular provisions of these Federal laws may limit the ability of the issuer of a Consumer Protected Security to collect all or part of the principal of or interest on the loans

and in addition could subject such issuer to damages and administrative enforcement. In this event, the Issuer, as a holder of the Consumer Protected Security, may suffer a loss.

In some cases, liability of a lender under a mortgage loan may affect subsequent assignees of such obligations, including the issuer of a Consumer Protected Security. In particular, a lender's failure to comply with the Federal Truth in Lending Act could subject such lender and its assignees to monetary penalties and could result in rescission. Numerous class action lawsuits have been filed in multiple states alleging violations of these statutes and seeking damages, rescission and other remedies. These suits have named the originators and current and former holders, including the issuers of related Consumer Protected Securities. If an issuer of a Consumer Protected Security included in the Collateral were to be named as a defendant in a class action lawsuit, the costs of defending or settling such lawsuit or a judgment could reduce the amount available for distribution on the related Consumer Protected Security. In such event, the Issuer, as holder of such Consumer Protected Security, could suffer a loss.

Some of the mortgage loans backing a Consumer Protected Security may have been underwritten with, and finance the cost of, credit insurance. From time to time, originators of mortgage loans that finance the cost of credit insurance have been named in legal actions brought by Federal and state regulatory authorities alleging that certain practices employed relating to the sale of credit insurance constitute violations of law. If such an action were brought against such issuer with respect to mortgage loans backing such Consumer Protected Security and were successful, it is possible that the borrower could be entitled to refunds of amounts previously paid or that such issuer could be subject to damages and administrative enforcement.

In addition, numerous Federal and state statutory provisions, including the Federal bankruptcy laws and state debtor relief laws, may also adversely affect the ability of an issuer of a Consumer Protected Security to collect the principal of or interest on the loans, and holders of the affected Consumer Protected Securities may suffer a loss if the applicable laws result in these loans becoming uncollectible.

CDO Securities. As of the Closing Date, the Issuer holds one Collateral Debt Security that is a CDO Security, and the Issuer, in connection with an Additional Notes Closing Date, may acquire additional Collateral Debt Securities that consist of CDO Securities. CDO Securities are issued by an entity (a "CDO") formed for the purpose of holding or investing and reinvesting, subject to specified investment and management criteria, in a pool (each such pool, an "Underlying Portfolio") of commercial and industrial bank loans, Asset-Backed Securities, trust preferred securities issued by banks, insurance companies or real estate investment trusts or other debt securities (or any combination of the foregoing, including Synthetic Securities which reference such securities) and/or one or more synthetic securities or credit default swaps which reference such securities, loans or obligors thereon, subject to specified investment and management criteria.

CDO Securities generally have underlying risks similar to many of the risks set forth in these Risk Factors for the Offered Securities, such as interest rate mismatches, liquidity, trading and reinvestment risk and tax considerations. Each CDO Security, however, will involve risks specific to the particular CDO Security and its Underlying Portfolio. The value of the CDO Securities generally will fluctuate with, among other things, the financial condition of the

obligors on or issuers of the Underlying Portfolio, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

CDO Securities are usually limited-recourse obligations of the issuer thereof payable solely from the Underlying Portfolios of such issuer or proceeds thereof. Consequently, holders of CDO Securities must rely solely on distributions on the Underlying Portfolio or proceeds thereof for payment in respect thereof. If distributions on the Underlying Portfolio are insufficient to make payments on the CDO Security, no other assets will be available for payment of the deficiency and following realization of the underlying assets, the obligation of such issuer to pay such deficiency shall be extinguished. As a result, the amount and timing of interest and principal payments will depend on the performance and characteristics of the related Underlying Portfolios.

Some of the CDO Securities included in the Collateral may have Underlying Portfolios that hold or invest in some of the same assets as the Collateral pledged to secure the Notes or held in the Underlying Portfolios of other CDO Securities pledged as Collateral. The concentration in any particular asset may adversely affect the Issuer's ability to make payments on the Offered Securities. In addition, the Underlying Portfolios of the CDO Securities may be actively traded. As a result, investors in the Offered Securities are exposed to the risk of loss on such Collateral Debt Securities both directly and indirectly through the CDO Securities purchased by the Issuer. If an investor in the Offered Securities is also an investor in any CDO Securities which the Issuer purchases (or in other tranches of securities sold by the same CDO), the exposure of such investor to the risk of loss on such CDO Security will increase as a result of its investment in the Offered Securities.

CDO Securities are subject to interest rate risk. The Underlying Portfolio of an issue of CDO Securities may bear interest at a fixed or floating rate while the CDO Securities issued by such issuer may bear interest at a floating or fixed rate. As a result, there could be a floating/fixed rate or basis mismatch between such CDO Securities and their Underlying Portfolios, and there may be a timing mismatch between the CDO Securities and their Underlying Portfolios that bear interest at a floating rate as the interest rate on such floating rate Underlying Portfolios may adjust more frequently or less frequently, on different dates and based on different indices, than the interest rates on the CDO Securities. As a result of such mismatches, an increase or decrease in the level of the floating rate indices could adversely impact the ability to make payments on the CDO Securities. Even when the Issuer has hedged such risks through a derivative or other contract, such as an interest rate swap, such hedges may be insufficient to protect against the actual loss related to any interest rate mismatches.

CDO Securities may be subordinated to other classes of securities issued by each respective issuer thereof. CDO Securities that are not part of the most senior tranche(s) of the securities issued by the issuer thereof may allow for the deferral of the payment of interest on such CDO Securities. The deferral of interest by the issuer of CDO Securities forming part of the Collateral could result in a reduction in the amounts available to make payments to the holders of the Notes or Subordinate Securities or in the deferral of interest on the Class D Notes and the deferral of certain payments to be made to the Fiscal Agent for distributions in respect of the Subordinate Securities. The CDO Securities that the Collateral Manager anticipates will

form part of the Collateral may include both senior and mezzanine debt issued by the related CDO Security issuers. The CDO Securities that are mezzanine debt will have payments of interest and principal that are subordinated to one or more classes of Notes that are more senior in the related issuer's capital structure, and generally will allow for the deferral of interest subject to the related issuer's priority of payments. To the extent that any losses are incurred by the issuer thereof in respect of its CDO Securities, such losses will be borne by holders of the mezzanine tranches before any losses are borne by the holders of senior tranches. In addition, if an event of default occurs under the applicable indenture, as long as any senior tranche of CDO Securities is outstanding, the holders of the senior tranche thereof generally will be entitled to determine the remedies to be exercised under the indenture, which could be adverse to the interests of the holders of the mezzanine tranches (including the Issuer).

In order to purchase and hold CDO Securities, the Issuer must satisfy at all times the investor qualifications in the indenture for each such CDO and in applicable securities laws. Generally, such indentures and applicable securities laws require that the Issuer either be a Qualified Institutional Buyer which is also a Qualified Purchaser or that it be a non-U.S. Person (as defined in Regulation S) which is also not a U.S. resident for purposes of the Investment Company Act. There can be no assurance that the Issuer will satisfy these requirements. In the event that the Issuer does not satisfy these requirements at any time, it will not be able to purchase CDO Securities, and it may be required under the indenture for the applicable CDO to sell any CDO Security which it previously purchased; any such "forced sale" by the Issuer is likely to be made at a loss.

Illiquidity of Collateral Debt Securities. Some of the Collateral Debt Securities purchased by the Issuer will have no, or only a limited, trading market. The Issuer's investment in illiquid Collateral Debt Securities may restrict its ability to dispose of investments in a timely fashion and for a fair price as well as its ability to take advantage of market opportunities, although the Issuer is prohibited by the Indenture from selling Collateral Debt Securities except under the circumstances described under "Security for the Notes—Dispositions of Collateral Debt Securities". Illiquid Collateral Debt Securities may trade at a discount from the price of comparable, more liquid investments. In addition, the Collateral may include privately placed Collateral Debt Securities that may or may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale, and even if such privately placed Collateral Debt Securities are transferable, the prices realized from their sale could be less than those originally paid by the Issuer or less than what may be considered the fair value of such securities.

Static Nature of Portfolio; Limited Authority to Dispose of Collateral Debt Securities. Collateral Debt Securities may not be sold or otherwise disposed of, except (i) in connection with an Optional Redemption, Tax Redemption or Auction Call Redemption, and (ii) if the Issuer, at the direction of the Collateral Manager, sells a Deferred Interest PIK Bond, Defaulted Security, Written Down Security, Credit Risk Security, Credit Improved Security or Equity Security (each such sale, a "Discretionary Sale"), subject to the limitations specified under "Security for the Notes—Dispositions of Collateral Debt Securities." Accordingly, the Issuer's ability to sell existing Collateral Debt Securities will be very limited. The Issuer is not permitted to reinvest Interest Proceeds and Principal Proceeds in additional Collateral Debt Securities. As a result, the Proposed Portfolio will consist solely of Collateral Debt Securities that are acquired by the Issuer

on the Closing Date, and only those Collateral Debt Securities acquired in connection with each Additional Notes Closing Date (if any) that may be added to the Collateral. If the Current Portfolio deteriorates in quality in the view of the Collateral Manager or, if the investment strategy of the Collateral Manager should change, the Collateral Manager will have limited ability to change the composition of the Portfolio. Additionally, investment of Sale Proceeds in Eligible Investments is likely to produce a lower yield than the Collateral Debt Securities that were sold.

Credit Ratings. Credit ratings of debt securities represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value, therefore, they may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an issuer's current financial condition may be better or worse than a rating indicates. Consequently, credit ratings of the Collateral Debt Securities will be used only as a preliminary indicator of investment quality. In addition, from time to time, the rating agencies may change the criteria for their respective ratings methodologies, which may impact ratings and, if market participants consequently enter or leave the leveraged market, pricing spreads, which may impact the ability of the Collateral Manager to identify appropriately priced Collateral Debt Securities for the Issuer and expose the Holders of the Offered Securities to increased reinvestment risk.

Protection of Collateral. The Issuer has agreed in the Indenture to take such actions to preserve and protect the Trustee's first priority security interest in the Collateral for the benefit of the Secured Parties. Such actions include the filing of any financing statement, continuation statement or other instrument as is necessary to perfect and maintain perfection of, such security interest in the Collateral. In addition, the Issuer has agreed in the Indenture to furnish the Trustee with an opinion of counsel stating that, in the opinion of such counsel, as of the date of such opinion, the lien and security interest created by the Indenture with respect to the Collateral remains a valid and perfected first priority lien and describing the manner in which such security interest shall remain perfected. The Indenture provides that the Issuer retains ultimate responsibility for maintaining the perfection of the Collateral and any failure of the Trustee to file the necessary continuation statements to maintain such perfection will not result in any liability to the Trustee and the Trustee shall be entitled to indemnification with respect to any claim, loss, liability or expense incurred by the Trustee with respect to the filing of such continuation statements. As a result, any such failure by the Issuer to maintain such perfection may lead to the loss of such security interest in the Collateral to secure the Issuer's obligations under the Indenture and the Notes.

Default and Recovery Rates on Collateral Debt Securities. Reliable sources of statistical information with respect to the default and recovery rates for the type of securities represented by the Collateral Debt Securities do not exist. The historical performance of a market is not necessarily indicative of its future performance. Should increases in default rates or decreases in recovery rates occur with respect to the type of assets underlying the Collateral Debt Securities, the actual default or recovery rates of the Collateral Debt Securities may exceed (and may significantly exceed) or may be significantly less than, the hypothetical default rates and recovery rates, respectively, set forth herein. Prospective purchasers of the Offered Securities

should consider and determine for themselves the likely level of defaults and the level of recoveries on the Collateral Debt Securities during the term of the transaction.

RISK FACTORS RELATING TO CONFLICTS OF INTEREST AND DEPENDENCE ON THE COLLATERAL MANAGER

Certain Potential Conflicts of Interest. The activities of the Collateral Manager, the Placement Agent and their respective affiliates may result in certain conflicts of interest.

Conflicts of Interest Involving the Collateral Manager. The size and scope of activities of the Collateral Manager create various potential and actual conflicts of interest that may arise from the advisory, investment, and other activities of the Collateral Manager, its affiliates and their respective clients and employees. Various potential and actual conflicts of interest may arise from the overall investment activities of the Collateral Manager and its affiliates for their own accounts or for the accounts of others. The Collateral Manager and its affiliates may invest for their own accounts or for the accounts of others in Asset-Backed Securities, debt obligations or other securities that would be appropriate investments for the Issuer and they have no duty, in making such investments, to act in a way that is favorable to the Issuer or the holders of the Offered Securities. Such investments may be different from those made on behalf of the Issuer. The Collateral Manager and/or its affiliates have no affirmative obligation to offer any investment to the Issuer, or to inform the Issuer of any investment opportunity before offering such investment to other funds or accounts that the Collateral Manager or its affiliates may manage, advise or deal with or before acting upon such opportunity for their own account. The Collateral Manager and its affiliates may have economic interests in or other relationships with issuers in whose obligations or securities the Issuer may invest. In particular, such persons may make and/or hold an investment in an issuer's securities that may be *pari passu*, senior or junior in ranking to an investment in such issuer's securities made and/or held by the Issuer or in which partners, security holders, officers, directors, agents or employees of such persons serve on boards of directors or otherwise have ongoing relationships. Each of such ownerships and other relationships may result in securities laws restrictions on transactions in such securities by the Issuer and otherwise create conflicts of interest for the Issuer. In such instances, the Collateral Manager and its affiliates may in their sole discretion make investment recommendations and decisions for itself and others that may be the same as or different from those made for the Issuer with respect to the Collateral. In certain circumstances as described under "Security for the Notes—Disposition of Collateral Debt Securities", the Collateral Manager on behalf of the Issuer is required to take certain actions with respect to dispositions of the Collateral.

Although the officers and employees of the Collateral Manager will devote as much time to the Issuer as the Collateral Manager deems appropriate, the officers and key professionals of the Collateral Manager may have conflicts in allocating their time and services among the Issuer and other accounts now or hereafter advised by the Collateral Manager and/or its affiliates and allocating their time and services among the Collateral Manager and affiliates of the Collateral Manager for whom they are also officers and employees. The Collateral Manager and its affiliates, in connection with their other business activities, may acquire material non-public confidential information that may restrict the Collateral Manager from purchasing securities or selling securities for itself or its clients (including the Issuer) or otherwise using such information for the benefit of its clients or itself.

The Indenture and the Collateral Management Agreement place significant restrictions on the Collateral Manager's ability to advise the Issuer to buy or sell securities for inclusion in the Collateral. Accordingly, during certain periods or in certain specified circumstances, the Collateral Manager's compliance with such restrictions may prohibit the Issuer from selling or, in connection with an Additional Notes Closing Date, buying, securities or taking other actions that the Collateral Manager, absent such restrictions, might consider in the best interest of the Issuer or the holders of the Offered Securities.

The Collateral Manager and any of its affiliates may engage in other businesses, including furnishing investment management and advisory services to others, serving as collateral manager or investment manager for, investing in, lending to, or being affiliated with, other entities organized to issue collateralized debt obligations secured by securities such as the Collateral Debt Securities held by the Issuer and other trusts and pooled investment vehicles that acquire interests in, provide financing to, or otherwise deal with securities issued by issuers that would be suitable investments for the Issuer. The Collateral Manager and its affiliates will be free, in their sole discretion, to make recommendations to others, or effect transactions on behalf of themselves or for others, that may be the same as or different from those effected on behalf of the Issuer, and the Collateral Manager and its affiliates may furnish investment management and advisory services to others who may have investment policies similar to those followed by the Collateral Manager with respect to the Issuer and who may own securities of the same class, or which are the same type as, the Collateral Debt Securities held by the Issuer.

No provision in the Collateral Management Agreement prevents the Collateral Manager or any of its affiliates from rendering services of any kind to any person or entity, including the issuer of any obligation included in the Collateral and its Affiliates, the Trustee, the Holders of the Offered Securities and any Hedge Counterparties. Without limiting the generality of the foregoing, the Collateral Manager, its Affiliates and their respective shareholders, members, managers, directors, officers, partners, employees, agents, accountants and attorneys may, among other things: (a) serve as directors, partners, officers, employees, agents, nominees or signatories for any issuer of any obligation included in the Collateral; (b) receive fees for services rendered to the issuer of any obligation included in the Collateral or any Affiliate thereof; (c) other than in the case of the Collateral Manager, be retained to provide services unrelated to the Collateral Management Agreement, to the Issuer or its affiliates and be paid therefor; (d) be a secured or unsecured creditor of, or hold an equity interest in, any issuer of any obligation included in the Collateral; (e) sell any Collateral Debt Security to, or purchase any Collateral Debt Security from, the Issuer while acting in the capacity of principal or agent; and (f) serve as a member of any "creditors' board" with respect to any obligation included in the Collateral which has become or may become a Defaulted Security. Services of this kind may lead to conflicts of interest within the Collateral Manager, and may lead individual officers or employees of the Collateral Manager to act in a manner adverse to the Co-Issuers.

The Issuer is the first issuer of collateralized debt obligations for which the Collateral Manager will serve as investment advisor. The Collateral Manager or its affiliates may serve as a general partner and/or manager of additional special purpose entities organized to issue collateralized debt obligations secured by debt obligations. The Collateral Manager and its affiliates may make investment decisions for their own account or for the accounts of others, including other special purpose entities organized to issue collateralized debt obligations, that

may be different from those made by the Collateral Manager on behalf of the Issuer. The Collateral Manager or its affiliates may at certain times simultaneously seek to purchase (or sell) investments for the account of the Issuer and sell (or purchase) the same investment for other clients, including other collateralized debt obligation vehicles for which it may serve as manager in the future, or for its affiliates or their clients. In the course of managing the Collateral Debt Securities held by the Issuer, the Collateral Manager may consider its relationships with its other clients, its affiliates and the clients of its affiliates (including companies the securities of which are pledged to secure the Notes). The Collateral Manager may decline to make a particular investment for the Issuer in view of such relationships. The effects of some of the conflicts of interest described in this section may have an adverse impact on the market from which the Collateral Manager seeks to buy, or to which the Collateral Manager seeks to sell, securities on behalf of the Issuer. The Collateral Manager may also at certain times simultaneously seek to purchase investments for the Issuer and/or other clients, including other collateralized debt obligation vehicles for which it may serve as manager in the future, or for its affiliates or their clients. Such ownership and such other relationships may result in securities laws restrictions on transactions in such securities by the Issuer.

The Collateral Management Agreement and the Indenture do not prohibit the Issuer from (i) purchasing Collateral Debt Securities from the Collateral Manager, its affiliates or any of their respective clients or (ii) purchasing Collateral Debt Securities issued by any fund or entity owned or managed by the Collateral Manager, its affiliates or any of their respective clients, if (a) such purchases are made at fair market value and otherwise on terms no less favorable, taken as a whole, as would be the case if conducted on an arms' length basis, (b) such purchases are made using a price obtained for each such Collateral Debt Security from an Approved Pricing Service which is independent from the Collateral Manager and (c) the Collateral Manager determines that such purchases are consistent with the Eligibility Criteria and investment criteria contained in the Indenture and the Collateral Management Agreement and applicable law.

The Collateral Manager, its affiliates and their respective clients, including accounts for which the Collateral Manager or its affiliates act as investment advisor, may at times own Offered Securities. The Collateral Manager or one or more if its affiliates may purchase a beneficial interest in a portion of the Subordinate Securities on the Closing Date but neither the Collateral Manager, its affiliates and their respective clients is required to own or hold any Offered Securities and may sell any Offered Securities held by them (including any Subordinate Securities purchased by them on the Closing Date) at any time.

The Collateral Management Agreement provides that the Notes and Subordinate Securities owned by the Collateral Manager or its affiliates and any client or account for which the Collateral Manager or any of its affiliates has discretionary authority will be disregarded and deemed not outstanding on any vote determining the votes needed for (i) removal of the Collateral Manager and (ii) any assignment of the rights or obligations of the Collateral Manager thereunder. The Indenture and the Collateral Management Agreement do not otherwise restrict the ability of the Collateral Manager and its affiliates to vote the Offered Securities held by them or by clients or accounts for which they have discretionary authority. The ownership of Subordinate Securities by the Collateral Manager and its affiliates may give the Collateral Manager an incentive to take actions that vary from the interests of other holders of the Offered Securities.

The Collateral Management Agreement requires the Collateral Manager to seek to obtain the best execution for all orders placed with respect to the Collateral, considering all circumstances that are relevant in its reasonable determination. Subject to the objective of obtaining best execution, the Collateral Manager may, in the allocation of business, take into consideration research and other brokerage services furnished to the Collateral Manager or its affiliates by brokers and dealers that are not affiliates of the Collateral Manager. Such services may be used by the Collateral Manager or its affiliates in connection with its other advisory activities or investment operations. The Collateral Management Agreement provides that the Collateral Manager may aggregate sales and purchase orders of securities placed with respect to the Collateral with similar orders being made simultaneously for other accounts managed by the Collateral Manager or with accounts of the affiliates of the Collateral Manager if the Collateral Manager in its sole discretion determines such aggregation shall (i) result in an overall economic benefit to the Issuer or (ii) not have a materially adverse effect on the Issuer, in each case taking into consideration the advantageous selling or purchase price, brokerage commission and other expenses. If a sale or purchase of a Collateral Debt Security, Eligible Investment or Equity Security (in accordance with the terms of the Indenture) occurs as part of any aggregate sale or purchase order, the objective of the Collateral Manager (and any of its affiliates involved in such transactions) shall be to allocate the executions among the relevant accounts in an equitable manner (taking into account constraints imposed by the Eligibility Criteria in the Indenture).

In addition to the foregoing, the Collateral Management Agreement provides that, subject to the requirements of the Collateral Management Agreement, the objective of obtaining best execution and provisions of applicable law, the Collateral Manager may, on behalf of the Issuer, direct the Trustee to acquire Collateral Debt Securities or Eligible Investments from, or sell Collateral Debt Securities or Eligible Investments to, the Placement Agent and its affiliates or affiliates of the Collateral Manager.

Dependence on the Collateral Manager and Key Personnel and Prior Investment Results. The Collateral Manager has not acted as collateral manager for entities similar to the Issuer and the Issuer is the first collateralized debt obligation issuer for which the Collateral Manager will serve as investment advisor. The performance of the portfolio of Collateral Debt Securities depends on the skills of the Collateral Manager in analyzing and selecting the Collateral Debt Securities that will be sold or, in connection with an Additional Notes Closing Date, acquired. As a result, the Issuer will be dependent on the financial and managerial experience of the Collateral Manager and certain of the officers and employees of the Collateral Manager responsible for selecting and monitoring the Collateral. The loss of the services of employees of the Collateral Manager responsible for monitoring the Collateral Debt Securities and the failure to hire qualified replacements may adversely affect the ability of the Collateral Manager to monitor the portfolio of Collateral Debt Securities. See "Risk Factors—Certain Potential Conflicts of Interest—Conflicts of Interest Involving the Collateral Manager", "The Collateral Manager" and "The Collateral Management Agreement and Collateral Administration Agreement".

The Collateral Manager has no prior investment results with respect to investment vehicles similar to the Issuer. The prior investment results of the Collateral Manager with respect to accounts that are not similar to the Issuer and the prior investment results of employees, entities or persons associated with the Collateral Manager are not indicative of the

Issuer's future investment results. The nature of, and risks associated with, the Issuer's investments may differ substantially from the investments and risks undertaken historically by such employees, entities or persons. There can be no assurances that the Issuer's investments will perform as well as the past investments of any such employees, entities or persons. Moreover, since the investment criteria that govern investments in the Collateral do not govern the Collateral Manager's investments and investment strategies generally, investments in the Collateral conducted in accordance with the investment criteria that govern investments in the Collateral, and the results they yield, may differ substantially from other investments undertaken by persons associated with the Collateral Manager. See "The Collateral Manager" and "The Collateral Management Agreement and Collateral Administration Agreement".

RISK FACTORS RELATING TO PRIOR INVESTMENT RESULTS, PROJECTIONS, FORECASTS AND ESTIMATES

Projections, Forecasts and Estimates. Any projections, forecasts and estimates contained herein are forward-looking statements and are based upon certain assumptions that the Co-Issuers consider reasonable. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialize or will vary significantly from actual results. Accordingly, the projections are only an estimate. Actual results may vary from the projections, and the variations may be material.

Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates, market, financial or legal uncertainties, the timing of acquisitions of Collateral Debt Securities by the Issuer, differences in the actual allocation of the Collateral Debt Securities included in the Collateral among asset categories from those assumed, mismatches between the timing of accrual and receipt of Interest Proceeds and Principal Proceeds from the Collateral Debt Securities included in the Collateral, defaults under Collateral Debt Securities included in the Collateral and the effectiveness of any Hedge Agreement, among others. Consequently, the inclusion of projections herein should not be regarded as a representation by the Issuer, the Co-Issuer, the Collateral Manager, the Trustee, any Hedge Counterparty, the Placement Agent or any of their respective affiliates or any other person or entity of the results that will actually be achieved by the Issuer.

None of the Issuer, the Co-Issuer, the Collateral Manager, the Trustee, any Hedge Counterparty, the Placement Agent, any of their respective affiliates and any other person has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

In addition, a prospective investor may have received a prospective investor presentation or other similar materials from the Placement Agent. Such a presentation may have contained a summary of certain proposed terms of a hypothetical offering of securities as contemplated at the time of preparation of such presentation in connection with preliminary discussions with prospective investors in the Class A Notes. However, as indicated therein, no such presentation was an offering of securities for sale, and any offering of the Class A Notes is being made only pursuant to this *Offering Circular*. Given the foregoing and the fact that information contained

in any such presentation was preliminary in nature and has been superseded and may no longer be accurate, neither any such presentation nor any information contained therein may be relied upon in connection with a prospective investment in the Offered Securities. In addition, the Placement Agent or the Issuer may make available to prospective investors certain information concerning the economic benefits and risks resulting from ownership of the Offered Securities derived from modeling the cash flows expected to be received by, and the expected obligations of, the Issuer under various hypothetical assumptions provided to the Placement Agent or potential investors. Any such information may constitute projections that depend on the assumptions supplied and are otherwise limited in the manner indicated above.

The Issuer. The Issuer is a recently formed Cayman Islands entity and has no prior operating history other than in connection with the acquisition of certain Collateral Debt Securities immediately prior to the issuance of the Offered Securities and the engagement of the Collateral Manager and the entering into of arrangements with respect thereto. The Issuer will have no significant assets other than the Collateral Debt Securities acquired by it, Equity Securities, Eligible Investments, the Collection Accounts, the Expense Account, the Interest Reserve Account and its rights under the Collateral Management Agreement, the Surveillance Agency Agreement, any Hedge Agreement and certain other agreements entered into as described herein, all of which have been pledged to the Trustee to secure the Issuer's obligations to the Secured Parties. The Issuer will not engage in any business activity other than the issuance and sale of the Offered Securities as described herein, the acquisition and disposition of, and investment in, Collateral Debt Securities, Equity Securities and Eligible Investments as described herein, the entering into, and the performance of its obligations under the Indenture, the Notes, the Purchase Agreements, the Account Control Agreement, the Fiscal Agency Agreement, any Hedge Agreement, the Collateral Management Agreement, the Surveillance Agency Agreement, the Collateral Administration Agreement and the Administration Agreement, the pledge of the Collateral as security for its obligations in respect of the Notes and otherwise for the benefit of the Secured Parties, the ownership and management of the Co-Issuer, the creation of this *Offering Circular* and any supplements thereto, certain activities conducted in connection with the payment of amounts in respect of the Offered Securities, the management of the Collateral and other activities incidental to the foregoing. Income derived from the Collateral Debt Securities and other Collateral will be the Issuer's only source of cash.

The Co-Issuer. The Co-Issuer is a newly formed Delaware corporation and has no prior operating history. The Co-Issuer does not have and will not have any substantial assets. The Co-Issuer will not engage in any business activity other than the co-issuance of the Notes and will not be an obligor on the Subordinate Securities.

RISK FACTORS RELATING TO INTEREST RATE RISKS AND HEDGE AGREEMENTS

Interest Rate Risk. The Offered Securities are subject to interest rate risk. The Collateral Debt Securities held by the Issuer may bear interest at a fixed or floating rate. As of the Closing Date, 86.06% (expressed as a percentage of the Aggregate Principal Balance of the Collateral Debt Securities) of the Collateral Debt Securities consist of Collateral Debt Securities bearing interest at a fixed rate, and 13.94% (expressed as a percentage of the Aggregate Principal Balance of the Collateral Debt Securities) of the Collateral Debt Securities consist of Collateral Debt Securities bearing interest at a floating rate. In addition, to the extent the Collateral Debt

Securities bear interest at a floating rate, the interest rate on such Collateral Debt Securities may adjust more frequently or less frequently, on different dates and based on different indices than the interest rate on the Notes. As a result of the foregoing, there could be an interest rate or basis mismatch between the interest payable on the Collateral Debt Securities held by the Issuer, on the one hand, and interest payable on the Notes, on the other hand. Moreover, as a result of such mismatches, an increase or decrease in the level or levels of the floating rate indices could adversely impact the Issuer's ability to make payments on the Notes. The Notes are denominated in U.S. Dollars and bear interest at a rate based on LIBOR as determined on the relevant LIBOR Determination Date. In addition, any payments of principal of or interest on Pledged Collateral Debt Securities received during a Due Period will be reinvested in Eligible Investments maturing not later than the Business Day immediately preceding the next Distribution Date. There is no requirement that Eligible Investments bear interest at LIBOR, and the interest rates available for Eligible Investments are inherently uncertain. To mitigate a portion of interest rate or payment mismatches, the Issuer may in the future enter into a Hedge Agreement. However, there can be no assurance that the Collateral Debt Securities included in the Collateral and Eligible Investments, together with any Hedge Agreement, will in all circumstances generate sufficient Interest Proceeds to make timely payments of interest on the Notes. Moreover, the benefits of any Hedge Agreement may not be achieved in the event of the early termination of any Hedge Agreement, including termination upon the failure of any Hedge Counterparty to perform its obligations thereunder, or if additional swap transactions are not entered into. See "Security for the Notes – The Hedge Agreement".

Termination of Hedge Agreements Upon Redemption. Each Hedge Agreement (if any) will terminate upon an Optional Redemption, Tax Redemption or Auction Call Redemption, which may require the Issuer to make a termination payment to the applicable Hedge Counterparty. Any such termination payment would reduce the proceeds available to be distributed on the Offered Securities.

RISK FACTORS RELATING TO CERTAIN REGULATIONS

Money Laundering Prevention. The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, (as amended, the "USA PATRIOT Act"), requires financial institutions to establish and maintain anti-money laundering programs. Pursuant to this statute, on September 18, 2002, the Treasury Department published proposed regulations that will, if enacted, require all "unregistered investment companies" to establish and maintain an anti-money laundering program. The proposed regulations would require "unregistered investment companies" to: (a) establish and implement policies, procedures and internal controls reasonably designed to prevent the investment company from being used for money laundering or the financing of terrorist activities and to achieve compliance with applicable anti-money laundering regulations; (b) periodically "test" the required compliance program; (c) designate and train all responsible personnel; (d) designate an anti-money laundering compliance officer; and (e) file a written notice with the Treasury Department within 90 days of the effective date of the regulations that identifies certain information regarding the subject company, including the dollar amount of assets under company management and the number of interest holders in the subject company. As the proposed rule is currently drafted, an "unregistered investment company" includes any issuer that (i) would be an investment company but for the exclusion from registration provided for by Section 3(c)(1) or

3(c)(7) of the Investment Company Act, (ii) permits an owner to redeem his or her ownership interest within two years of the purchase of that interest, (iii) has total assets over $1,000,000 and (iv) is organized in the United States, is "organized, operated, or sponsored" by a U.S. person or sells ownership interests to a U.S. person. The Treasury Department is currently studying the types of investment vehicles that will be required to adopt anti-money laundering procedures, and it is unclear at this time whether such procedures will apply to pooled investment vehicles such as the Issuer. The Issuer will continue to monitor the developments with respect to the USA PATRIOT Act and, upon further clarification by the Treasury Department, will take all steps required to comply with the USA PATRIOT Act and regulations thereunder to the extent applicable to the Issuer. It is possible that other legislation or regulation could be promulgated which will require the Collateral Manager or other service providers to the Co-Issuers to share information with governmental authorities with respect to investors in the Offered Securities in connection with the establishment of anti-money laundering procedures or require the Issuer to implement additional restrictions on the transfer of the Offered Securities. The Issuer reserves the right to request such information as is necessary to verify the identity of investors in the Offered Securities and the source of the payment of subscription monies, or as is necessary to comply with any customer identification programs required by the Treasury Department, the Financial Crimes Enforcement Network, the Securities and Exchange Commission or by any other governmental or self-regulatory agency. Legislation or regulations could require the Issuer to implement additional restrictions on the transfer of the Offered Securities. In the event of delay or failure by the applicant to produce any information required for verification purposes, an application for or transfer of Offered Securities and the subscription monies relating thereto may be refused.

Certain Legal Investment Considerations. None of the Issuer, the Co-Issuer, the Collateral Manager and the Placement Agent make any representation as to the proper characterization of the Offered Securities for legal investment or other purposes, as to the ability of particular investors to purchase Offered Securities for legal investment or other purposes or as to the ability of particular investors to purchase Offered Securities under applicable investment restrictions. All institutions the activities of which are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult their own legal advisors in determining whether and to what extent the Offered Securities are subject to investment, capital or other restrictions. Without limiting the generality of the foregoing, none of the Issuer, the Co-Issuer, the Collateral Manager and the Placement Agent makes any representation as to the characterization of the Offered Securities as a U.S.-domestic or foreign (non-U.S.) investment under any state insurance code or related regulations, and they are not aware of any published precedent that addresses such characterization. Although they are not making any such representation, the Co-Issuers understand that the New York State Insurance Department, in response to a request for guidance, has been considering the characterization (as U.S.-domestic or foreign (non-U.S.)) of certain collateralized debt obligation securities co-issued by a non-U.S. issuer and a U.S. co-issuer. There can be no assurance as to the nature of any advice or other action that may result from such consideration. The uncertainties described above (and any unfavorable future determinations concerning legal investment or financial institution regulatory characteristics of the Offered Securities) may affect the liquidity of the Offered Securities.

Investment Company Act. Neither of the Co-Issuers has been registered with the SEC as an investment company pursuant to the Investment Company Act. The Issuer has not so registered in reliance on an exception for investment companies organized under the laws of a jurisdiction other than the United States or any state thereof (a) whose investors resident in the United States are solely "qualified purchasers" (within the meaning given to such term in the Investment Company Act and the regulations of the SEC thereunder) or certain transferees thereof identified in Rule 3c-6 under the Investment Company Act and (b) which do not make a public offering of their securities in the United States. Counsel for the Co-Issuers will opine, in connection with the issuance of the Offered Securities, that neither of the Co-Issuers is on the Closing Date an investment company required to be registered under the Investment Company Act (assuming, for the purposes of such opinion, that the Offered Securities are sold in accordance with the terms of the Indenture, the Fiscal Agency Agreement and the Purchase Agreements). No opinion or no-action position has been requested of the SEC.

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

Each transferee of a beneficial interest in a Restricted Global Co-Issued Note will be deemed to represent at the time of purchase that: (i) the purchaser is both a Qualified Institutional Buyer and a Qualified Purchaser; (ii) the purchaser is not a dealer described in paragraph (a)(1)(ii) of Rule 144A unless such purchaser owns and invests on a discretionary basis at least U.S.$25,000,000 in securities of issuers that are not affiliated persons of the dealer; and (iii) the purchaser is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, unless investment decisions with respect to the plan are made solely by the fiduciary, trustee or sponsor of such plan; and (iv) the purchaser will provide written notice of the foregoing, and of any applicable restrictions on transfer, to any transferee.

The Indenture provides that each Person who becomes a holder of a Note or a Subordinate Security, or a beneficial owner of an interest in a Global Note or a Definitive Note, by its acceptance of an interest in the Note or Subordinate Security, has represented and agreed as provided in the legends of the applicable Note or Subordinate Security. The legends of the Notes and Subordinate Securities shall substantially provide that if, notwithstanding the restrictions on transfer contained therein, it is determined that any beneficial owner of (i) a Restricted Global Co-Issued Note (or any interest therein) (A) is a U.S. Person (within the meaning of Regulation S under the Securities Act) and (B) is not both a Qualified Institutional Buyer (unless in the case of a Restricted Co-Issued Note, such beneficial owner is an Accredited

Investor that purchased such Restricted Global Co-Issued Note or interest therein directly from the Co-Issuers) and also a Qualified Purchaser or (ii) of a Regulation S Global Co-Issued Note is a U.S. Person, then the Issuer may require that such holder sell all of its right, title and interest to such Note (or any interest therein) to a person that is both a Qualified Institutional Buyer and a Qualified Purchaser or to a person that is not a U.S. Person, with such sale to be effected within 30 days after notice of such sale requirement is given. If such beneficial owner fails to effect the transfer required within such 30-day period, (a) upon direction from the Issuer may cause such beneficial owner's interest in such Note to be transferred in a commercially reasonable sale (conducted in accordance with Sections 9-610, 9-611 and 9-627 of the Uniform Commercial Code as applied to securities that are sold on a recognized market) to a person that certifies to the Note Registrar and the Issuer, in connection with such transfer, that such person is, if such person is taking delivery in the form of a Restricted Global Co-Issued Note, both (i) a Qualified Institutional Buyer and (ii) a Qualified Purchaser, or, if such person is taking delivery of a Regulation S Global Co-Issued Note or Definitive Note, not a U.S. Person.

ERISA Considerations. See "ERISA Considerations".

RISK FACTORS RELATING TO TAX

Withholding Taxes. The Issuer expects that payments received on the Collateral Debt Securities and Eligible Investments generally will not be subject to withholding taxes imposed by the United States or other countries from which such payments are sourced. The Issuer's income and the payments it receives on the Collateral Debt Securities, Eligible Investments and any Hedge Agreement might become subject to net income or withholding taxes in the United States or other jurisdictions due to a change in law or other causes. Payments with respect to any Equity Securities held by the Issuer likely will be subject to withholding taxes imposed by the United States or other countries from which such payments are sourced. The imposition of unanticipated withholding taxes or tax on the Issuer's net income could materially impair the Issuer's ability to pay principal of and interest on the Notes and the Subordinate Securities, as applicable.

Withholding on the Offered Securities. The Issuer expects that payments of principal and interest and distributions and returns of capital on the Notes and Subordinate Securities, as applicable, ordinarily will not be subject to any withholding tax in the Cayman Islands, the United States or any other jurisdiction. See "Income Tax Considerations". If withholding or deduction of taxes is required in any jurisdiction, neither Co-Issuer shall be under any obligation to make any additional payments to the holders of the Offered Securities in respect of such withholding or deduction.

RISK FACTORS RELATING TO LISTING

Listing. Application has been made to the Irish Financial Services Regulatory Authority (the "Financial Regulator"), as competent authority under the Prospectus Directive for the Prospectus (the "Prospectus") to be approved. Approval by the Financial Regulator relates only to the Notes that are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of the Prospectus Directive or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to

the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its regulated market. There can be no assurance that such listing will be granted or, if granted, that it will be maintained by the Issuer. If any Class or Classes of Notes are admitted to the official list of the Irish Stock Exchange, the Issuer may at any time terminate the listing of such Notes if the Issuer determines that, as a result of a change in the requirements of the Irish Stock Exchange, the maintenance of such listing would impose any material obligation or expense on the Issuer (in excess of the amount anticipated on the Closing Date). If the Issuer terminates the listing, it will make reasonable endeavors to seek a replacement listing on such other stock exchange outside the European Union that is a member of the International Federation of Stock Exchanges and that is located in a state that is a member of the Organization for Economic Cooperation and Development, unless obtaining or maintaining a listing on such stock exchange requires the Issuer to restate its accounts or is otherwise unduly burdensome, in which event the Issuer will make reasonable endeavors to obtain a replacement listing elsewhere.

DESCRIPTION OF THE NOTES

The Notes will be issued pursuant to the Indenture. The following summary describes certain provisions of the Notes and the Indenture. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Indenture. Copies of the Indenture may be obtained by prospective investors upon request to the Trustee at 9062 Old Annapolis Road, Columbia, Maryland 21045, Attention: CDO Trust Services — Collybus CDO I.

STATUS AND SECURITY

The Notes will be limited-recourse debt obligations of the Co-Issuers. The Subordinate Securities will be limited-recourse debt obligations. All of the Class A-1 Notes are entitled to receive payments *pari passu* among themselves; all of the Class A-2 Notes are entitled to receive payments *pari passu* among themselves; all of the Class A-3 Notes are entitled to receive payments *pari passu* among themselves; all of the Class B Notes are entitled to receive payments *pari passu* among themselves; all of the Class C Notes are entitled to receive payments *pari passu* among themselves; and all of the Class D Notes are entitled to receive payments *pari passu* among themselves. Except as otherwise described in the Priority of Payments, the relative order of seniority of payment of each Class on each Distribution Date is as follows: *first*, Class A-1 Notes, *second*, Class A-2 Notes, *third*, Class A-3 Notes, *fourth*, Class B Notes, *fifth*, Class C Notes, *sixth*, the Class D Notes and *seventh*, Subordinate Securities with (a) each Class (other than the Subordinate Securities) in such list being "Senior" to each other Class that follows such Class in such list and (b) each Class (other than the Class A-1 Notes) in such list being "Subordinate" to each other Class that precedes such Class in such list. Notwithstanding the foregoing general description of the relative seniority of the Notes and the Subordinate Securities, the Priority of Payments provides that: (a) certain Interest Proceeds that would otherwise be distributed to the Class C Notes, Class D Notes or paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay the Class A-2 Target Amount (in reduction of the Aggregate Outstanding Amount of the Class A-2 Notes); (b) if the Class A/B Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date occurring after the Closing Date, certain Interest Proceeds that would otherwise be distributed to the Class C Notes, Class D Notes or paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes and *fourth*, the Class B Notes in accordance with the Priority of Payments and to the extent necessary to cause the Class A/B Overcollateralization Test to be satisfied; (c) if the Class C Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date occurring after the Closing Date, certain Interest Proceeds that would otherwise be distributed to the Class D Notes or the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes, *fourth*, the Class B Notes and *fifth*, to the Class C Notes in accordance with the Priority of Payments and to the extent necessary to cause the Class C Overcollateralization Test to be satisfied; (d) certain Interest Proceeds that would otherwise be paid to the Class D Notes or the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used, prior to the payment of the principal in full of all outstanding

Senior Classes of Notes, to pay Class C Deferred Interest; (e) if the Class D Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date, certain Interest Proceeds that would otherwise be distributed to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes, *fourth*, the Class B Notes, *fifth*, the Class C Notes and *sixth*, the Class D Notes in accordance with the Priority of Payments and to the extent necessary to cause the Class D Overcollateralization Test to be satisfied; (f) certain Interest Proceeds that would otherwise be paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used, prior to the payment of the principal in full of all outstanding Senior Classes of Notes, to pay Class D Deferred Interest, the Class D Additional Interest Amount and the principal of the Class D Notes; (g) on and after the initial Auction Date, certain Interest Proceeds that would otherwise be paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay the principal of the Notes; and (h) certain Principal Proceeds that would otherwise be used to pay the principal in full of all outstanding Senior Classes of Notes, will be used to pay the Interest Distribution Amount with respect to the Class A Notes and the Class B Notes to the extent not paid in full with Interest Proceeds. See "Description of the Notes—Priority of Payments". No payment of interest on any Class of Notes will be made until all accrued and unpaid interest on the Notes of each Class that is Senior to such Class and that remain outstanding has been paid in full. Except as described above, no payment of principal of any Class of Notes will be made until all principal of, and all accrued and unpaid interest on the Notes of each Class that is Senior to such Class and that remain outstanding have been paid in full. See "Description of the Notes—Priority of Payments".

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

Payments of principal of, and interest on, the Notes and the Subordinate Securities (to the extent the Subordinate Securities are entitled to such payments in accordance with the Fiscal Agency Agreement) will be made solely from the proceeds of the Collateral, in accordance with the priorities described under "—Priority of Payments" herein. If the amounts received in respect of the Collateral (net of certain expenses) are insufficient to make payments on the Notes and the Subordinate Securities, no other assets will be available for payment of the deficiency and, following liquidation of all the Collateral, the obligations of the Co-Issuers (or, in the case of a Subordinate Security, the Issuer) to pay any such deficiency will be extinguished.

ADDITIONAL CLASS A-2 NOTES

From time to time, the Co-Issuers may issue Additional Class A-2 Notes after the Closing Date under an Additional Notes Supplemental Indenture if the following conditions are satisfied: (a) an Auction Call Redemption, Optional Redemption, Tax Redemption or Mandatory Redemption of the Notes has not occurred; (b) with respect to each issuance of Additional Class A-2 Notes, an aggregate principal amount of at least U.S.$25,000,000 of Additional Class A-2 Notes shall be issued and sold for a cash sales price and, with respect to all issuances of

Additional Class A-2 Notes, collectively, an aggregate amount of not more than U.S.$750,000,000 shall be issued and sold for a cash sales price; any sale proceeds from the sale of such Additional Class A-2 Notes shall be invested in Collateral Debt Securities in accordance with the Eligibility Criteria or, pending such investment, deposited into the Uninvested Proceeds Account on the related Additional Notes Closing Date; (c) the Class A-1 Notes have been paid in full including with respect to any accrued but unpaid interest and any Defaulted Interest; (d) any Additional Class A-2 Notes shall be *pari passu* in all respects with the Original Class A-2 Notes and shall have the same terms as the Original Class A-2 Notes, and the Additional Class A-2 Notes and the Original Class A-2 Notes shall vote together as one Class; (e) the ratings of the Original Class A-2 Notes and each of the other Notes issued by each Rating Agency on the Closing Date are re-affirmed in writing by such Rating Agency, and the rating of such Additional Class A-2 Notes shall not be lower than "Aaa" by Moody's and "AAA" by Standard & Poor's; (f) each of the Overcollateralization Tests are satisfied immediately after giving effect to the issuance of such Additional Class A-2 Notes; (g) each of the Collateral Quality Tests would be satisfied immediately after giving effect to (i) the issuance of such Additional Class A-2 Notes and (ii) the application of proceeds thereof to purchase Collateral Debt Securities on the related Additional Notes Closing Date and any other Collateral Debt Securities that the Issuer has committed on or prior to such Additional Notes Closing Date to purchase; and (h) the Co-Issuers comply with any other requirements (if any) set forth in the Indenture or the Additional Notes Supplemental Indenture in connection with the issuance of Additional Class A-2 Notes.

INTEREST

The Class A-1 Notes will bear interest at a floating rate per annum equal to LIBOR plus .15%. The Class A-2 Notes will bear interest at a floating rate per annum equal to LIBOR plus .92% from the Closing Date through the March 2008 Distribution Date, at a floating rate per annum equal to LIBOR plus 1.05% from the June 2008 Distribution Date through the December 2009 Distribution Date, at a floating rate per annum equal to LIBOR plus 1.45% from the March 2010 Distribution Date through the June 2012 Distribution Date, and at a floating rate per annum equal to LIBOR plus 1.65% from the September 2012 Distribution Date through the Stated Maturity. The Class A-3 Notes will bear interest at a floating rate per annum equal to LIBOR plus 2.25%. The Class B Notes will bear interest at a floating rate per annum equal to LIBOR plus 2.65%. The Class C Notes will bear interest at a floating rate per annum equal to LIBOR plus 2.70%. The Class D Notes will bear interest at a floating rate per annum equal to LIBOR plus 4.50%. The Holders of the Class D Notes shall receive an additional unrated interest amount in the form of the Class D Additional Interest Amount, subject to available funds and in accordance with "Description of the Notes—Priority of Payments". Interest on the Notes and interest on Defaulted Interest in respect thereof will be computed on the basis of a 360-day year and the actual number of days elapsed.

Interest will accrue on the outstanding principal amount of each Class of Notes (determined as of the first day of each Interest Period and after giving effect to any redemption or other payment of principal occurring on such day) from the Closing Date. Interest accruing for any Interest Period will accrue for the period from and including the first day of such Interest Period to and including the last day of such Interest Period.

Payments of interest on the Notes will be payable in U.S. dollars, quarterly in arrears on the 7th day of each March, June, September and December (each a "Distribution Date"), *provided* that (i) the first Distribution Date shall be December 7, 2007, (ii) the final Distribution Date shall be December 9, 2047 and (iii) if any such date is not a Business Day, the relevant Distribution Date will be the next succeeding Business Day.

If the Class A/B Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date occurring after the Closing Date, certain Interest Proceeds that would otherwise be distributed to the Class C Notes or to the Class D Notes or paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes and *fourth*, the Class B Notes, in each case, until the Class A/B Overcollateralization Test is satisfied.

If the Class C Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date occurring after the Closing Date, certain Interest Proceeds that would otherwise be distributed to the Class D Notes or the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes, *fourth*, the Class B Notes and *fifth*, the Class C Notes, in each case, until the Class C Overcollateralization Test is satisfied.

If the Class D Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date, certain Interest Proceeds that would otherwise be distributed to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes, *fourth*, the Class B Notes, *fifth*, the Class C Notes and *sixth*, the Class D Notes, in each case, until the Class D Overcollateralization Test is satisfied. See "Description of the Notes—Priority of Payments".

So long as any Class A Notes or Class B Notes are outstanding, the failure on any Distribution Date to make payment in respect of interest on the Class C Notes by reason of the operation of the Priority of Payments will not constitute an Event of Default under the Indenture. In addition, so long as any Class A Notes, Class B Notes or Class C Notes are outstanding, the failure on any Distribution Date to make payment in respect of interest on the Class D Notes by reason of the operation of the Priority of Payments will not constitute an Event of Default under the Indenture. Any interest on the Class C Notes or the Class D Notes (other than the Class D Additional Interest Amount) that is not paid when due by operation of the Priority of Payments will be deferred and capitalized (such interest being referred to herein as "Class C Deferred Interest" or "Class D Deferred Interest", as applicable).

Any Class C Deferred Interest or Class D Deferred Interest will be added to the Aggregate Outstanding Amount of the Class C Notes or the Class D Notes (as applicable) and thereafter interest will accrue on the Aggregate Outstanding Amount of the Class C Notes or the Class D Notes (as applicable), as so increased. Unless otherwise specified herein, any reference to the principal amount of a Class C Note or the Class D Note includes any Class C Deferred Interest or Class D Deferred Interest (as applicable) added thereto. Upon the payment of Class C

Deferred Interest or the Class D Deferred Interest (as applicable) previously capitalized as additional principal, the Aggregate Outstanding Amount of the Class C Notes or the Class D Notes (as applicable) will be reduced by the amount of such payment.

Interest will cease to accrue on each Note or, in the case of a partial repayment, on such part, from the date of repayment or Stated Maturity unless payment of principal is improperly withheld or unless default is otherwise made with respect to such payments. To the extent lawful and enforceable, interest on any Defaulted Interest on any Note will accrue at the interest rate applicable to such Note at such time until paid. "Defaulted Interest" means any interest due and payable in respect of any Note which is not punctually paid or duly provided for on the applicable Distribution Date or at Stated Maturity and which remains unpaid. Neither Deferred Interest nor the Class D Additional Interest Amount will constitute Defaulted Interest.

Definitions

"Interest Period" means, with respect to any Note, the period from, and including, the Closing Date (or the Additional Notes Closing Date, if applicable) to, but excluding, the December 2007 Distribution Date, and, thereafter, the period from, and including, the Distribution Date (or the Additional Notes Closing Date, if applicable) immediately following the last day of the immediately preceding Interest Period to, but excluding, the next succeeding Distribution Date.

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

(i) LIBOR for any Interest Period shall equal the offered rate, as determined by the Calculation Agent, for Dollar deposits in Europe of the Designated Maturity that appears on Reuters Screen LIBOR01 Page (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates or prices) (the "LIBOR01 Page") as of 11:00 a.m. (London time) on the applicable LIBOR Determination Date. "LIBOR Determination Date" means, with respect to any Interest Period, the second London Banking Day prior to the first day of such Interest Period.

(ii) If, on any LIBOR Determination Date, such rate does not appear on LIBOR01 Page, the Calculation Agent shall determine the arithmetic mean of the offered quotations of the Reference Banks to prime banks in the London interbank market for Dollar deposits in Europe of the Designated Maturity (except that in the case where such Interest Period shall commence on a day that is not a LIBOR Business Day, for the relevant term commencing on the next following LIBOR Business Day), by reference to requests for quotations as of approximately 11:00 a.m. (London time) on such LIBOR Determination Date made by the Calculation Agent to the Reference Banks. If, on any LIBOR Determination Date, at least two of the Reference Banks provide such quotations, LIBOR shall equal such arithmetic mean. If, on any LIBOR Determination Date, fewer than two Reference Banks provide such quotations, LIBOR shall be deemed to be the arithmetic mean of the offered quotations that leading banks in New York City selected

by the Calculation Agent are quoting on the relevant LIBOR Determination Date for Dollar deposits for the term of such Interest Period (except that in the case where such Interest Period shall commence on a day that is not a LIBOR Business Day, for the relevant term commencing on the next following LIBOR Business Day), to the principal London offices of leading banks in the London interbank market.

(iii) In respect of any Interest Period having a Designated Maturity other than one, two, three or six months, LIBOR shall be determined through the use of straight-line interpolation by reference to two rates calculated in accordance with clauses (i) and (ii) above, one of which shall be determined as if the maturity of the Dollar deposits referred to therein were the period of time for which rates are available that is the next shorter period in length than such Interest Period and the other of which shall be determined as if such maturity were the period of time for which rates are available that is the next longer period in length than such Interest Period; *provided* that, if an Interest Period is less than or equal to seven days, then LIBOR shall be determined by reference to a rate calculated in accordance with clauses (i) and (ii) above as if the maturity of the Dollar deposits referred to therein were a period of time equal to seven days.

(iv) If the Calculation Agent is required but is unable to determine a rate in accordance with either procedure described in clauses (i) and (ii) above, LIBOR with respect to such Interest Period shall be the arithmetic mean of the offered quotations of the Reference Dealers as of 10:00 a.m. (New York time) on the first day of such Interest Period for negotiable U.S. Dollar certificates of deposit of major U.S. money market banks having a remaining maturity closest to the Designated Maturity.

(v) If the Calculation Agent is required but is unable to determine a rate in accordance with any of the procedures described in clauses (i), (ii) or (iv) above, LIBOR with respect to such Interest Period will be calculated on the last day of such Interest Period and shall be the arithmetic mean of the Base Rate for each day during such Interest Period.

For purposes of clauses (i), (iii), (iv) and (v) above, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point. For the purposes of clause (ii) above, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one thirty-second of a percentage point.

As used herein:

"Base Rate" means a fluctuating rate of interest determined by the Calculation Agent as being the rate of interest most recently announced by the Base Rate Reference Bank at its New York office as its base rate, prime rate, reference rate or similar rate for Dollar loans. Changes in the Base Rate will take effect simultaneously with each change in the underlying rate.

"Base Rate Reference Bank" means JPMorgan Chase Bank, National Association, or if such bank ceases to exist or is not quoting a base rate, prime rate reference rate or similar rate for Dollar loans, such other major money center commercial bank in New York City, as selected by the Calculation Agent.

"Designated Maturity" means (a) with respect to the Class A-1 Notes, Class A-3 Notes, Class B Notes, Class C Notes or Class D Notes (i) for the first Interest Period after the issuance of such Notes, the number of calendar days from, and including, the Closing Date to, but excluding, the first Distribution Date thereafter, (ii) for each Interest Period after the first Interest Period (other than the Interest Period ending on the Stated Maturity), three months and (iii) for the Interest Period ending on the Stated Maturity, the number of calendar days from, and including, the first day of such Interest Period to, but excluding, the final Distribution Date; and (b) with respect to the Class A-2 Notes (i) for the first Interest Period after the issuance of such Class A-2 Notes, the number of calendar days from, and including, the Closing Date (in the case of the Original Class A-2 Notes) or the related Additional Notes Closing Date (in the case of any Additional Class A-2 Notes) to, but excluding, the first Distribution Date thereafter, (ii) for each Interest Period after the first Interest Period (other than the Interest Period ending on the Stated Maturity), three months and (iii) for the Interest Period ending on the Stated Maturity, the number of calendar days from, and including, the first day of such Interest Period to, but excluding, the final Distribution Date.

"LIBOR Business Day" means a day on which commercial banks and foreign exchange markets settle payments in Dollars in New York and London.

"London Banking Day" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

"Reference Banks" means four major banks in the London interbank market, selected by the Calculation Agent.

"Reference Dealers" means three major dealers in the secondary market for U.S. Dollar certificates of deposit, selected by the Calculation Agent.

For so long as any Note remains outstanding, the Co-Issuers will at all times maintain an agent appointed to calculate LIBOR in respect of each Interest Period. As soon as possible after 11:00 a.m. (London time) on each LIBOR Determination Date, but in no event later than 11:00 a.m. (New York time) on the Business Day immediately following each LIBOR Determination Date, the Calculation Agent will calculate the interest rate for the Notes for the related Interest Period and the amount of interest for such Interest Period payable in respect of each U.S.$1,000 in principal amount of each Class of Notes (in each case rounded to the nearest cent, with half a cent being rounded upward) on the related Distribution Date and will communicate such rates and amounts on or prior to the related Distribution Date to the Co-Issuers, the Trustee, any Hedge Counterparty, the Paying Agent, the Depository, Euroclear and Clearstream, Luxembourg and, for so long as any Notes are listed on the Irish Stock Exchange, the Irish Paying Agent.

The Calculation Agent may be removed by the Co-Issuers at any time. If the Calculation Agent is unable or unwilling to act as such, is removed by the Co-Issuers or fails to determine the interest rate for any Class of Notes or the amount of interest payable in respect of any Class of Notes for any Interest Period, the Co-Issuers will promptly appoint as a replacement Calculation Agent a leading bank that is engaged in transactions in U.S. Dollar deposits in the international Eurodollar market and which does not control and is not controlled by or under common control with either of the Co-Issuers or any affiliate thereof. The Calculation Agent

may not resign its duties without a successor having been duly appointed. The determination of the interest rate for the Notes for each Interest Period by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

PRINCIPAL

The Stated Maturity of the Notes is December 9, 2047. Each Class of Notes is scheduled to mature at the applicable Stated Maturity unless earlier redeemed or repaid. However, the Notes may be paid in full prior to their Stated Maturity. See "Risk Factors—Average Life of Notes and Prepayment Considerations" and "Maturity, Prepayment and Yield Considerations". After the Closing Date, all Principal Proceeds will be applied on each Distribution Date, after paying certain other amounts, to pay principal of each Class of Notes in accordance with the Priority of Payments.

In addition, Interest Proceeds will be applied to pay principal of the Notes in the following circumstances (subject, in each case, to the Priority of Payments): (a) certain Interest Proceeds that would otherwise be distributed to the Class C Notes, Class D Notes or paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay the Class A-2 Target Amount (in reduction of the Aggregate Outstanding Amount of the Class A-2 Notes); (b) if the Class A/B Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date occurring after the Closing Date, certain Interest Proceeds that would otherwise be distributed to the Class C Notes, Class D Notes or paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes and *fourth*, the Class B Notes, in each case, until the Class A/B Overcollateralization Test is satisfied; (c) if the Class C Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date occurring after the Closing Date, certain Interest Proceeds that would otherwise be distributed to the Class D Notes or the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes, *fourth*, the Class B Notes and *fifth*, the Class C Notes, in each case, until the Class C Overcollateralization Test is satisfied; (d) certain Interest Proceeds that would otherwise be paid to the Class D Notes or the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used, prior to the payment of the principal in full of all outstanding Senior Classes of Notes, to pay Class C Deferred Interest; (e) if the Class D Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date, certain Interest Proceeds that would otherwise be distributed to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes, *fourth*, the Class B Notes, *fifth*, the Class C Notes and *sixth*, the Class D Notes, in each case, until the Class D Overcollateralization Test is satisfied; (f) certain Interest Proceeds that would otherwise be paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used, prior to the payment of the principal in full of all outstanding Senior Classes of Notes, to pay Class D Deferred Interest, the Class D Additional Interest Amount and principal of the Class D Notes; and (g) on and after the initial Auction Date, certain Interest Proceeds that would otherwise be

paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of the Notes. See "Description of the Notes—Priority of Payments".

In addition, subject to the Priority of Payments, Principal Proceeds will be applied to pay the Interest Distribution Amount with respect to the Class A Notes and the Class B Notes to the extent not paid in full with Interest Proceeds. See "Description of the Notes—Priority of Payments".

Any payment of principal with respect to any Class of Notes (including any payment of principal made in connection with an Optional Redemption, Auction Call Redemption or Tax Redemption) will be made by the Trustee on a pro rata basis on each Distribution Date among the Notes of such Class according to the respective unpaid principal amounts thereof outstanding immediately prior to such payment.

MANDATORY REDEMPTION

If any Overcollateralization Test is not satisfied on the Determination Date related to any Distribution Date, Interest Proceeds will be used to the extent necessary to pay the principal of the Notes, to the extent funds are available in accordance with the Priority of Payments in an amount sufficient to either satisfy the relevant Overcollateralization Test(s) or pay the Notes in full.

AUCTION CALL REDEMPTION

In accordance with the procedures set forth in the Indenture (the "Auction Procedures"), the Trustee and the Collateral Manager shall, at the expense of the Issuer, conduct an auction (an "Auction") of the Pledged Collateral Debt Securities if the Notes will not have been redeemed in full on or prior to the Distribution Date occurring in December 2011. The Auction shall be conducted not later than (1) ten Business Days prior to the Distribution Date occurring in December 2011 and (2) if the Notes are not redeemed in full on the respective prior Distribution Date, each Distribution Date thereafter until the Notes have been redeemed in full (each such date, an "Auction Date"). Any holder of Subordinate Securities, the Collateral Manager, the Surveillance Agent, the Trustee or their respective affiliates may, but shall not be required to, bid at the Auction. The Trustee or any agent appointed by it shall sell and transfer all of the Collateral Debt Securities (which may be divided into subpools) to the highest bidder therefor (or the highest bidder for each subpool) at the Auction *provided* that:

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

(ii) the Trustee has received bids for the Collateral Debt Securities from at least two qualified bidders who are persons that are Independent from one another and the Issuer, as identified to the Trustee by the Collateral Manager (including the winning qualified bidder) for (x) the purchase of the Collateral Debt Securities or (y) the purchase of subpools of the Collateral Debt Securities designated by the Trustee (in consultation with the Collateral Manager) in accordance with the Auction Procedures;

(iii) the Trustee has determined that the highest auction price would result in Sale Proceeds from all of the Collateral Debt Securities (or the related subpools constituting all of the Collateral Debt Securities) which, together with the balance of all Eligible Investments and cash in the Accounts (other than in any Hedge Counterparty Collateral Account) at least equal to the Total Redemption Amount; and

(iv) the bidder(s) who offered the highest auction price for the Collateral Debt Securities (or the related subpools) enter(s) into a written agreement with the Issuer (which the Issuer shall execute if the conditions set forth in (i) through (iii) above are satisfied, which execution shall constitute certification by the Issuer that such conditions have been satisfied) that obligates the highest bidder (or the highest bidder for each subpool) to purchase all of the Collateral Debt Securities (or the relevant subpool) with the closing of such purchase (and full payment in cash to the Trustee) to occur on or prior to the Business Day immediately preceding the scheduled Redemption Date.

Provided that all of the conditions set forth in clauses (i) through (iv) have been met, the Trustee shall sell and transfer the Pledged Collateral Debt Securities (or the related subpool), without representation, warranty or recourse, to such highest bidder (or the highest bidder for each subpool, as the case may be) in accordance with and upon completion of the Auction Procedures. The Trustee shall deposit the purchase price for the Collateral Debt Securities in the Collection Accounts and (x) redeem the Notes in whole but not in part at the applicable Redemption Price (exclusive of installments of principal and interest due on or prior to such date, *provided* payment of which shall have been made or duly provided for, to the Holders of the Notes as provided in the Indenture), (y) pay the remaining portion of the Total Redemption Amount in accordance with the Priority of Payments and (z) make a payment to the Fiscal Agent for distribution in accordance with the Fiscal Agency Agreement in an amount equal to any portion of such purchase price remaining after the application contemplated by the foregoing clauses (x) and (y) (but at least equal to the Subordinate Security Redemption Date Amount), in each case on the Distribution Date immediately following the relevant Auction Date (such redemption, the "Auction Call Redemption").

If any of the foregoing conditions is not met with respect to any Auction or if the highest bidder (or the highest bidder for any subpool, as the case may be) fails to pay the purchase price before the Business Day immediately preceding the scheduled Redemption, (a) the Auction Call Redemption shall not occur on the Distribution Date following the relevant Auction Date, (b) the Trustee shall give notice of the withdrawal of the relevant redemption notice, (c) subject to clause (d) below, the Trustee shall decline to consummate such sale and shall not solicit any further bids or otherwise negotiate any further sale of Collateral Debt Securities in relation to such Auction and (d) unless the Notes are redeemed in full prior to the next succeeding Auction Date, the Trustee shall conduct another Auction on the next succeeding Auction Date.

OPTIONAL REDEMPTION AND TAX REDEMPTION

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

In addition, upon the occurrence of a Tax Event and so long as the Tax Materiality Condition is satisfied, the Issuer may redeem the Notes on any Distribution Date (such redemption, a "Tax Redemption"), in whole but not in part, at the applicable Redemption Price therefor (i) at the direction of the holders of a majority in Aggregate Outstanding Amount of an Affected Class or (ii) at the direction of a Majority-in-Interest of Subordinate Securityholders.

No Optional Redemption or Tax Redemption may be effected, however, unless proceeds from the sale of Pledged Collateral Debt Securities and Eligible Investments, together with all cash credited to each Account (other than the Custodial Account or any Hedge Counterparty Collateral Account) on the relevant Distribution Date are at least equal the amount sufficient to pay (in accordance with the Priority of Payments) the Total Redemption Amount. In addition, no Tax Redemption may be effected unless the Tax Materiality Condition is satisfied.

Notwithstanding the immediately preceding paragraph, in connection with any Tax Redemption, holders of 100% of the Aggregate Outstanding Amount of an Affected Class of Notes may elect to receive less than 100% of the portion of the Total Redemption Amount that would otherwise be payable to holders of such Affected Class (and the Total Redemption Amount will be reduced accordingly).

REDEMPTION PROCEDURES

Notice of redemption will be given by first-class mail, postage prepaid, mailed not less than ten (10) Business Days prior to the date scheduled for redemption (with respect to such Auction Call Redemption, Optional Redemption, or Tax Redemption, the "Redemption Date"), to each holder of Notes at such holder's address in the register maintained by the registrar under the Indenture and to any Hedge Counterparty. In addition, the Trustee will, if and for so long as any Notes remain outstanding, (i) cause notice of each Auction Call Redemption, Optional Redemption or Tax Redemption to be delivered to the offices of each Rating Agency not less than 10 Business Days prior to the Redemption Date and (ii) promptly notify each Rating Agency of such Auction Call Redemption, Optional Redemption or Tax Redemption. In addition, the Trustee will, if and for so long as any Class of Notes to be redeemed is listed on the Irish Stock Exchange, direct the Irish Paying Agent to (i) cause notice of such Auction Call Redemption, Optional Redemption or Tax Redemption to be delivered to the Company Announcements Office of the Irish Stock Exchange not less than 10 Business Days prior to the Redemption Date and (ii) promptly notify the Irish Stock Exchange of such Auction Call Redemption, Optional Redemption or Tax Redemption. Notes must be surrendered at the offices of the Paying Agent under the Indenture in order to receive the applicable Redemption Price, unless the holder provides (i) an undertaking to surrender such Note thereafter and (ii) in the case

of a holder that is not a Qualified Institutional Buyer, such security or indemnity as may be required by the Co-Issuers or the Trustee.

The Notes may not be redeemed pursuant to an Auction Call Redemption, Optional Redemption or Tax Redemption unless at least six Business Days before the scheduled Redemption Date, the Issuer shall have furnished to the Trustee, the holders of the Notes of the Controlling Class and any Hedge Counterparty evidence, in form satisfactory to the Trustee, that the Issuer has entered into a binding agreement or agreements with a financial institution or institutions whose long-term unsecured debt obligations (other than such obligations whose rating is based on the credit of a Person other than such institution) have a credit rating from each Rating Agency at least equal to the rating of the highest rated Notes then outstanding or whose short-term unsecured debt obligations have a credit rating of "P-1" by Moody's (and, if rated "P-1", are not on watch for possible downgrade by Moody's) and "A-1" by Standard & Poor's to sell, not later than the Business Day immediately preceding the scheduled Redemption Date, all or part of the Collateral Debt Securities at a purchase price, when added to all cash and Eligible Investments, if any, maturing on or prior to the scheduled Redemption Date credited to each Account (other than the Custodial Account and any Hedge Counterparty Collateral Account) on the relevant Distribution Date, will equal or exceed the Total Redemption Amount.

Any such notice of redemption must be withdrawn by the Issuer on or prior to the sixth Business Day preceding the scheduled Redemption Date by written notice to the Trustee, any Hedge Counterparty and the Holders of the Notes of the Controlling Class if on or prior to such date (i) the Issuer has not delivered to the Trustee a certification that in its judgment based on calculations included in such certification, (1) the Sale Proceeds from the sale of one or more of the Collateral Debt Securities and all cash and proceeds from Eligible Investments will be sufficient to pay the Total Redemption Amount, (2) an Approved Dealer or Approved Pricing Service has confirmed each sales price contained in such certification (if such sale price is quoted by such Approved Dealer or Approved Pricing Service) and (3) the sale price of the such Collateral Debt Security obtained by the Collateral Manager as contemplated by clause (i) of the definition of "Fair market Value" and, otherwise, the Fair Market Value of such Collateral Debt Security or (ii) the Independent accountants appointed by the Issuer have not confirmed in writing the calculations made in such certification. During the period when a notice of redemption may be withdrawn, the Issuer shall not terminate any Hedge Agreement and if any Hedge Agreement shall become subject to early termination during such period, the Issuer shall enter into a replacement Hedge Agreement if required to do so by the Rating Agencies as a condition to the maintenance of the then current rating on the Notes. At the cost of the Co-Issuers, the Trustee shall give notice of any withdrawal by overnight courier guaranteeing next day delivery, sent not later than the sixth Business Day prior to the scheduled Redemption Date, to each holder of Notes to be redeemed at such Holder's address in the Note Register and to any Hedge Counterparty. Notice of redemption shall be given by the Co-Issuers or, at the Co-Issuers' request, by the Trustee in the name and at the expense of the Co-Issuers. Failure to give notice of redemption, or any defect therein, to any Holder of any Note selected for redemption shall not impair or affect the validity of the redemption of any other Notes.

by the Issuer prior to the scheduled Redemption Date by written notice to the Trustee, any Hedge Counterparty and the holders of the Notes of the Controlling Class if on or prior to such date (i) the Issuer has not delivered to the Trustee a certification that in its judgment based on calculations included in such certification, (1) the Sale Proceeds from the sale of one or more of the Collateral Debt Securities and all cash and proceeds from Eligible Investments will be sufficient to pay the Total Redemption Amount, (2) an approved pricing service has confirmed each sales price contained in such certification (if such price is quoted on an approved pricing service) and (3) the sale price of each such Collateral Debt Security is no lower than the median of bona fide bids for such Collateral Debt Security obtained by the Collateral Manager as contemplated by clause (i) of the definition of "Fair Market Value" and, otherwise, the Fair Market Value of such Collateral Debt Security or (ii) the Independent accountants appointed by the Issuer have not confirmed in writing the calculations made in such certification.

REDEMPTION PRICE

The amount payable in connection with any Optional Redemption, Auction Call Redemption or Tax Redemption of any Note (with respect to each Class of Notes, the "Redemption Price") will be an amount (determined without duplication) equal to (i) in the case of the Class A Notes, Class B Notes or the Class C Notes (1) the Aggregate Outstanding Amount of such Note (including any Deferred Interest, if applicable) being redeemed plus (2) accrued interest thereon (including Defaulted Interest and accrued, unpaid and uncapitalized interest on Defaulted Interest, if any), and (ii) in the case of the Class D Notes, the Class D Redemption Price.

CANCELLATION

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

PAYMENTS

Payments in respect of principal of, interest on any Note will be made to the person in whose name such Note is registered on the 15th day (whether or not a Business Day) prior to the applicable Distribution Date (the "Record Date"). Payments on each Note will be payable by wire transfer in immediately available funds to a Dollar account maintained by the holder thereof in accordance with wire transfer instructions received by any paying agent appointed under the Indenture, except for the Irish Paying Agent (each, a "Paying Agent") on or before the Record Date or, if no wire transfer instructions are received by a Paying Agent in respect of such Note, by a Dollar check drawn on a bank in the United States mailed to the address of the holder of such Note as it appears on the Note Register at the close of business on the Record Date for such payment. Final payments in respect of principal of the Notes will be made against surrender of such Notes at the office of the Paying Agent.

If any payment on the Notes is due on a day that is not a Business Day, then payment will be made on the next succeeding Business Day with the same force and effect as if made on the date for payment. For this purpose, "Business Day" means a day on which commercial banks and (if applicable) foreign exchange markets settle payments in each of New York, New York

and London, England and any other city in which the corporate trust office of the Trustee is located and, in the case of the final payment of principal of any Note, the place of presentation of such Note. To the extent action is required of the Irish Paying Agent, Dublin, Ireland shall be considered in determining "Business Day" for purposes of determining when such Irish Paying Agent action is required. For so long as any Notes are listed on the Irish Stock Exchange and the guidelines of such exchange shall so require, the Co-Issuers will maintain a paying agent with an office in Ireland, such paying agent currently being Maples Finance Dublin (in such capacity, the "Irish Paying Agent").

Except as otherwise required by applicable law, any money deposited with the Trustee or any Paying Agent in trust for the payment of principal of, interest on any Note and remaining unclaimed for two years after such principal or interest has become due and payable shall be paid to the Issuer upon request by the Issuer therefor, and the holder of such Note shall thereafter, as an unsecured general creditor, look to the Issuer for payment of such amounts and all liability of the Trustee or such Paying Agent or Fiscal Agent with respect to such trust money shall thereupon cease. The Trustee, the Paying Agent or the Fiscal Agent, before being required to make any such release of payment may, at the request of the Issuer, adopt and employ, at the expense of the Co-Issuers, any reasonable means of notification of such release of payment, including mailing notice of such release to holders whose Notes have been called but have not been surrendered for redemption or whose right to or interest in monies due and payable but not claimed is determinable from the records of any Paying Agent, at the last address of record of each such holder.

PRIORITY OF PAYMENTS

With respect to any Distribution Date, collections received on the Collateral during each Due Period will be divided into Interest Proceeds and Principal Proceeds and applied in the priority set forth below under "—Interest Proceeds" and "—Principal Proceeds", respectively, but subject to the operation of the last paragraph below in connection with the occurrence of an Event of Default (collectively, the "Priority of Payments").

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

(1) to pay (x) *first*, any taxes, registration and filing fees (including any registered office and government fees) owed by the Issuer and Co-Issuer, (y) *second*, to pay the amount of any due and unpaid fees owing to the Trustee in accordance with the trustee fee schedule, and (z) *third*, subject to the proviso in clause (2) of "Description of the Notes—Priority of Payments – Interest Proceeds", to pay the amount of any due and unpaid indemnities and expenses owing to the Trustee;

(2) to pay all other Administrative Expenses, in the following order: (a) the amount of any due and unpaid indemnities, fees and expenses owing to the Collateral Administrator; and then (b) the amount of any due and unpaid indemnities, fees and expenses owing to the Fiscal Agent and the Subordinate Security Registrar under the Fiscal Agency Agreement; and then (c) any due and unpaid indemnities, fees and expenses owing to the Note Registrar; and then (d) any fees and expenses owing to the Rating Agencies in

connection with any rating (including the annual fee payable with respect to the monitoring of any rating and any credit estimate fees) of the Notes, including fees and expenses due or accrued in connection with any rating of the Collateral Debt Securities; and then (e) the amount of any due and unpaid fees and expenses owing to the Administrator; and then (f) any due and unpaid indemnities, fees and expenses owing to the Independent accountants, agents and counsel of the Issuer; and then (g) any due and unpaid indemnities and expenses owing to the Collateral Manager pursuant to the Collateral Management Agreement; and then (h) any other Administrative Expenses of the Issuer; and then (i) if the balance, after excluding any amounts in the Expense Account reserved for any Hedge Agreement Closing Expenses, of all Eligible Investments in the Expense Account on the related Determination Date is less than U.S.$300,000, for deposit to the Expense Account of an amount equal to the lesser of (x) the amount by which U.S.$75,000 exceeds the aggregate amount of payments made under sub-clauses (a) through (h) of this clause (2) on such Distribution Date and (y) such amount as would have caused the balance, after excluding any amounts in the Expense Account reserved for any Hedge Agreement Closing Expenses, of all Eligible Investments in the Expense Account, immediately after such deposit, to equal U.S.$300,000; *provided* that the cumulative amount paid on any Distribution Date (without limiting the right of the Trustee to pay any Administrative Expenses from amounts on deposit in the Expense Account other than on a Distribution Date as provided in the Indenture) under this clause (2) of "Description of the Notes—Priority of Payments – Interest Proceeds" and under clause (1)(z) of "Description of the Notes—Priority of Payments – Interest Proceeds", may not exceed U.S.$75,000;

(3) to the payment of any amounts due to any Hedge Counterparty under the related Hedge Agreement (excluding any Subordinate Hedge Termination Payment);

(4) to the payment of the Interest Distribution Amount with respect to the Class A-1 Notes;

(5) to the payment of the Interest Distribution Amount with respect to the Class A-2 Notes;

(6) to the payment of the Interest Distribution Amount with respect to the Class A-3 Notes;

(7) to the payment of accrued and unpaid Senior Management Fees, pro rata;

(8) to the payment of the Interest Distribution Amount with respect to the Class B Notes;

(9) to the payment of the Class A-2 Target Amount (in reduction of the Aggregate Outstanding Amount of the Class A-2 Notes);

(10) if the Class A/B Overcollateralization Test is not satisfied on any related Determination Date occurring after the Closing Date and if any Class A Note or Class B Note remains Outstanding, to the payment of principal of, *first*, the Class A-1 Notes,

second, the Class A-2 Notes, *third*, the Class A-3 Notes and *fourth*, the Class B Notes, in each case, until the Class A/B Overcollateralization Test is satisfied;

(11) to the payment of the Interest Distribution Amount with respect to the Class C Notes;

(12) if the Class C Overcollateralization Test is not satisfied on any related Determination Date occurring after the Closing Date and if any Class A Note or Class B Note or Class C Note remains Outstanding, to the payment of principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes, *fourth*, the Class B Notes and *fifth*, the Class C Notes, in each case, until the Class C Overcollateralization Test is satisfied;

(13) to the payment of Class C Deferred Interest (in reduction of the principal amount of the Class C Notes);

(14) to the payment of the Interest Distribution Amount with respect to the Class D Notes;

(15) if the Class D Overcollateralization Test is not satisfied on any related Determination Date occurring after the Closing Date and if any Class A Note or Class B Note or Class C Note or Class D Note remains Outstanding, to the payment of principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes, *fourth*, the Class B Notes, *fifth*, the Class C Notes and *sixth*, the Class D Notes, in each case, until the Class D Overcollateralization Test is satisfied;

(16) to the payment of Class D Deferred Interest (in reduction of the principal amount of the Class D Notes);

(17) 25% of any undistributed Interest Proceeds to (x) *first*, the Class D Additional Interest Amount and (y) *second*, to the payment of the principal of the Class D Notes (including any Class D Deferred Interest) until the Class D Notes have been paid in full;

(18) to pay, *first*, all amounts owing under clause (1) and clause (2) of "Description of the Notes—Priority of Payments – Interest Proceeds" (without giving effect to any caps therein) to the extent not previously paid in full under clause (1) and clause (2) of "Description of the Notes—Priority of Payments – Interest Proceeds", whether as a result of any dollar limitation set forth therein or otherwise (and in the same order of priority as set forth therein) and, *second*, any Subordinate Hedge Termination Payment due at any time prior to the next Distribution Date;

(19) to payment of accrued and unpaid Subordinate Management Fees;

(20) for any Distribution Date on or after the initial Auction Date, 5% of any undistributed Interest Proceeds to the payment of principal of, *first*, the Class A-1 Notes until the Class A-1 Notes have been paid in full, *second*, the Class A-2 Notes until the Class A-2 Notes have been paid in full, *third*, the Class A-3 Notes until the Class A-3 Notes have been paid in full, *fourth*, the Class B Notes until the Class B Notes have been

paid in full, *fifth*, the Class C Notes (including any Class C Deferred Interest) until the Class C Notes have been paid in full and *sixth*, the Class D Notes (including any Class D Deferred Interest) until the Class D Notes have been paid in full; and

(21) all remaining amounts, to the Fiscal Agent for application in accordance with the Fiscal Agency Agreement.

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

(1) to pay the amounts referred to in clauses (1) to (8) of "Description of the Notes—Priority of Payments – Interest Proceeds" above in the same order of priority specified therein, but only to the extent not paid in full thereunder; and

(2) *first*, to the payment of principal of the Class A-1 Notes until the Class A-1 Notes have been paid in full, *second* to the payment of principal of the Class A-2 Notes until the Class A-2 Notes have been paid in full, *third*, to the payment of principal of the Class A-3 Notes until the Class A-3 Notes have been paid in full, *fourth*, to the payment of principal of the Class B Notes until the Class B Notes have been paid in full, *fifth*, to the payment of any Class C Deferred Interest, *sixth*, to the payment of principal of the Class C Notes until the Class C Notes have been paid in full, *seventh*, to the payment of any Class D Deferred Interest, *eighth*, to the payment of principal of the Class D Notes until the Class D Notes have been paid in full, *ninth*, to the payment of the amounts specified in clauses (18) and (19) of "Description of the Notes—Priority of Payments – Interest Proceeds", in each case, to the extent not paid thereunder and in the same order of priority specified therein and *tenth*, to the Fiscal Agent for application in accordance with the Fiscal Agency Agreement.

Except as otherwise expressly provided in the Priority of Payments, if on any Distribution Date, the amount available in the Payment Account from amounts received in the related Due Period is insufficient to make the full amount of the disbursements required by any paragraph in this section (and in the order of priority set forth in such paragraph) to different Persons, the Trustee will make the disbursements called for by each such paragraph in accordance with the priority set forth in such paragraph, and if no such priority is stated therein, then ratably in accordance with the respective amounts of such disbursements then due and payable to the extent funds are available therefor.

If the Offered Securities have not been redeemed prior to the Distribution Date occurring in December 2011 it is expected that the Issuer will sell all of the Collateral Debt Securities and all Eligible Investments standing to the credit of the Accounts (other than any Hedge Counterparty Collateral Account) and sell or liquidate all other Collateral, and all net proceeds from such liquidation and all available cash will be applied to the payment (in the order of priorities set forth above) of all (i) fees, (ii) expenses (including the amounts due to any Hedge Counterparty), (iii) principal of and interest on (including Deferred Interest, Defaulted Interest and interest on Defaulted Interest, if any) the Notes and, to the extent the Subordinate Securities are entitled to such payments in accordance with the Indenture and the Fiscal Agency Agreement, the Subordinate Securities. Net proceeds from such liquidation and available cash

remaining (after all payments required pursuant to the Indenture and the Fiscal Agency Agreement and the payment of the costs and expenses of such liquidation, the establishment of adequate reserves to meet all contingent, unliquidated liabilities or obligations of the Issuer, the payment to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement, the return of U.S.$250 of capital contributed to the Issuer by, and the payment of a U.S.$250 profit fee to, the owner of the Issuer's ordinary shares) will be distributed to the holders of the Subordinate Securities in accordance with the Issuer Charter and the Fiscal Agency Agreement.

Notwithstanding any of the foregoing, if any Event of Default has not been cured or waived and acceleration occurs in accordance with the Indenture, each Class that is Senior to the other Classes shall be paid in full in cash before any further payment or distribution is made on account of any Class that is Subordinate to such Class that is Senior; any amounts otherwise distributable on a Distribution Date (in accordance with the foregoing provisions for allocation of "Interest Proceeds" and "Principal Proceeds) to any Class that is Subordinate to another shall not be so distributed but shall instead be distributed, in order of seniority, to the full payment of principal and interest of each Class that is Senior to such Subordinate Class. The relative order of seniority of payment of each Class on each such Distribution Date is as follows: *first*, Class A-1 Notes, *second*, Class A-2 Notes, *third*, Class A-3 Notes, *fourth*, Class B Notes, *fifth*, Class C Notes, *sixth*, Class D Notes and *seventh*, Subordinate Securities with (a) each Class (other than the Subordinate Securities) in such list being "Senior" to each other Class that follows such Class in such list and (b) each Class (other than the Class A-1 Notes) in such list being "Subordinate" to each other Class that precedes such Class in such list. In addition, if any Event of Default has not been cured or waived and acceleration occurs in accordance with the Indenture, all amounts payable to any Hedge Counterparty pursuant to the Priority of Payments (other than any Subordinate Hedge Termination Payment) shall be paid in Cash before any further payment or distribution is made on account of any Class.

THE OVERCOLLATERALIZATION TESTS

On and after the Closing Date, the Class A/B Overcollateralization Test, the Class C Overcollateralization Test and the Class D Overcollateralization Test (collectively, the "Overcollateralization Tests") will be used primarily, with respect to any Class of Notes, to determine whether and to what extent Interest Proceeds may be used to pay interest on and distributions in respect of Offered Securities Subordinate to such Class of Notes and certain other expenses. If the Class A/B Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date occurring after the Closing Date, certain Interest Proceeds that would otherwise be distributed to the Class C Notes, Class D Notes or paid to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes and *fourth*, the Class B Notes, in each case, until the Class A/B Overcollateralization Test is satisfied. If the Class C Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date occurring after the Closing Date, certain Interest Proceeds that would otherwise be distributed to the Class D Notes or the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes, *fourth*, the Class B Notes and *fifth*, the Class C Notes, in

each case, until the Class C Overcollateralization Test is satisfied. If the Class D Overcollateralization Test applies and is not satisfied on the Determination Date related to any Distribution Date, certain Interest Proceeds that would otherwise be distributed to the Fiscal Agent for application to the Subordinate Securities in accordance with the Fiscal Agency Agreement will be used to pay principal of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes, *fourth*, the Class B Notes, *fifth*, the Class C Notes and *sixth*, the Class D Notes, in each case, until the Class D Overcollateralization Test is satisfied. For the purpose of determining any payment to be made on any Distribution Date pursuant to any applicable paragraph of "Description of the Notes—Priority of Payments – Interest Proceeds", the Overcollateralization Test referred to in such paragraph shall be calculated as of the relevant Distribution Date after giving effect to all payments to be made on such Distribution Date prior to such payment in accordance with "Description of the Notes—Priority of Payments – Interest Proceeds".

The Class A/B Overcollateralization Test, the Class C Overcollateralization Test and the Class D Overcollateralization Test

The "Class A/B Overcollateralization Ratio" means, as of any Measurement Date, the number (expressed as a percentage) calculated by dividing (a) Net Outstanding Portfolio Collateral Balance as of such date by (b) the Aggregate Outstanding Amount of each of the Class A and Class B Notes as of such date.

The "Class A/B Overcollateralization Test" means, for so long as any Class A Notes or Class B Notes remain Outstanding, a test that will be satisfied on any Measurement Date if the Class A/B Overcollateralization Ratio on such Measurement Date is equal to or greater than 100.87%.

The "Class C Overcollateralization Ratio" means, as of any Measurement Date, the number (expressed as a percentage) calculated by dividing (a) the Net Outstanding Portfolio Collateral Balance as of such date by (b) the Aggregate Outstanding Amount of the Class A Notes plus (i) the Aggregate Outstanding Amount of the Class B Notes plus (ii) the Aggregate Outstanding Amount of the Class C Notes (including any Class C Deferred Interest).

The "Class C Overcollateralization Test" means a test that, for so long as any of the Class A Notes, Class B Notes or Class C Notes remain Outstanding, will be satisfied on any Measurement Date occurring on or after the Closing Date if the Class C Overcollateralization Ratio on such Measurement Date is equal to or greater than 100.78%.

The "Class D Overcollateralization Ratio" means, as of any Measurement Date, the number (expressed as a percentage) calculated by dividing (a) the Net Outstanding Portfolio Collateral Balance as of such date by (b) the Aggregate Outstanding Amount of the Class A Notes plus (i) the Aggregate Outstanding Amount of the Class B Notes plus (ii) the Aggregate Outstanding Amount of the Class C Notes (including any Class C Deferred Interest) plus (iii) the Aggregate Outstanding Amount of the Class D Notes (including any Class D Deferred Interest).

The "Class D Overcollateralization Test" means a test that, for so long as any of the Notes remain Outstanding, will be satisfied on any Measurement Date occurring on or after the

Closing Date if the Class D Overcollateralization Ratio on such Measurement Date is equal to or greater than 100.04%.

NO GROSS-UP

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

THE INDENTURE

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

Events of Default

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

(a) a default in the payment of any interest (i) on any Class A Note or Class B Note Outstanding when the same becomes due and payable or (ii) if there are no Class A Notes or Class B Notes Outstanding, on any Class C Note when the same becomes due and payable or (iii) if there are no Class A Notes, Class B Notes or Class C Notes Outstanding, on any Class D Notes when the same becomes due and payable, in each case which default continues for a period of five Business Days (or, in the case of a payment default resulting solely from an administrative error or omission by the Trustee, the Administrator, a Paying Agent or the Note Registrar, seven Business Days);

(b) a default in the payment of principal of any Note when the same becomes due and payable at its Stated Maturity or Redemption Date (which default, in the case of a default in payment resulting solely from an administrative error or omission by the Trustee, the Administrator, a Paying Agent or the Note Registrar, continues for a period of five Business Days);

(c) the failure on any Distribution Date to disburse amounts available in the Interest Collection Account or Principal Collection Account in accordance with the order of priority set forth under "Description of the Notes—Priority of Payments" (other than a default in payment described in clause (a) or (b) of this definition of "Event of Default"), which failure continues for a period of two Business Days (which default, in the case of a failure resulting solely from an administrative error or omission by the Trustee, the Administrator, a Paying Agent or the Note Registrar, continues for a period of five Business Days);

(d) either Co-Issuer or the pool of Collateral becomes an investment company required to be registered under the Investment Company Act;

(e) a default in the performance, or breach, of any other covenant or other agreement (it being understood that a failure to satisfy a Collateral Quality Test, any Overcollateralization Test, the Standard & Poor's CDO Monitor Test or the Eligibility Criteria is not a default or breach) of the Issuer or the Co-Issuer under this Indenture or any representation or warranty of the Issuer or the Co-Issuer made in this Indenture or in any certificate or other writing delivered pursuant hereto or in connection herewith proves to be incorrect in any material respect when made, and the continuation of such default or breach for a period of thirty (30) consecutive calendar days (or, if such default, breach or failure has an adverse effect on the validity, perfection or priority of the security interest granted hereunder or thereunder, fifteen (15) consecutive calendar days) after either the Issuer or the Co-Issuer has actual knowledge thereof or after notice thereof has been given to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least 25% in Aggregate Outstanding Amount of Notes of the Controlling Class or by any Hedge Counterparty, in either case, specifying such default or breach and requiring it to be remedied and stating that it is a "notice of default" under this Indenture;

(f) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) winding up, liquidation, reorganization or other relief in respect of the Issuer or the Co-Issuer or its debts, or of a substantial part of its assets, under any bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Issuer or the Co-Issuer or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) calendar days; or an order or decree approving or ordering any of the foregoing shall be entered; or the Issuer or its assets shall become subject to any event that, under the applicable laws of the Cayman Islands, has an analogous effect to any of the foregoing;

(g) the Issuer or the Co-Issuer shall (i) voluntarily commence any proceeding or file any petition seeking winding up, liquidation, reorganization or other relief under any bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (f) of this definition of "Event of Default", (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Issuer or the Co-Issuer or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing; or the Issuer shall cause or become subject to any event with respect to the Issuer that, under the applicable laws of the Cayman Islands, has an analogous effect to any of the foregoing; or

(h) one or more final judgments being rendered against the Issuer or the Co-Issuer that exceed, in the aggregate, U.S.$1,000,000 and which remain unstayed, undischarged and unsatisfied for 30 days after such judgment(s) becomes nonappealable, unless adequate funds have been reserved or set aside for the payment thereof.

If either of the Co-Issuers obtains knowledge that an Event of Default has occurred and is continuing, such Co-Issuer is obligated to promptly notify the Trustee, the Fiscal Agent, the Surveillance Agent, the Noteholders, the Collateral Manager, any Hedge Counterparty and each Rating Agency of such Event of Default in writing.

If an Event of Default occurs and is continuing (other than an Event of Default described in clauses (f) and (g) under "Events of Default" above), the Trustee, at the direction of the Requisite Percentage, may declare the principal of and accrued and unpaid interest on all of the Notes to be immediately due and payable. If an Event of Default described in clauses (f) and (g) above under "Events of Default" occurs, such an acceleration will occur automatically and without any further action. Notwithstanding the foregoing, if the sole Event of Default is an Event of Default described in clause (a) or clause (b) above under "Events of Default" with respect to a default in the payment of any principal of or interest on the Notes of a Class other than the Controlling Class, neither the Trustee nor the holders of such Class other than the Controlling Class will have the right to declare such principal and other amounts to be immediately due and payable. Any declaration of acceleration may under certain circumstances be rescinded by the Requisite Percentage.

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

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

(B) the holders of at least 66-2/3% in Aggregate Outstanding Amount of each Class of Notes voting as a separate Class and any Hedge Counterparty (unless no early termination or liquidation payment, including any accrued and unpaid amounts, would be owing by the Issuer to such Hedge Counterparty upon the termination thereof by reason of an event of default or termination event under any Hedge Agreement with respect to the Issuer), subject to the provisions of the Indenture, authorize the Sale of the Collateral.

If the Class A/B Overcollateralization Ratio is less than 100%, the Trustee (i) may not sell or liquidate the Collateral or institute Proceedings in furtherance thereof without the direction of the Requisite Percentage (which solely for such purpose shall constitute the majority of holders of the Class A Notes and Class B Notes) and (ii) shall sell or liquidate the Collateral or institute Proceedings in furtherance thereof at the direction of the Requisite Percentage.

The Requisite Percentage will have the right to direct the Trustee in the conduct of any proceedings for any remedy available to the Trustee, *provided* that (i) such direction will not conflict with any rule of law or the Indenture; (ii) the Trustee may take any other action not inconsistent with such direction; (iii) the Trustee has been provided with indemnity satisfactory to it (and the Trustee need not take any action that it determines might involve it in liability unless it has received such indemnity against such liability); and (iv) any direction to undertake a sale of the Collateral may be made only as described in the preceding paragraphs.

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

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

The Requisite Percentage may, prior to the time a judgment or decree for the payment of money due has been obtained by the Trustee, waive any past default on behalf of the Noteholders and its consequences (including rescinding the acceleration of the Notes), except a default in the payment of the principal of any Note or in the payment of interest (including any Defaulted Interest or interest on Defaulted Interest) on the Notes, in respect of a provision of the Indenture that cannot be modified or amended without the waiver or consent of the holder of each outstanding Note affected thereby, or arising as a result of an Event of Default described in clauses (f) and (g) above under "Events of Default".

No Noteholder will have the right to institute any proceeding with respect to the Indenture unless (i) such holder previously has given to the Trustee written notice of an Event of Default, (ii) except in certain cases of a default in the payment of principal or interest, the holders of at least 25% in Aggregate Outstanding Amount of the Notes of the Controlling Class have made a written request upon the Trustee to institute such proceedings in its own name as Trustee and such holders have offered the Trustee reasonable indemnity, (iii) the Trustee has for 30 days failed to institute any such proceeding and (iv) no direction inconsistent with such written request has been given to the Trustee during such 30-day period by the Requisite Percentage.

If the Trustee shall receive conflicting or inconsistent requests (each with indemnity provisions) from two or more groups of holders of the Notes of the Controlling Class, each representing less than the Requisite Percentage, the Trustee shall follow the instructions of the group representing the higher percentage of interest in the Controlling Class and shall not be liable for following any such direction.

In determining whether the holders of the requisite percentage of Notes have given any direction, notice, consent or waiver, Notes owned by the Issuer or the Co-Issuer shall be disregarded and deemed not to be outstanding.

Notices

Notices to the Noteholders will be given by first-class mail, postage prepaid, to the registered holders of the Notes at their address appearing in the Note Register. In addition, for so long as any Notes are listed on the Irish Stock Exchange and the guidelines of such exchange so

require, notice will also be given by the Irish Paying Agent to the Company Announcements Office of the Irish Stock Exchange.

Modification of the Indenture

With the consent of (x) the holders of not less than a majority in Aggregate Outstanding Amount of the Notes of each Class materially and adversely affected thereby and a Majority-in-Interest of Subordinate Securityholders (if the Subordinate Securities are materially and adversely affected thereby) and (y) the consent of any Hedge Counterparty (to the extent required pursuant to the terms of the applicable Hedge Agreement), the Trustee and Co-Issuers may enter into one or more supplemental indentures to add provisions to, or change in any manner or eliminate any provisions of, the Indenture or modify in any manner the rights of the holders of the Notes of such Class or the Subordinate Securities or any Hedge Counterparty, as the case may be, under the Indenture. Unless notified by holders of a majority in Aggregate Outstanding Amount of any Class of Notes or a Majority-in-Interest of Subordinate Securityholders that such Class of Notes or the Subordinate Securities, as the case may be, will be materially and adversely affected, the Trustee shall be entitled to rely on an opinion of counsel as to whether or not such Class of Notes or the Subordinate Securities would be materially and adversely affected, as the case may be, by such change (after giving notice of such change to the holders of such Class of Notes and the Subordinate Securityholders). Such determination shall be conclusive and binding on all present and future holders of the Notes and Subordinate Securities.

Notwithstanding the foregoing and except in the case of any Additional Notes Supplemental Indenture, the Trustee may not enter into any supplemental indenture without the consent of each holder of each outstanding Note of each Class materially and adversely affected thereby and each holder of each Subordinate Security materially and adversely affected thereby (which consent shall be evidenced by an officer's certificate of the Issuer certifying that such consent has been obtained) and any Hedge Counterparty (to the extent required pursuant to the terms of the applicable Hedge Agreement) if such supplemental indenture (i) changes the Stated Maturity of the principal of (or, in the case of the Subordinate Securities, distributions to the Fiscal Agent) or the due date of any installment of interest on any Note (or, in the case of the Subordinate Securities, distributions to the Fiscal Agent), reduces the principal amount thereof (or, in the case of the Subordinate Securities, distributions to the Fiscal Agent) or the rate of interest thereon, or the redemption price with respect thereto, changes the earliest date on which the Issuer may redeem any Note, changes the provisions of the Indenture relating to the application of proceeds of any Collateral to the payment of principal of (or, in the case of the Subordinate Securities, distributions to the Fiscal Agent) or interest on the Notes, changes any place where, or the coin or currency in which, any Note or the principal thereof or interest thereon is payable, or impairs the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the applicable redemption date), (ii) reduces the percentage in Aggregate Outstanding Amount of holders of Notes of each Class (or, in the case of the Subordinate Securities, the requisite percentage of the Subordinate Securityholders) whose consent is required for the authorization of any supplemental indenture or for any waiver of compliance with certain provisions of the Indenture or certain defaults thereunder or their consequences, (iii) impairs or adversely affects the Collateral pledged under the Indenture except as otherwise permitted thereby, (iv) permits the

creation of any lien ranking prior to or on a parity with the lien created by the Indenture with respect to any part of the Collateral or terminates such lien on any property at any time subject thereto (other than in connection with the sale thereof in accordance with the Indenture) or deprives the holder of any Note of the security afforded by the lien created by the Indenture, (v) reduces the percentage of the Aggregate Outstanding Amount of holders of Notes of each Class whose consent is required to request that the Trustee preserve the Collateral pledged under the Indenture or rescind the Trustee's election to preserve the Collateral or to sell or liquidate the Collateral pursuant to the Indenture, (vi) modifies any of the provisions of the Indenture with respect to supplemental indentures requiring the consent of Noteholders or Subordinate Securityholders except to increase the percentage of outstanding Notes or Subordinate Securities 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 or Subordinate Security affected thereby, (vii) modifies the definition of the term "Outstanding" (as defined in the Indenture) or the subordination provisions of the Indenture, (viii) changes the permitted minimum denominations of any Class of Notes or (ix) modifies any of the provisions of the Indenture in such a manner as to affect the calculation of the amount of any payment of interest on or principal of any Note or the right of the holders of Notes to the benefit of any provisions for the redemption of such Notes contained therein. The Trustee may not enter into any supplemental indenture unless the Rating Condition shall have been satisfied with respect to such supplemental indenture unless consent from each affected holder of a Note is obtained.

The Co-Issuers and the Trustee may also enter into supplemental indentures without obtaining the consent of holders of any Notes, holders of any Subordinate Securities or any Hedge Counterparty (except to the extent required pursuant to the terms of the applicable Hedge Agreement) in order to (i) evidence the succession of any person to the Issuer or the Co-Issuer and the assumption by such successor of the covenants in the Indenture and the Notes, (ii) add to the covenants of the Co-Issuers or the Trustee for the benefit of the holders of all of the Notes or to surrender any right or power conferred upon the Co-Issuers, (iii) convey, transfer, assign, mortgage or pledge any property to the Trustee for the benefit of the Secured Parties, (iv) 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) correct or amplify the description of any property at any time subject to the lien created by the Indenture, or to better assure, convey and confirm unto the Trustee any property subject or required to be subject to the lien created by the Indenture (including, without limitation, any and all actions necessary or desirable as a result of changes in law or regulations) or to subject to the lien created by the Indenture any additional property, (vi) modify the restrictions on and procedures for resales and other transfers of the Notes to reflect any changes in applicable law or regulation (or the interpretation thereof) or in accordance with the USA PATRIOT Act, the Proceeds of Criminal Conduct Law (2005 Revision) (enacted in the Cayman Islands), The Money Laundering Regulations, (2005 Revision) of the Cayman Islands and any other similar applicable laws or regulations or to enable the Co-Issuers to rely upon any less restrictive 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) correct any inconsistency, defect or ambiguity in the Indenture, (viii) obtain ratings on one or more Classes of Notes from any rating agency; (ix) make administrative changes as the Co-Issuers deem appropriate and that do not materially and

adversely affect the interests of any Noteholder, Subordinate Securityholder or any Hedge Counterparty, (x) avoid imposition of tax on the net income of the Issuer or of withholding tax on any payment to or by the Issuer or Co-Issuer or to avoid the Issuer or the Co-Issuer being required to register as an investment company under the Investment Company Act, (xi) accommodate (a) the issuance of Subordinate Securities to be held through the facilities of DTC, Euroclear or Clearstream, Luxembourg or otherwise, (b) the listing of the Offered Securities on, or the delisting of the Offered Securities from, any exchange or (c) the issuance of any Class of Notes as Definitive Notes, (xii) correct any non-material error in any provision of the Indenture upon receipt by an authorized officer of the Trustee of written direction from the Issuer describing in reasonable detail such error and the modification necessary to correct such error, (xiii) conform the Indenture to the *Offering Circular* or (xiv) amend or otherwise to modify (a) if the Rating Condition with respect to Moody's is satisfied, (1) Part I of Schedule A to the *Offering Circular*, (2) the Moody's Minimum Weighted Average Recovery Rate Test, the Moody's Maximum Rating Distribution Test or the Moody's Asset Correlation Test or (3) any reference herein to "Moody's Rating" or a rating assigned by Moody's or (b) if the Rating Condition with respect to Standard & Poor's is satisfied, Part II of Schedule A of the *Offering Circular* or any reference herein to "Standard & Poor's Rating" or a rating assigned by Standard & Poor's; *provided* that, in each such case (other than for the purpose described in clause (b) of clause (xi) above), such supplemental indenture would not materially and adversely affect any holder of Offered Securities or materially and adversely affect any Hedge Counterparty. Unless notified by (i) holders of a majority in Aggregate Outstanding Amount of Notes of any Class or by a Majority-in-Interest of Subordinate Securityholders that holders of such Class of Notes or a holder of Subordinate Securities will be materially and adversely affected or (ii) any Hedge Counterparty that such Hedge Counterparty will be materially and adversely affected, the Trustee may rely upon an opinion of counsel, provided by and at the expense of the party requesting such supplemental indenture, as to whether the interests of any holder of Offered Securities would be materially and adversely affected or such Hedge Counterparty would be materially and adversely affected by any such supplemental indenture (after giving notice of such change to each holder of Offered Securities and any Hedge Counterparty). The Trustee shall not enter into any such supplemental indenture if (other than for the purpose described in clause (ii) or clause (xi) above), with respect to such supplemental indenture, the Rating Condition with respect to Standard & Poor's with respect to such supplemental indenture has not been satisfied; *provided* that if such supplemental indenture changes the terms of or replaces any Hedge Agreement, the Rating Condition with respect to Moody's must also have been satisfied and, as soon as practicable after the execution by the Trustee and the Issuer of any such supplemental indenture, the Trustee must provide to each Rating Agency a copy of the executed supplemental indenture. Notwithstanding the foregoing, the Trustee may, with the consent of the holders of 100% of the Aggregate Outstanding Amount of Notes of each Class and any Hedge Counterparty, enter into any such supplemental indenture notwithstanding any such reduction or withdrawal of the ratings of any outstanding Class of Notes.

The Indenture requires the written consent of the Collateral Manager to any amendment of the Indenture that modifies the rights or increases the obligations of the Collateral Manager, affects the manner in which the Collateral Manager manages the portfolio of Collateral Debt Securities or would permit the Issuer to issue securities other than the Notes and the Subordinate Securities. In addition, the Indenture requires the written consent of the Surveillance Agent to any amendment of the Indenture that modifies the rights or increases the obligations of the

Surveillance Agent. The Trustee is not required to enter into any amendment that adversely affects its duties or responsibilities under the Indenture.

Modification of Certain Other Documents

Prior to entering into any amendment, modification or termination of the Account Control Agreement, the Collateral Management Agreement, the Surveillance Agency Agreement, the Collateral Administration Agreement, the Administration Agreement, the Fiscal Agency Agreement or any Hedge Agreement, the Issuer is required under the Indenture to obtain (1) the written confirmation of each Rating Agency that the entry by the Issuer into such amendment, modification or termination satisfies the Rating Condition; *provided* that (a) any amendment to, modification or termination of any Hedge Agreement shall have been consented to by the relevant Hedge Counterparty and (b) the Issuer and the relevant Hedge Counterparty may from time to time enter into (x) additional interest rate swap, basis swap, and/or cap transactions under any Hedge Agreement, and/or (y) reduce the notional amount of the interest rate swap transactions under any Hedge Agreement, (2) the written consent of the Collateral Manager to any such amendment, modification or termination that modifies the rights or increases the obligations of the Collateral Manager, affects the manner in which the Collateral Manager manages the portfolio of Collateral Debt Securities or would permit the Issuer to issue securities other than the Notes and the Subordinate Securities and (3) the written consent of the Surveillance Agent to any such amendment, modification or termination that modifies the rights or increases the obligations of the Surveillance Agent. Additionally, any material amendment to the Collateral Management Agreement requires the written consent of the Requisite Percentage. Prior to entering into any amendment or waiver in respect of any of the foregoing agreements (except for the Surveillance Agency Agreement), the Issuer is required to provide each Rating Agency, any Hedge Counterparty and the Trustee with written notice of such amendment or waiver. Each Hedge Counterparty will be an express third party beneficiary of the Indenture.

Consolidation, Merger or Transfer of Assets

Except under the limited circumstances set forth in the Indenture, neither the Issuer nor the Co-Issuer may consolidate with, merge into, or transfer or convey all or substantially all of its assets to, any other corporation, partnership, trust or other person or entity.

Petitions for Bankruptcy

The Indenture provides that the holders of the Notes agree not to cause the filing of a petition for winding up or a petition in bankruptcy against the Issuer or the Co-Issuer before one year and one day have elapsed since the final payments to the holders of Notes or, if longer, the applicable preference period then in effect.

Satisfaction and Discharge of Indenture

The Indenture will be discharged with respect to the Collateral upon delivery to the Trustee for cancellation of all of the Notes, or, subject to certain limitations, upon deposit with the Trustee of funds sufficient for the payment or redemption of the Notes and the payment by the Co-Issuers of all other amounts due under the Notes, the Indenture, any Hedge Agreement,

the Fiscal Agency Agreement, the Collateral Administration Agreement, the Administration Agreement and the Collateral Management Agreement.

Trustee

Wells Fargo Bank, N.A. will be the Trustee under the Indenture. The Co-Issuers and their respective affiliates may maintain other banking relationships in the ordinary course of business with the Trustee. The payment of the fees and expenses of the Trustee is the obligation of the Co-Issuers payable solely in accordance with the Priority of Payments. The Trustee and its affiliates may receive compensation in connection with the investment of trust assets in certain Eligible Investments as provided in the Indenture. Eligible Investments may include investments for which the Trustee and/or its affiliates provide services and may receive compensation. The Indenture contains provisions for the indemnification of the Trustee for any claim, loss, liability or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the Indenture. Pursuant to the Indenture, the Issuer has granted to the Trustee a lien senior to that of the Noteholders to secure payment by the Issuer of the compensation and expenses of the Trustee and any sums the Trustee may be entitled to receive as indemnification by the Issuer under the Indenture, which lien the Trustee is entitled to exercise only under certain circumstances. In the Indenture, the Trustee will agree not to cause the filing of a petition for winding up or a petition in bankruptcy against the Co-Issuers for nonpayment to the Trustee of amounts payable thereunder until at least one year and one day, or if longer, the applicable preference period then in effect, after the payment in full of all of the Notes. Pursuant to the Indenture, the Trustee may resign at any time by providing 30 days' notice and the Trustee may be removed at any time by Holders of 66-2/3% of the Aggregate Outstanding Amount of Notes or at any time when an Event of Default shall have occurred and be continuing by the Holders of 66-2/3% of the Aggregate Outstanding Amount of Notes of the Controlling Class. However, no resignation or removal of the Trustee will become effective until the acceptance of appointment by a successor Trustee pursuant to the terms of the Indenture. If the Trustee shall resign or be removed, the Trustee shall also resign as Paying Agent, Calculation Agent, Note Registrar and any other capacity in which the Trustee is then acting pursuant to the Indenture or the Fiscal Agency Agreement.

Tax Characterization

The Issuer intends to treat the Notes as debt instruments of the Issuer and not of the Co-Issuer for U.S. federal, state and local income tax purposes. The Indenture will provide that each holder or beneficial owner of a Note, by accepting a Note or a beneficial interest therein, agrees or is deemed to agree to such treatment, to report all income (or loss) in accordance with such treatment and not to take any action inconsistent with such treatment, except as otherwise required by any relevant taxing authority.

Governing Law

The Indenture, the Notes, the Subordinate Securities, the Fiscal Agency Agreement, the Collateral Administration Agreement, any Hedge Agreement and the Collateral Management Agreement will be governed by, and construed in accordance with, the law of the State of New

York. The Administration Agreement will be governed by, and construed in accordance with, the law of the Cayman Islands.

FORM, DENOMINATION, REGISTRATION AND TRANSFER

FORM OF OFFERED SECURITIES

Regulation S Global Co-Issued Notes. Co-Issued Notes (other than Definitive Notes) that are sold or transferred outside the United States to persons that are not U.S. Persons may be represented by one or more permanent global Notes (each a "Regulation S Global Co-Issued Note") deposited with the Trustee as custodian for, and registered in the name of, The Depository Trust Company ("DTC") or its nominee. By acquisition of a beneficial interest in a Regulation S Global Co-Issued Note, any purchaser thereof will be deemed to represent and warrant that (a) it is not a U.S. Person and is purchasing such beneficial interest for its own account and not for the account or benefit of a U.S. Person and (b) if in the future it decides to transfer such beneficial interest, it will transfer such interest only to a person that is not a U.S. Person in an offshore transaction in accordance with Regulation S or to a person who takes delivery in the form of a Restricted Global Co-Issued Note (or beneficial interest therein).

Restricted Global Co-Issued Notes. Co-Issued Notes (other than Definitive Notes) that are sold or transferred to a U.S. Person or in the United States in reliance upon the exemption from the registration requirements of the Securities Act may be represented by one or more permanent global Co-Issued Notes ("Restricted Global Co-Issued Notes") deposited with the Trustee as custodian for, and registered in the name of, DTC or its nominee. On the Closing Date, the Placement Notes acquired by an Affiliate of the Placement Agent will represent an interest in Global Notes.

Restricted Definitive Notes. Notes issued in definitive, fully registered form, without interest coupons and registered in the name of the owner thereof (together with Definitive Subordinate Securities, "Definitive Notes"), to U.S. Persons or in the United States in reliance upon an exemption from the registration requirements of the Securities Act are referred to herein, along with Restricted Definitive Subordinate Securities, as "Restricted Definitive Notes".

Regulation S Definitive Notes. Definitive Notes issued to persons that are not U.S. Persons and that are not held for the account or benefit of U.S. Persons are referred to herein, along with Regulation S Definitive Subordinate Securities, as "Regulations S Definitive Notes". Regulation S Definitive Notes are also herein referred to as "Regulation S Securities". On the Closing Date, U.S.$60,000,000 of the Class A-1 Notes, U.S.$44,500,000 of the Class A-2 Notes, U.S.$44,800,000 of the Class A-3 Notes, U.S.$47,250,000 of the Class B Notes, all of the Class C Notes and all of the Class D Notes shall be issued as Definitive Notes.

Regulation S Subordinate Securities. Subordinate Securities that are sold or transferred outside the United States to persons that are not U.S. Persons ("Regulation S Subordinate Securities") will be represented by Subordinate Securities in definitive, fully registered form, registered in the name of the legal and beneficial owner thereof ("Regulation S Definitive Subordinate Securities"). By acquisition of a Regulation S Subordinate Security, any purchaser thereof will be required to represent in a transfer certificate that (a) it is not a U.S. Person and is purchasing such Regulation S Subordinate Securities for its own account and not for the account or benefit of a U.S. Person and (b) if in the future it decides to transfer such Regulation S Subordinate Securities, it will transfer such Regulation S Subordinate Securities to a person that

is not a U.S. Person only in an offshore transaction in accordance with Regulation S or to a person who takes delivery in the form of a Restricted Definitive Subordinate Securities.

Restricted Definitive Subordinate Securities. Subordinate Securities that are sold or transferred to a U.S. Person or in the United States in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(2) thereof will be represented by certificates in definitive, fully registered form, registered in the name of the owner thereof (such Subordinate Securities, the "Restricted Definitive Subordinate Securities"); the Restricted Definitive Subordinate Securities and Regulation S Definitive Subordinate Securities are collectively referred to as the "Definitive Subordinate Securities".

Clearing Systems. Beneficial interests in each Global Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream International ("Clearstream"). Transfers between members of, or participants in, DTC (each a "Participant") will be effected in the ordinary way in accordance with the Applicable Procedures and will be settled in immediately available funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures. See "Clearing Systems".

Transfer of Global Notes to Definitive Notes. Owners of beneficial interests in Global Notes will be entitled or required, as the case may be, under certain limited circumstances described under "Clearing Systems—Transfers and Exchanges for Definitive Notes", to receive physical delivery of Definitive Notes. No owner of a beneficial interest in a Restricted Global Co-Issued Note will be entitled to receive a Restricted Definitive Co-Issued Note unless such person provides written certification that such Restricted Definitive Co-Issued Note is beneficially owned by a U.S. Person or in the United States in reliance upon an exemption from the registration requirements of the Securities Act.

Transfer Restrictions. The Offered Securities are subject to the restrictions on transfer set forth herein under "Transfer Restrictions" and the Indenture or the Fiscal Agency Agreement, as applicable, and will bear a legend setting forth such restrictions. See "Transfer Restrictions". The Issuer may impose additional restrictions on the transfer of Securities in order to comply with the USA PATRIOT Act, to the extent it is applicable to the Issuer.

TRANSFER AND EXCHANGE OF CO-ISSUED NOTES

Regulation S Global Co-Issued Note to Restricted Global Co-Issued Note. Transfers by a holder of a beneficial interest in a Regulation S Global Co-Issued Note to a transferee who takes delivery of such interest in the form of a beneficial interest in a Restricted Global Co-Issued Note will be made (a) only in accordance with the Applicable Procedures and (b) upon receipt by the Note Registrar and Transfer Agent of written certifications from each of the transferor and the transferee of the beneficial interest in the form provided in the Indenture to the effect that, among other things, such transfer is being made:

(i) to a transferee that (A) is both (1) a Qualified Institutional Buyer, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in

reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (2) a Qualified Purchaser and (B) is not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle); and

(ii) in accordance with all other applicable securities laws of any relevant jurisdiction.

Regulation S Global Co-Issued Note To Regulation S Global Co-Issued Note. The holder of a beneficial interest in a Regulation S Global Co-Issued Note may transfer such interest to a transferee who takes delivery of such interest in the form of a beneficial interest in a Regulation S Global Co-Issued Note without the provision of written certification. Any such transfer may only be made to a person that is not a U.S. Person and that is not acquiring such beneficial interest for the account or benefit of a U.S. Person and any such transfer may only be effected in an offshore transaction in accordance with Regulation S and only in accordance with the Applicable Procedures. Any such transferee must be able to make the representations set forth under "Transfer Restrictions".

Restricted Global Co-Issued Note to Regulation S Global Co-Issued Note. Transfers by a holder of a beneficial interest in a Restricted Global Co-Issued Note to a transferee who takes delivery of such interest in the form of a beneficial interest in a Regulation S Global Co-Issued Note will be made only (a) in accordance with the Applicable Procedures and (b) upon receipt by the Note Registrar of written certification from each of the transferor and the transferee in the form provided in the Indenture to the effect that, among other things, such transfer is being made to a person that is not a U.S. Person and that is not acquiring such beneficial interest for the account or benefit of a U.S. Person and that such transfer is being effected in an offshore transaction in accordance with Regulation S and in accordance with all other applicable securities laws of any relevant jurisdiction.

Restricted Global Co-Issued Note to Restricted Global Co-Issued Note. The holder of a beneficial interest in a Restricted Global Co-Issued Note may transfer such interest to a transferee who takes delivery of such interest in the form of a beneficial interest in a Restricted Global Co-Issued Note without the provision of written certification. Any such transfer may only be made (i) to a transferee that (A) is both (1) a Qualified Institutional Buyer, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (2) a Qualified Purchaser and (B) is not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle) and (ii) only in accordance with the Applicable Procedures. Any such transferee must be able to make the representations set forth under "Transfer Restrictions".

Definitive Co-Issued Note to Global Co-Issued Note. If a holder of a Definitive Co-Issued Note that was issued on the Closing Date elects at any time to transfer its interest in such Note to a Person who elects to take delivery thereof in the form of a beneficial interest in a Global Co-Issued Note, such holder may effect such transfer only as provided in this paragraph. Upon the Trustee's receipt of (A) such Definitive Co-Issued Note properly endorsed for such transfer and written instructions from such holder directing the Trustee to cause and to be credited a beneficial interest in the corresponding Class of Global Notes in an amount equal to the amount of such Definitive Co-Issued Note to be transferred (but not less than the minimum

authorized denomination applicable to such Notes), (B) a written order containing information regarding the DTC account to be credited with such increase and (C) such other requirements as set forth in the Indenture, the Trustee shall cancel such Definitive Note, instruct DTC to increase the principal amount of the corresponding Class of Global Co-Issued Notes by the aggregate principal amount of the Definitive Co-Issued Note to be transferred, and instruct DTC to credit or cause to be credited to the account of the person specified in such instructions a beneficial interest in such Global Co-Issued Note equal to the amount specified in the instructions received pursuant to clause (A) of this paragraph. A holder requesting such transfer will be liable for all reasonable out-of-pocket expenses (including reasonable fees and disbursements of counsel) that the Issuer incurs in connection with such transfer (including without limitation any expenses incurred in making any applicable Class of Notes eligible for deposit with DTC). Exchanges or transfers by a holder of a Definitive Co-Issued Note to a transferee who takes delivery of such Co-Issued Note in the form of a beneficial interest in a Global Co-Issued Note will be made only in accordance with the Applicable Procedures, and upon receipt by the Note Registrar of written certifications from each of the transferor and the transferee in the form provided in the Indenture.

Definitive Co-Issued Note to Definitive Co-Issued Note. Definitive Co-Issued Notes may be exchanged or transferred in whole or in part in the principal amount of authorized denominations by surrendering such Definitive Co-Issued Notes at the office of the Note Registrar or any Transfer Agent with a written instrument of transfer and written certification from each of the transferor and the transferee in the form provided in the Indenture. With respect to any transfer of a portion of a Definitive Co-Issued Note, the transferor will be entitled to receive a new Definitive Co-Issued Note representing the principal amount retained by the transferor after giving effect to such transfer. Definitive Co-Issued Notes issued upon any such exchange or transfer (whether in whole or in part) will be made available at the office of the applicable Transfer Agent. Definitive Co-Issued Notes issued upon any exchange or registration of transfer of securities shall be valid obligations of the Co-Issuers, evidencing the same debt, and entitled to the same benefits, as the Definitive Co-Issued Notes surrendered upon exchange or registration of transfer.

GENERAL

Note Registrar and Transfer Agent. Pursuant to the Indenture, the Trustee has been appointed and will serve as the registrar with respect to the Notes (in such capacity, the "Note Registrar") and will provide for the registration of Notes and the registration of transfers of Notes in the register maintained by it (the "Note Register"). The Trustee has been appointed as a transfer agent with respect to the Notes (each, in such capacity, a "Transfer Agent"). The Note Registrar will effect transfers between Global Notes and, along with the Transfer Agent, will effect exchanges and transfers of Definitive Notes. In addition, the Note Registrar will maintain in the Note Register records of the ownership, exchange and transfer of any Note in definitive form. Transfers of beneficial interests in Global Notes will be effected in accordance with the Applicable Procedures.

Subordinate Security Registrar and Transfer Agent. Wells Fargo Bank, N.A. has been appointed as transfer agent with respect to the Subordinate Securities (the "Subordinate Security Transfer Agent"). The Administrator has been appointed as the Subordinate Security Registrar (the "Subordinate Security Registrar"). The Subordinate Security Registrar will provide for the

registration of Subordinate Securities and the registration of transfers of Subordinate Securities in the register maintained by it (the "Subordinate Securities Register"). Written instruments of transfer are available at the office of the Issuer and the office of the Subordinate Securities Transfer Agent. The Subordinate Security Registrar and the Subordinate Securities Transfer Agent will effect exchanges and transfers of Subordinate Securities. In addition, the Subordinate Security Registrar will maintain in the Subordinate Securities Register records of the ownership, exchange and transfer of the Subordinate Securities in definitive form. Transfers of beneficial interests in Regulation S Global Subordinate Securities will be effected in accordance with the Applicable Procedures. No Definitive Subordinate Securities may be transferred to a Benefit Plan Investor or a Controlling Person after the initial placement of the Subordinate Securities.

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

Minimum Denomination or Number. The Notes will be issuable in minimum denominations of U.S.$250,000 and will be offered only in such minimum denomination or an integral multiple of U.S.$1,000 in excess thereof. After issuance, (i) a Note may fail to be in compliance with the minimum denomination and integral multiple requirements stated above as a result of the repayment of principal thereof in accordance with the Priority of Payments and (ii) Class C Notes or Class D Notes may fail to be in an amount which is an integral multiple of U.S.$1,000 due to the addition to their respective principal amount of Deferred Interest.

USE OF PROCEEDS

The net proceeds received from the issuance and sale of the Offered Securities are expected to be approximately U.S.$994,716,896.98 in cash and securities after payment of organizational and structuring fees and expenses of the Co-Issuers, including, without limitation (i) the legal fees and expenses of counsel to the Co-Issuers, the Placement Agent and the Collateral Manager, (ii) the expenses, fees and commissions incurred in connection with the acquisition by the Issuer of the Collateral Debt Securities listed on Schedule F and Schedule G hereto acquired on the Closing Date, (iii) the expenses of offering the Offered Securities (including placement agency fees, expenses relating to listing the Offered Securities on the Irish Stock Exchange, structuring fees and certain marketing costs), (iv) the initial deposits into the Expense Account and the Interest Reserve Account and (v) to purchase certain Collateral Debt Securities. On the Closing Date, the Issuer will have purchased (or entered into agreements to purchase for settlement following the Closing Date) Collateral Debt Securities listed on Schedule F hereto having an aggregate principal balance of not less than U.S.$1,093,107,000. See "Security for the Notes" and "Plan of Distribution".

RATINGS OF THE OFFERED SECURITIES

It is a condition to the issuance of the Offered Securities that the Class A-1 Notes and Class A-2 Notes be rated "Aaa" by Moody's and "AAA" by Standard & Poor's, that the Class A-3 Notes be rated at least "Aa1" by Moody's and "AAA" by Standard & Poor's, that the Class B Notes be rated at least "Aa3" by Moody's and "AA+" by Standard & Poor's, that the Class C Notes be rated at least "A3" by Moody's and "A+" by Standard & Poor's and that the Class D Notes be rated at least "Baa3" by Moody's and "BBB+" by Standard & Poor's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The ratings assigned by Moody's to the Notes address the ultimate cash receipt of all required interest and principal payments on each such Class of Notes (excluding, for purposes of clarity, the Class D Additional Interest Amount), in each case as provided in the governing documents, and are based on the expected loss posed to the Noteholders relative to the promise of receiving the present value of such payments. The ratings assigned by Standard & Poor's to the Notes address the timely payment of interest (except in the case of the Class C Notes and Class D Notes) and ultimate payment of principal on each such Class of Notes. The rating assigned by Standard & Poor's to the Class C Notes and Class D Notes addresses the ultimate payment of interest and ultimate payment of principal on such Class of Notes (excluding, for purposes of clarity, the Class D Additional Interest Amount). The Subordinate Securities are unrated.

Application has been made to the Financial Regulator, as competent authority under the Prospectus Directive for the Prospectus to be approved. Approval by the Financial Regulator relates only to the Notes that are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of the Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its regulated market. The issuance and settlement of the Offered Securities on the Closing Date are not conditioned on the listing of the Notes on the Irish Stock Exchange, and there can be no guarantee that such application will be granted.

MATURITY, PREPAYMENT AND YIELD CONSIDERATIONS

The Stated Maturity of the Notes is December 9, 2047. The Notes will mature at their Stated Maturity unless redeemed or repaid prior thereto. However, the average lives of the Notes may be less than the number of years until the Stated Maturity of the Notes. Assuming, *inter alia*, (a) no Collateral Debt Securities default or are sold, (b) any optional redemption of the Collateral Debt Securities occurs in accordance with their respective terms, (c) all outstanding Notes are redeemed pursuant to an Auction Call Redemption on the Distribution Date occurring in December 2011 and (d) LIBOR for each future Interest Period equals the rate for such Interest Period based on a projection of the 3-month LIBOR Forward Curve until the redemption of the Notes, with such rate initially to be equal to approximately 5.14%, (1) the average life of the Class A-1 Notes would be approximately 0.19 years from the Closing Date, (2) the average life of the Class A-2 Notes would be approximately 2.06 years from the Closing Date, (3) the average life of the Class A-3 Notes would be approximately 4.14 years from the Closing Date, (4) the average life of the Class B Notes would be approximately 4.14 years from the Closing Date, (5) the average life of the Class C Notes would be approximately 4.14 years from the Closing Date and (6) the average life of the Class D Notes would be approximately 4.02 years from the Closing Date. Such average lives of the Notes are presented for illustrative purposes only. The assumed identity of the portfolio purchased by the Issuer and the other assumptions used to calculate such average lives of the Notes are necessarily arbitrary, do not necessarily reflect historical experience with respect to the Collateral Debt Securities or securities similar to the Collateral Debt Securities and do not constitute a prediction with respect to the rates or timing of receipts of Interest Proceeds or Principal Proceeds, defaults, recoveries, sales, reinvestments, prepayments or optional redemptions to which the Collateral Debt Securities may be subject. Actual experience as to these matters will differ, and may differ materially, from that assumed in calculating the illustrative average lives set forth above, and consequently the actual average lives of the Notes will differ, and may differ materially, from those set forth above. Accordingly, prospective investors should make their own determinations of the expected weighted average lives and maturity of the Notes and, accordingly, their own evaluation of the merits and risks of an investment in the Notes. See “Risk Factors – Projections, Forecasts and Estimates”.

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

lives of the Notes. In addition, the acquisition of any Collateral Debt Securities in connection with an Additional Notes Closing Date will affect the average lives of the Notes.

THE CO-ISSUERS

GENERAL

The Issuer was incorporated as an exempted company with limited liability and registered on September 26, 2007 in the Cayman Islands pursuant to its Articles of Association (the "Issuer Charter"), has a registered number of 195919 and is in good standing under the laws of the Cayman Islands. The Issuer operates under the Companies Law (2007 Revision) of the Cayman Islands. The registered office of the Issuer is at the offices of Maples Finance Limited, P.O. Box 1093GT, Boundary Hall, Cricket Square, George Town, Grand Cayman, Cayman Islands, phone number (345) 945-7099. The Issuer has no prior operating experience and the Issuer will not have any substantial assets other than the Collateral pledged to secure the Notes, the Issuer's rights under the Collateral Management Agreement and any Hedge Agreement. The entire authorized and issued share capital of the Issuer will consist of 250 ordinary shares, par value U.S.$1.00 per share (which will be held on trust for charitable purposes by Maples Finance Limited in the Cayman Islands (in such capacity, the "Share Trustee") under the terms of a declaration of trust).

The Co-Issuer was formed on September 27, 2007 under the law of the State of Delaware, its registered office is c/o Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801 and it has an organizational identification number of 4431054. The Co-Issuer operates under the General Corporation Law of the state of Delaware. The sole manager of the Co-Issuer is Donald J. Puglisi and he may be contacted at c/o Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, Delaware 19711; phone number (302) 738-6680. The Co-Issuer has no prior operating experience. It will not have any assets (other than its U.S.$2.50 of share capital owned by the Issuer) and will not pledge any assets to secure the Notes. The Co-Issuer will not have any interest in the Collateral Debt Securities or other assets held by the Issuer and will have no claim against the Issuer with respect to the Collateral Debt Securities or otherwise.

The Notes are obligations only of the Co-Issuers, and none of the Notes are obligations of the Trustee, the Share Trustee, the Administrator, the Collateral Manager, the Placement Agent or any of their respective affiliates or any directors or officers of the Co-Issuers.

Maples Finance Limited will act as the administrator (in such capacity, 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 by and between the Administrator and the Issuer (the "Administration Agreement"), the Administrator will perform various management functions on behalf of the Issuer, including communications with shareholders and the general public and the provision of certain clerical, administrative and other services until termination of the Administration Agreement. In consideration of the foregoing, the Administrator will receive various fees and other charges payable by the Issuer at rates provided for in the Administration Agreement and will be reimbursed for expenses. The terms of the Administration Agreement provide that the Issuer may terminate the appointment of the Administrator by giving 14 days' notice to the Administrator at any time within 12 months of the happening of any of certain stated events, including any breach by the Administrator of its obligations under the Administration Agreement. In addition, the Administration Agreement provides that the Administrator shall be entitled to retire from its appointment by giving at least

three months' notice in writing. If the Administrator resigns or is terminated, the Co-Issuers will appoint a successor to act as Administrator.

The Administrator will be subject to the overview of the Board of Directors of the Issuer. The directors of the Issuer are Kareem Robinson and Martin Couch, each of whom is a director or officer of the Administrator and each of whose offices are at Maples Finance Limited, P.O. Box 1093GT, Boundary Hall, Cricket Square, George Town, Grand Cayman, Cayman Islands.

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

Pursuant to the terms of the Collateral Administration Agreement between the Issuer, Wells Fargo Bank, N.A. (the "Collateral Administrator") and the Collateral Manager (the "Collateral Administration Agreement"), the Issuer will retain the Collateral Administrator to prepare certain reports with respect to the Collateral Debt Securities. The compensation paid to the Collateral Administrator by the Issuer for such services will be in addition to the fees paid to the Collateral Manager and to Wells Fargo Bank, N.A. in its capacity as Trustee, and will be treated as an expense of the Issuer under the Indenture and will be subject to the priorities set forth under "Description of the Notes – Priority of Payments".

CAPITALIZATION AND INDEBTEDNESS OF THE ISSUER

The capitalization of the Issuer after giving effect to the issuance of the Offered Securities and the ordinary shares of the Issuer but before deducting expenses of the offering of the Offered Securities and organizational expenses of the Co-Issuers, is expected to be as follows:

Class A-1 Notes	U.S.$90,000,000
Class A-2 Notes	U.S.$675,000,000
Class A-3 Notes	U.S.$55,000,000
Class B Notes	U.S.$53,000,000
Class C Notes	U.S.$35,000,000
Class D Notes	U.S.$44,000,000
Subordinate Securities	U.S.$60,583,157.67
Ordinary Shares	U.S.$250
Total Capitalization	U.S.$1,012,583,410

As of the Closing Date and after giving effect to the issuance of the Subordinate Securities, the authorized and issued share capital of the Issuer will be 250 ordinary shares, par value U.S.$1.00 per share.

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

The Co-Issuer will be capitalized only to the extent of its U.S.$2.50 of share capital, will have no assets other than its share capital and will have no debt other than as Co-Issuer of the

Notes. As of the Closing Date and after giving effect to the issuance of the Co-Issuer's shares, the authorized and issued share capital of the Co-Issuer is 250 common shares, par value U.S.$0.01 per share.

BUSINESS

The Issuer Charter provides that the Issuer's activities are unrestricted. Under the Indenture the activities of the Issuer are limited to (i) the issuance of the Offered Securities, (ii) the acquisition and disposition of, and investment and reinvestment in, Collateral Debt Securities, Equity Securities and Eligible Investments, (iii) the entering into, and the performance of its obligations under the Indenture, the Notes, the Subordinate Securities, the Purchase Agreements, the Account Control Agreement, the Fiscal Agency Agreement, any Hedge Agreement, the Collateral Management Agreement, the Surveillance Agency Agreement, the Collateral Administration Agreement and the Administration Agreement, (iv) the pledge of the Collateral as security for its obligations in respect of (inter alia) the Notes, (v) the ownership and management of the Co-Issuer, (vi) the creation of this *Offering Circular* and any supplements thereto and (vii) certain activities conducted in connection with the payment of amounts in respect of the Offered Securities, the management of the Collateral and other incidental activities.

The Issuer has no employees and no subsidiaries other than the Co-Issuer. Article II of the Co-Issuer's Certificate of Incorporation states that the Co-Issuer will not undertake any business other than the issuance of the Co-Issued Notes. The Co-Issuer will not pledge any assets to secure the Notes, and will not have any interest in the Collateral held by the Issuer.

SECURITY FOR THE NOTES

GENERAL

The Collateral securing the Notes will consist of: (a) the Collateral Debt Securities and Equity Securities, (b) the Custodial Account, the Interest Collection Account, the Principal Collection Account, the Uninvested Proceeds Account, the Payment Account, the Expense Account, the Interest Reserve Account, any Hedge Counterparty Collateral Account, all funds and other property standing to the credit of each such account, Eligible Investments purchased with funds standing to the credit of each such account and all income from the investment of funds therein, (c) the rights of the Issuer under any Hedge Agreement, (d) the rights of the Issuer under the Collateral Management Agreement, the Surveillance Agency Agreement, the Collateral Administration Agreement and the Administration Agreement, (e) all cash delivered to the Trustee and (f) all proceeds, accessions, profits, income benefits, substitutions and replacements, whether voluntary or involuntary, of and to any of the property of the Issuer described in the preceding clauses (collectively, the "Collateral").

Since Collateral Debt Securities may only be purchased after the Closing Date in connection with any Additional Notes Closing Date, the vast majority of the Collateral Debt Securities will likely be those acquired on the Closing Date. A summary of certain characteristics of such Collateral Debt Securities (other than any Collateral Debt Securities identified on Schedule G as "Ineligible Collateral Debt Securities") is set forth in the following table:

Type of Collateral Debt Securities (expressed as a percentage of the Aggregate Principal Balance of the Collateral Debt Securities):	Residential Mortgage-Backed Securities	97.315%
	CDO Securities	1.853%
	Reinsurance Securities	0.649%
	Recreational Vehicle Securities	0.146%
	Franchise Securities	0.037%
Number of Collateral Debt Securities:	242	
Average Rating:	Baa3 to Ba1	
Average Moody's Rating Factor:	689	
Year of Origination (expressed as a percentage of the Aggregate Principal Balance of the Collateral Debt Securities):	1998 - 2003	11.44%
	2004	45.10%
	2005	19.67%
	2006	9.36%
	2007	14.43%
Fixed Rate/Floating Rate Collateral Debt Securities Ratio (expressed as a percentage of the Aggregate Principal Balance of the Collateral Debt Securities):	86.06% Floating Rate / 13.94% Fixed Rate	
Top Three Servicers (by outstanding balance):	22.60% Wells Fargo Bank, N.A. 14.39% Countrywide Home Loans, Inc. 10.20% Residential Funding Corp.	
Top Three Issuers (by outstanding balance):	4.19% Park Place Securities Inc. 2004-WWF1 3.65% Merrill Lynch Mortgage Investors Trust 2007-SD1 3.60% Bear Stearns Second Lien Trust 2007-SV1A	

The list of all the Collateral Debt Securities that will be acquired by the Issuer on the Closing Date is set forth on Schedule F and Schedule G of this Offering Circular.

ELIGIBILITY CRITERIA

Except in connection with an Additional Notes Closing Date or as otherwise set forth herein or in the Indenture, no investment may be made in Collateral Debt Securities after the Closing Date except to complete any purchase which the Issuer committed to make on the Closing Date. Immediately after giving effect to each commitment by the Issuer to invest in a Collateral Debt Security (and to any other investments in, or sales of, Collateral Debt Securities that the Issuer has on or prior to such date committed to make), each of the following criteria (the "Eligibility Criteria") is satisfied with respect to such security (except for those securities listed as "Ineligible Collateral Debt Securities" on Schedule G to this *Offering Circular*):

No Foreign Exchange Controls

(1) payments in respect of such security are not made from a country that imposes foreign exchange controls that effectively limit the availability or use of Dollars to make when due the scheduled payments of principal of and interest on such security;

Assignable

(2) the Underlying Instrument pursuant to which such security was issued permits the Issuer to purchase it and Grant it to the Trustee and such security is a type subject to Article 8 or Article 9 of the UCC;

Jurisdiction of Issuer

(3) the obligor on or issuer of such security (x) is organized or incorporated under the law of the United States or a State thereof or in a Special Purpose Vehicle Jurisdiction or (y) is a Qualifying Foreign Obligor;

Dollar Denominated

(4) such security is Dollar denominated and is not convertible into, or payable in, any other currency;

No Interest Only Securities

(5) such security is not an Interest Only Security;

Rating

(6) such security:

(A) has been assigned a Moody's Rating and a Standard & Poor's Rating, and the rating of such security by Standard & Poor's does not include the subscript "f", "p", "pi", "q", "r" or "t";

(B) such security has a Moody's Rating of at least "Ba2" and a Standard & Poor's Rating of at least "BB"; *provided*, that (i) up to 17.88% of the aggregate Principal Balance of all Collateral Debt Securities can have a Moody's Rating of below "Ba2" or a Standard & Poor's Rating of below "BB", (ii) the aggregate Principal Balance of all Collateral Debt Securities that have a Moody's Rating of below "Baa2" or a Standard & Poor's Rating below "BBB" does not exceed 36.18% of

the Net Outstanding Portfolio Collateral Balance and (iii) the aggregate Principal Balance of all Collateral Debt Securities that have a Moody's Rating below "A3" or a Standard & Poor's Rating below "A-" does not exceed 45.87% of the Net Outstanding Portfolio Collateral Balance;

Registered Form

(7) such security is in registered form for U.S. federal income tax purposes and it (and if it is a certificate of interest in a grantor trust for U.S. Federal income tax purposes, each of the obligations or securities held by such trust) was issued after July 18, 1984 ("Registered");

No Withholding

(8) the Issuer will receive payments due under the terms of such security and proceeds from disposing of such security free and clear of withholding tax, other than withholding tax in any jurisdiction as to which the obligor or issuer must make additional payments so that the net amount received by the Issuer after satisfaction of such tax is the amount due to the Issuer before the imposition of any withholding tax;

Does not subject Issuer to Tax on a Net Income Basis

(9) the acquisition (including the manner of acquisition), ownership, enforcement and disposition of such security (in each case, as determined on the basis of applicable laws and regulations as of the date of acquisition of such security) will not cause the Issuer to be treated as engaged in a U.S. trade or business for U.S. Federal income tax purposes or otherwise to be subject to tax on a net income basis in any jurisdiction outside the Issuer's jurisdiction of incorporation;

Does not subject Issuer to Investment Company Act restrictions

(10) the acquisition (including the manner of acquisition), ownership, enforcement and disposition of such security (in each case, as determined on the basis of applicable laws and regulations as of the date of acquisition of such security) will not cause the Issuer or the pool of Collateral to become an investment company required to be registered under the Investment Company Act;

No Defaulted Securities, Deferred Interest PIK Bonds, Credit Risk Securities, Equity Securities or Written-Down Securities

(11) such security is not a Defaulted Security, a Deferred Interest PIK Bond, a Credit Risk Security, an Equity Security or a Written-Down Security, as certified by Independent accountants appointed by the Issuer pursuant to the Indenture;

Backed by Obligations of Non-U.S. Obligors

(12) if the obligor on such security is organized outside the United States of America, the Aggregate Attributable Amount of all Collateral Debt Securities related to (A) obligors organized outside the United States of America, the United Kingdom and Canada does not exceed 10% of the Net Outstanding Portfolio Collateral Balance, (B) obligors organized in the United Kingdom does not exceed 2.5% of the Net Outstanding Portfolio Collateral Balance, (C) obligors organized in Canada does not exceed 2.5% of the Net Outstanding Portfolio Collateral Balance, (D) Qualifying Foreign Obligors organized in any

other jurisdiction does not exceed 2.5% of the Net Outstanding Portfolio Collateral Balance, (E) Emerging Market Issuers is zero and (F) obligors (other than Qualifying Foreign Obligors, Emerging Market Issuers and obligors organized in the United States) organized in any other jurisdiction does not exceed 2.5% of the Net Outstanding Portfolio Collateral Balance;

Limitation on Stated Maturity

(13) such security does not have a Stated Maturity that occurs later than the Stated Maturity of the Notes;

No Margin Stock

(14) such security is not, and any Equity Security acquired in connection with such security is not, Margin Stock;

No Debtor-in-Possession Financing

(15) such security is not a financing by a debtor-in-possession in any insolvency proceeding;

No Optional or Mandatory Conversion or Exchange

(16) such security is not an equity security or a security that by the terms of its Underlying Instruments provides for conversion or exchange (whether mandatory, at the option of the issuer or the holder thereof or otherwise) into equity capital at any time prior to its maturity;

Not subject to an Offer or Called for Redemption

(17) such security is not the subject of an Offer (other than an Offer to exchange such security for a security that constitutes a Collateral Debt Security and that such Offer is registered under the Securities Act or such security is issued pursuant to Rule 144A (or another exemption from registration) under the Securities Act, where the replacement security would have terms that are similar to, or more favorable to the Issuer than, the security being exchanged) and has not been called for redemption;

No Future Advances

(18) such security is not a security with respect to which the Issuer is required by the Underlying Instruments to make any future payment or advance to the issuer thereof;

Fixed Rate Securities

(19) if such security is a Fixed Rate Security, the Aggregate Principal Balance of all such Pledged Collateral Debt Securities does not exceed 16% of the Net Outstanding Portfolio Collateral Balance; *provided* that the Aggregate Principal Balance of all Pledged Collateral Debt Securities may consist of more than 16% of Fixed Rate Securities if the Issuer enters into a Hedge Agreement pursuant to the requirements set forth herein and the Rating Condition is met;

Floating Rate Securities

(20) if such security is a Floating Rate Security, the Aggregate Principal Balance of all such Pledged Collateral Debt Securities is at least 84% of the Net Outstanding Portfolio Collateral Balance;

Pure Private Collateral

(21) if such security is a Pure Private Collateral Debt Security, the

Debt Securities

aggregate Principal Balance of all such Pledged Collateral Debt Securities does not exceed 0% of the Net Outstanding Portfolio Collateral Balance;

PIK Bonds

(22) if such security is a PIK Bond, the Aggregate Principal Balance of all such Pledged Collateral Debt Securities does not exceed 10% of the Net Outstanding Portfolio Collateral Balance;

Single Issuer Concentrations

(23) after giving effect to acquisition of such security, the Aggregate Principal Balance of all Pledged Collateral Debt Securities issued by the issuer of such security does not exceed 2% of the Net Outstanding Portfolio Collateral Balance; *provided* that there may be up to 2 issuers of Pledged Collateral Debt Securities having an Aggregate Principal Balance for each such issuer, of greater than 2% but less than or equal to 3.0% of the Net Outstanding Portfolio Collateral Balance; and up to 3 issuers of Pledged Collateral Debt Securities having an Aggregate Principal Balance for such issuer, of greater than 3% but less than or equal to 4.13%;

Weighted Average Life

(24)

(A) the Weighted Average Life Test is satisfied;

(B) the Average Life of such security is no greater than 15 years; and

(C) if such security has (i) an Average Life of greater than 10.1 years, the Aggregate Principal Balance of all such securities does not exceed 20% of the Net Outstanding Portfolio Collateral Balance; *provided* that no such security is a CDO Security and (ii) an Average Life of greater than 8.1 years, the Aggregate Principal Balance of all such securities does not exceed 25% of the Net Outstanding Portfolio Collateral Balance;

Single Servicer

(25) with respect to the Servicer of the security being acquired the aggregate Principal Balance of all Collateral Debt Securities serviced by such Servicer does not exceed 10% of the Net Outstanding Portfolio Collateral Balance, except that:

(A) if the senior unsecured long-term obligations of such Servicer (or, if an Affiliate of such Servicer is required to perform the obligations of such Servicer, such Affiliate) are rated "Aa3" or higher by Moody's and "AA-" or higher by Standard & Poor's (or, if not rated by Standard & Poor's, has a servicer ranking of "Strong" by Standard & Poor's), the aggregate Principal Balance of all Pledged Collateral Debt Securities serviced by such Servicer (or Affiliate) may equal up to 22% of the Net Outstanding Portfolio Collateral Balance;

(B) the rating of the senior unsecured long-term obligations of such

Servicer (or, if an Affiliate of such Servicer is required to perform the obligations of such Servicer, such Affiliate) is "Ba1" or higher but below "Aa3" by Moody's and "BB+" or higher but below "AA-" by Standard & Poor's (or, if not rated by Standard & Poor's, has a servicer ranking of "Above Average" by Standard & Poor's), the aggregate Principal Balance of all Pledged Collateral Debt Securities serviced by such Servicer (or Affiliate) may equal up to 15% of the Net Outstanding Portfolio Collateral Balance;

(C) if the senior unsecured long-term obligations of such Servicer (or, if an Affiliate of such Servicer is required to perform the obligations of such Servicer, such Affiliate) are not rated by Standard & Poor's but such Servicer or Affiliate has a servicer ranking of "Below Average" by Standard & Poor's, the aggregate Principal Balance of all Pledged Collateral Debt Securities serviced by such Servicer (or Affiliate) may equal up to 7.5% of the Net Outstanding Portfolio Collateral Balance;

(D) if the senior unsecured long-term obligations of such Servicer (or, if an Affiliate of such Servicer is required to perform the obligations of such Servicer, such Affiliate) are not rated by Standard & Poor's but such Servicer (or Affiliate) has a servicer ranking of "Weak" by Standard & Poor's, the aggregate Principal Balance of all Pledged Collateral Debt Securities serviced by such Servicer (or Affiliate) may equal up to 7.5% of the Net Outstanding Portfolio Collateral Balance; and

(E) if the senior unsecured long-term obligations of such Servicer (or, if an Affiliate of such Servicer is required to perform the obligations of such Servicer, such Affiliate) are not rated or are rated (x) below "A3" by Moody's or (y) below "A-" by Standard & Poor's (and does not satisfy the Standard & Poor's servicer ranking requirements of (A) or (B) above with respect to this clause (25)), the aggregate Principal Balance of all Pledged Collateral Debt Securities serviced by such Servicer (or Affiliate) may equal up to 7.5% of the Net Outstanding Portfolio Collateral Balance;

provided that, notwithstanding the foregoing:

(1) if such Servicer is Countrywide (or, if an Affiliate of Countrywide is required to perform the obligations of Countrywide, such Affiliate), the aggregate Principal Balance of all Pledged Collateral Debt Securities that are serviced by Countrywide and its Affiliates may equal up to 20% of the Net Outstanding Portfolio Collateral Balance;

(2) if such Servicer is Wells Fargo (or, if an Affiliate of Wells Fargo is required to perform the obligations of Wells Fargo, such Affiliate), the aggregate Principal Balance of all Pledged Collateral Debt Securities that are serviced by Wells Fargo and its Affiliates may

equal up to 22.30% of the Net Outstanding Portfolio Collateral Balance; and

(3) if such Servicer is Residential Funding Corp. (or, if an Affiliate of Residential Funding Corp. is required to perform the obligations of Residential Funding Corp., such Affiliate), the aggregate Principal Balance of all Pledged Collateral Debt Securities that are serviced by Residential Funding Corp. and its Affiliates may equal up to 20% of the Net Outstanding Portfolio Collateral Balance;

CDO Securities

(26) if such security is a CDO Security

(A) the Aggregate Principal Balance of all such Pledged Collateral Debt Securities does not exceed 2% of the Net Outstanding Portfolio Collateral Balance; and

(B) the Aggregate Principal Balance of all such Pledged Collateral Debt Securities that are CDO of CDO Securities does not exceed 0% of the Net Outstanding Portfolio Collateral Balance;

Negative Amortization Securities

(27) if such security is a Negative Amortization Security, (A) such security is a Cash Collateral Debt Security and (B) the Aggregate Principal Balance of all such Pledged Collateral Debt Securities that are Negative Amortization Securities does not exceed 5% of the Net Outstanding Portfolio Collateral Balance or, in the case of any such securities issued during the same calendar year, does not exceed 2.5% of the Net Outstanding Portfolio Collateral Balance.

Frequency of Interest Payments

(28) such security provides for periodic payments of interest in cash not less frequently than quarterly;

Step-Down Bonds/Step-Up Bonds

(29) (A) if such security is a Step-Down Bond, the Aggregate Principal Balance of all Pledged Collateral Debt Securities that are Step-Down Bonds does not exceed 5% of the Net Outstanding Portfolio Collateral Balance; and (B) if such security is a Step-Up Bond, the Aggregate Principal Balance of all Pledged Collateral Debt Securities that are Step-Up Bonds does not exceed 5% of the Net Outstanding Portfolio Collateral Balance;

Hybrid Securities

(30) if such security is a Hybrid Security, the Aggregate Principal Balance of all Hybrid Securities does not exceed 2% of the Net Outstanding Portfolio Collateral Balance;

Guaranteed Asset-Backed Securities and Monoline Guaranteed Securities

(31) if such security is a either a Guaranteed Asset-Backed Security or a Monoline Guaranteed Security, the Aggregate Principal Balance of all Guaranteed Asset-Backed Securities and Monoline Guaranteed Securities (collectively) does not exceed 5% of the Net Outstanding

Portfolio Collateral Balance;

Collateral Quality Tests

(32) each of the applicable Collateral Quality Tests is satisfied;

Overcollateralization Tests

(33) on and after the Closing Date, each of the Overcollateralization Tests is satisfied or, if immediately prior to such acquisition one or more of the Overcollateralization Tests was not satisfied, the extent of non-compliance with such Overcollateralization Test(s) may not be made worse and each Overcollateralization Test was satisfied on the preceding Determination Date (after giving effect to all distributions made or to be made on the related Distribution Date); and

Specified Types; Prohibited Securities

(34) such security is a Specified Type and is not a Prohibited Security

Notwithstanding the foregoing provisions, if an Event of Default shall have occurred and be continuing, no Collateral Debt Security may be acquired unless it was the subject of a commitment entered into by the Issuer prior to the occurrence of such Event of Default.

Except in connection with an Additional Notes Closing Date or as otherwise set forth herein or in the Indenture, after the Closing Date, no Collateral Debt Security may be acquired by the Issuer unless it was the subject of a commitment entered into by the Issuer on the Closing Date.

The Issuer may not acquire any Collateral Debt Security unless such acquisition is made on an "arm's-length basis" for fair market value.

The Issuer has agreed to use its best efforts to purchase on the Closing Date Collateral Debt Securities having an aggregate Principal Balance of not less than the aggregate Principal Balance necessary for the Issuer to comply with its obligations under the Indenture.

THE COLLATERAL QUALITY TESTS

The "Collateral Quality Tests" will be used primarily as criteria for purchasing Collateral Debt Securities in connection with the Closing Date and any Additional Notes Closing Date. See " — Eligibility Criteria". The Collateral Quality Tests will consist of the Moody's Asset Correlation Test, the Moody's Maximum Rating Distribution Test, the Moody's Minimum Weighted Average Recovery Rate Test, the Weighted Average Coupon Test, the Weighted Average Spread Test, the Weighted Average Life Test, the Standard & Poor's CDO Monitor Test and the Standard & Poor's Minimum Recovery Rate Test described below.

Moody's Asset Correlation Test. The "Moody's Asset Correlation Test" will be satisfied if on any Measurement Date on or after the Closing Date if the Moody's Asset Correlation Factor on such Measurement Date (calculated on a model that assumes N=246) is equal to or less than 12%. The "Moody's Asset Correlation Factor" means a single number, expressed as a percentage, determined in accordance with the asset correlation methodology provided to the

Collateral Manager by Moody's prior to the Closing Date and from time to time thereafter (after consultation with Moody's to the extent the Collateral Manager determines necessary), which number will be the maximum number that will satisfy the Moody's Asset Correlation Test.

Moody's Maximum Rating Distribution Test. The "Moody's Maximum Rating Distribution Test" will be satisfied on any Measurement Date on or after the Closing Date if the Moody's Maximum Rating Distribution of the Pledged Collateral Debt Securities as of such Measurement Date is equal to or less than 689. The "Moody's Maximum Rating Distribution" on any Measurement Date is the number determined by dividing (i) the summation of the series of products obtained for any Pledged Collateral Debt Security that is not a Defaulted Security, Deferred Interest PIK Bond or Written Down Security, by multiplying (1) the Principal Balance as of such Measurement Date of each such Pledged Collateral Debt Security by (2) its respective Moody's Rating Factor as of such Measurement Date by (ii) the Aggregate Principal Balance as of such Measurement Date of all Pledged Collateral Debt Securities that are not Defaulted Securities, Deferred Interest PIK Bonds or Written Down Securities, and rounding the result to the nearest whole number.

The "Moody's Rating Factor" relating to any Collateral Debt Security is the number set forth in the table below opposite the Moody's Rating of such Collateral Debt Security:

Moody's Rating	**Moody's Rating Factor**	**Moody's Rating**	**Moody's Rating Factor**
Aaa	1	Ba1	940
Aa1	10	Ba2	1,350
Aa2	20	Ba3	1,766
Aa3	40	B1	2,220
A1	70	B2	2,720
A2	120	B3	3,490
A3	180	Caa1	4,770
Baa1	260	Caa2	6,500
Baa2	360	Caa3	8,070
Baa3	610	Ca or lower	10,000

For purposes of the Moody's Maximum Rating Distribution Test, if a Collateral Debt Security does not have a Moody's Rating at the date of acquisition thereof, the Moody's Rating Factor with respect to such Collateral Debt Security will be 10,000 for a period of 90 days from the acquisition of such Collateral Debt Security. After such 90-day period, if such Collateral Debt Security is not rated by Moody's and no other security or obligation of the issuer thereof or

obligor thereon is rated by Moody's and the Issuer or the Collateral Manager seeks to obtain an estimate of a Moody's Rating Factor, then the Moody's Rating Factor of such Collateral Debt Security will be deemed to be such estimate thereof as may be assigned by Moody's upon the request of the Issuer or the Collateral Manager; *provided* that such estimate will be submitted for annual review by Moody's. With respect to any Synthetic Security, the Moody's Rating Factor shall be determined as specified by Moody's on Schedule K of the Indenture as the "Moody's Rating Factor".

The "Moody's Rating" of any Collateral Debt Security will be determined as follows:

(I) if such Collateral Debt Security is publicly rated by Moody's, the Moody's Rating shall be such rating, or, if such Collateral Debt Security is not publicly rated by Moody's, but the Issuer, or the Collateral Manager on behalf of the Issuer, has requested that Moody's assign a rating to such Collateral Debt Security, the Moody's Rating shall be the rating so assigned by Moody's;

(II) with respect to any Collateral Debt Security, if such Collateral Debt Security has not been assigned a rating by Moody's pursuant to clause (I) above, and is not of a type listed on Schedule D as not permitting notching, the Moody's Rating of such Collateral Debt Security shall be the rating determined in accordance with Schedule D;

provided that with respect to clause (II):

(1) the rating of any rating agency used to determine the Moody's Rating pursuant to clause (II) above shall be a public rating (and not an estimated rating) that addresses the obligation of the obligor (or guarantor, where applicable) to pay principal of and interest on the relevant Collateral Debt Security in full and is monitored on an ongoing basis by the relevant rating agency; and

(2) in respect of Collateral Debt Securities the Moody's Rating of which is based on a rating of another rating agency, (i) if such Collateral Debt Securities are rated by both Standard & Poor's and Fitch, the Aggregate Principal Balance of all such Collateral Debt Securities may not exceed 20% of the Aggregate Principal Balance of all Collateral Debt Securities; (ii) if such Collateral Debt Securities are rated by either of the other rating agencies (but not both), the Aggregate Principal Balance of all such Collateral Debt Securities may not exceed 10% of the Aggregate Principal Balance of all Collateral Debt Securities; and (iii) with respect to any one rating agency, if such Collateral Debt Securities are rated by such rating agency (and no other rating agency), the Aggregate Principal Balance of all such Collateral Debt Securities may not exceed 7.5% of the Aggregate Principal Balance of all Collateral Debt Securities.

Whenever the Indenture includes a condition in relation to a Moody's Rating of any issuer, obligation or security, if the Moody's Rating of such issuer, obligation or security has been put on a watch list for possible downgrade, then the Moody's Rating shall be deemed to have been downgraded by one rating subcategory if the Moody's Rating is "Aaa" or, otherwise, by two rating subcategories and, if on a watch list for possible upgrade, then the Moody's Rating

shall be deemed to have been upgraded by one rating subcategory if the Moody's Rating is "Aa1" or, otherwise, by two subcategories.

The "Standard & Poor's Rating" of any Collateral Debt Security will be determined as follows:

(I) if such Collateral Debt Security is an Asset-Backed Security:

(1) if Standard & Poor's has assigned a rating to such Collateral Debt Security either publicly or privately (in the case of a private rating, with the appropriate consents for the use of such private rating having been obtained by the Issuer or the Collateral Manager and provided to Standard & Poor's), the Standard & Poor's Rating shall be the rating assigned thereto by Standard & Poor's; *provided* that, solely for the purposes of determining compliance with the Standard & Poor's CDO Monitor Test, in respect of any Collateral Debt Security that is on watch for a possible upgrade or downgrade by Standard & Poor's, the Standard & Poor's Rating of such Collateral Debt Security shall be one subcategory above or below, respectively, the Standard & Poor's rating otherwise assigned to such Collateral Debt Security;

(2) if such Collateral Debt Security is not rated by Standard & Poor's but the Issuer has requested that Standard & Poor's assign a credit estimate to such Collateral Debt Security, the Standard & Poor's Rating shall be the credit estimate so assigned by Standard & Poor's; *provided* that (w) the Collateral Manager notifies Standard & Poor's that such Collateral Debt Security has been acquired and provides Standard & Poor's all necessary information to produce a credit estimate, (x) pending receipt from Standard & Poor's of such credit estimate, the Collateral Manager may assign a commercially reasonable rating to such Collateral Debt Security, (y) if the Collateral Manager submits such necessary information to produce a credit estimate to Standard & Poor's within 30 days of acquiring such Collateral Debt Security, the Collateral Manager's commercially reasonable rating may be used until Standard & Poor's assigns a credit estimate, and (z) if the Collateral Manager does not submit such necessary information to Standard & Poor's to produce a credit estimate within 30 days of acquiring such Collateral Debt Security, the Collateral Manager must assign a rating of "CCC-" after 90 days of acquiring such Collateral Debt Security until Standard & Poor's assigns a credit estimate (unless an extension to use such commercially reasonable rating is granted by Standard & Poor's); *provided, further* so long as any of the Notes remain outstanding, prior to each one-year anniversary of the acquisition of any such Collateral Debt Security for which a credit estimate has been provided by Standard & Poor's, the Issuer shall submit to Standard & Poor's a request to perform a credit estimate on such Collateral Debt Security, together with all information reasonably requested by Standard & Poor's to perform such estimate; and

(3) if such Collateral Debt Security is a Collateral Debt Security that has not been assigned a rating by Standard & Poor's pursuant to clause (1) or (2) above, and is

not of a type listed on Schedule B, the Standard & Poor's Rating of such Collateral Debt Security shall be the rating determined in accordance with Schedule C; *provided* that (x) if any Collateral Debt Security shall, at any time, be on watch for a possible upgrade or downgrade by either Moody's or Fitch, the Standard & Poor's Rating of such Collateral Debt Security shall be one subcategory above or below, respectively, the rating otherwise assigned to such Collateral Debt Security in accordance with Schedule C; and (y) that the Aggregate Principal Balance of all Collateral Debt Securities that are assigned a Standard & Poor's Rating pursuant to this clause (3) may not (i) exceed 20% of the Aggregate Principal Balance of all Collateral Debt Securities if such Collateral Debt Securities are rated by both Moody's and Fitch and (ii) exceed 10% of the Aggregate Principal Balance of all Collateral Debt Securities if such Collateral Debt Securities are rated by either of Moody's and Fitch (but not both).

"Fitch" means Fitch Ratings and any successor thereto.

Moody's Minimum Weighted Average Recovery Rate Test. The "Moody's Minimum Weighted Average Recovery Rate Test" will be satisfied as of any Measurement Date on or after the Closing Date if the Moody's Weighted Average Recovery Rate as of such Measurement Date is greater than or equal to 32.50%.

The "Moody's Weighted Average Recovery Rate" is the number (expressed as a percentage rounded up to the first decimal place) obtained by (a) summing the products obtained by multiplying the Principal Balance of each Collateral Debt Security other than a Defaulted Security or a Deferred Interest PIK Bond by its "Applicable Recovery Rate" (determined for purposes of this definition pursuant to clause (a) of the definition of "Applicable Recovery Rate") and (b) dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Securities (other than Defaulted Securities or Deferred Interest PIK Bonds).

Weighted Average Coupon Test. The "Weighted Average Coupon Test" means a test that is satisfied if, on any Measurement Date on or after the Closing Date, the Weighted Average Coupon as of such Measurement Date is equal to or greater than 6.45%.

The "Weighted Average Coupon" means, as of any Measurement Date, the sum (expressed as a percentage and rounded up to the next 0.001%) of (a) the number obtained by (i) summing the products obtained by multiplying (x) the Current Interest Rate with respect to each Pledged Collateral Debt Security that is a Fixed Rate Security or Deemed Fixed Rate Security (other than a Defaulted Security a Deferred Interest PIK Bond or a Written Down Security) by (y) the Principal Balance of each such Pledged Collateral Debt Security and (ii) dividing such sum by the Aggregate Principal Balance of all Pledged Collateral Debt Securities that are Fixed Rate Securities or Deemed Fixed Rate Securities (excluding all Defaulted Securities Deferred Interest PIK Bonds and Written Down Securities) and (b) if such sum of the numbers obtained pursuant to clause (a) is less than the applicable percentage specified in the definition of "Weighted Average Coupon Test", the Spread Excess, if any, as of such Measurement Date. For purposes of this definition, no contingent payment of interest will be included in such calculation. When calculating the Weighted Average Coupon, a Hybrid Security that is currently bearing interest at a fixed rate shall be considered a Fixed Rate Security.

The "Fixed Rate Excess" means, as of any Measurement Date, a fraction (expressed as a percentage) the numerator of which is equal to the product of (a) the greater of zero and the excess, if any, of the Weighted Average Coupon for such Measurement Date over 6.70% and (b) the Aggregate Principal Balance of all Pledged Collateral Debt Securities that are Fixed Rate Securities and the denominator of which is the Aggregate Principal Balance of all Pledged Collateral Debt Securities that are Floating Rate Securities (excluding Defaulted Securities, Deferred Interest PIK Bonds and Written Down Securities).

Weighted Average Spread Test. The "Weighted Average Spread Test" will be satisfied on any Measurement Date if the Weighted Average Spread as of such Measurement Date is greater than 1.65%.

The "Weighted Average Spread" means, as of any Measurement Date, the sum (expressed as a percentage and rounded up to the next 0.001%) of (a) the number obtained by summing (i) the sum of the products obtained by multiplying (x) the Current Spread with respect to each Pledged Collateral Debt Security that is a Floating Rate Security (other than a Defaulted Security, Deferred Interest PIK Bond and the Written Down Amount (with respect to a Written Down Security)) as of such date by (y) the Principal Balance of such Pledged Collateral Debt Security as of such date, and (ii) dividing such sum by the Aggregate Principal Balance of all Pledged Collateral Debt Securities that are Floating Rate Securities (excluding all Defaulted Securities and the Written Down Amounts (with respect to Written Down Securities)) plus (b) if such sum of the numbers obtained pursuant to clause (a) is less than the percentage specified in the definition of "Weighted Average Spread Test", the Fixed Rate Excess, if any, as of such Measurement Date. For purposes of this definition, (1) no contingent payment of interest will be included in such calculation, (2) in the case of any Floating Rate Security that does not bear interest at a rate expressed as a stated spread above LIBOR, the interest rate payable on such Floating Rate Security on any Measurement Date shall be calculated as a spread above or below LIBOR, and if on such Measurement Date such rate is calculated as a spread below LIBOR, such spread shall be expressed as a negative number for purposes of making the calculation described in clause (a)(i) of the preceding sentence and (3) any Collateral Debt Security for which the rating assigned by Moody's is not applicable to the ultimate payment of interest thereon shall be excluded in such calculation. When calculating the Weighted Average Spread, if the Collateral Manager has determined (and has notified the Trustee) that a Hybrid Security is primarily paying interest at a floating rate, it shall be considered a Floating Rate Security and the Collateral Manager shall advise the Trustee of the Current Spread for such security.

The "Spread Excess" as of any Measurement Date will equal a fraction (expressed as a percentage) the numerator of which is equal to the product of (a) the greater of zero and the excess, if any, of the Weighted Average Spread for such Measurement Date over 1.65% and (b) the Aggregate Principal Balance of all Pledged Collateral Debt Securities that are Floating Rate Securities (excluding Defaulted Securities, Deferred Interest PIK Bonds and Written-Down Securities) and the denominator of which is the Aggregate Principal Balance of all Pledged Collateral Debt Securities that are Fixed Rate Securities (excluding Defaulted Securities, Deferred Interest PIK bonds and Written-Down Securities).

Weighted Average Life Test. The "Weighted Average Life Test" will be satisfied on any Measurement Date if the Weighted Average Life of all Pledged Collateral Debt Securities as of such Measurement Date is less than or equal to 2.53.

On any Measurement Date with respect to any Pledged Collateral Debt Securities (excluding all Defaulted Securities and Written Down Securities), the "Weighted Average Life" means, as of any Measurement Date with respect to any Pledged Collateral Debt Securities, the number obtained by (i) summing the products obtained by multiplying (a) the Average Life at such time of each such Pledged Collateral Debt Security by (b) the outstanding Principal Balance of such Collateral Debt Security and (ii) dividing such sum by the Aggregate Principal Balance at such time of all such Pledged Collateral Debt Securities.

Standard & Poor's Minimum Recovery Rate Test. means a test satisfied on any Measurement Date after the Closing Date if the Standard & Poor's Recovery Rate as of such Measurement Date is equal to or greater than, (a) with respect to the Class A-1 Notes, 35%; (b) with respect to the Class A-2 Notes, 35%; (c) with respect to the Class A-3 Notes, 35%; (d) with respect to the Class B Notes, 40%; (e) with respect to the Class C Notes, 47%; and (f) with respect to the Class D Notes, 55%.

The "Standard & Poor's Recovery Rate" means, as of any Measurement Date, the number (expressed as a percentage rounded up to the first decimal place) obtained by (a) summing the products obtained by multiplying the Principal Balance of each pledged Collateral Debt Security on such Measurement Date by its Applicable Recovery Rate (determined for purposes of this definition pursuant to clause (b) of the definition of "Applicable Recovery Rate") and (b) dividing such sum by the Aggregate Principal Balance of all Pledged Collateral Debt Securities on such Measurement Date. For purposes of determining the Standard & Poor's Recovery Rate, the Principal Balance of a Deferred Interest PIK Bond or a Defaulted Security will be deemed to be equal to its Calculation Amount.

STANDARD & POOR'S CDO MONITOR

If on any date on or after the Closing Date, upon the acquisition of any Collateral Debt Security (after giving effect to the acquisition of such Collateral Debt Security), the Standard & Poor's CDO Monitor Test is not satisfied or, if immediately prior to such investment the Standard & Poor's CDO Monitor Test was not satisfied, the result is not closer to compliance, the Issuer must promptly deliver to the Trustee, the Noteholders, any Hedge Counterparty and Standard & Poor's an officer's certificate specifying the extent of non compliance.

The "Standard & Poor's CDO Monitor Test" means a test satisfied on any Measurement Date on or after the Closing Date if, after giving effect to the Sale of a Collateral Debt Security or the purchase of a Collateral Debt Security (or both), as the case may be, on such Measurement Date, each Class Loss Differential of the Proposed Portfolio is positive or if any Class Loss Differential of the Proposed Portfolio is negative prior to giving effect to such Sale or purchase, the extent of compliance is improved after giving effect to the Sale or purchase of a Collateral Debt Security.

The "Class Loss Differential" means with respect to any Class of Notes, at any time, the rate calculated by subtracting the Class Scenario Loss Rate at such time from the Class Break-Even Loss Rate at such time.

The "Class Scenario Loss Rate" means with respect to any Class of Notes, at any time after the Closing Date, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with Standard & Poor's Rating of such Class of Notes on the Closing Date or, in the case of the Class A-2 Notes, if any Additional Notes Closing Date shall have occurred, on the most recent Additional Notes Closing Date, determined by application of the Standard & Poor's CDO Monitor at such time.

The "Class Break-Even Loss Rate" means with respect to any Class of Notes, at any time after the Closing Date, the maximum percentage of defaults (as determined through application of the Standard & Poor's CDO Monitor) which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain such that, after giving effect to Standard & Poor's assumptions on recoveries and timing and to the Priority of Payments, will result in sufficient funds remaining for the ultimate payment of principal of and interest on such Class of Notes in full by its Stated Maturity and the timely payment of interest on such Class of Notes.

The "Current Portfolio" means the portfolio (measured by Principal Balance) of (a) all Pledged Collateral Debt Securities, (b) all Principal Proceeds or Uninvested Proceeds held as Cash and (c) all Eligible Investments purchased with Principal Proceeds or Uninvested Proceeds existing immediately prior to the sale, maturity or other disposition of a Collateral Debt Security or immediately prior to the acquisition of a Collateral Debt Security, as the case may be.

The "Proposed Portfolio" means the portfolio (measured by Principal Balance) of (a) all Pledged Collateral Debt Securities (including the Collateral Debt Securities listed on Schedule F and Schedule G hereto), (b) all Principal Proceeds or Uninvested Proceeds held as Cash and (c) all Eligible Investments purchased with Principal Proceeds or Uninvested Proceeds resulting from the Sale, maturity or other disposition of a Pledged Collateral Debt Security or a proposed acquisition of a Collateral Debt Security, as the case may be.

The "Standard & Poor's CDO Monitor" means the dynamic, analytical computer model (including all written instructions and assumptions necessary for running the model) provided by Standard & Poor's to the Issuer, the Collateral Manager and the Collateral Administrator on or prior to the Closing Date for the purpose of estimating the default risk of Collateral Debt Securities, as such model may be amended by Standard & Poor's (and provided to the Collateral Manager, Issuer and Collateral Administrator) from time to time.

The Standard & Poor's CDO Monitor calculates the cumulative default rate of a pool of Collateral Debt Securities consistent with a specified benchmark rating level based upon Standard & Poor's proprietary corporate debt default studies.

There can be no assurance that actual defaults of the Pledged Collateral Debt Securities or the timing of defaults will not exceed those assumed in the application of the Standard & Poor's CDO Monitor or that recovery rates with respect thereto will not differ from those assumed in the Standard & Poor's CDO Monitor Test. Standard & Poor's makes no

representation that actual defaults will not exceed those determined by the Standard & Poor's CDO Monitor. The Issuer makes no representation as to the expected rate of defaults of the Pledged Collateral Debt Securities or the timing of defaults or as to the expected recovery rate or the timing of recoveries.

DISPOSITION OF COLLATERAL DEBT SECURITIES

The Pledged Collateral Debt Securities may be retired prior to their respective final maturities due to, among other things, the existence and frequency of exercise of any optional or mandatory redemption features of such Collateral Debt Securities. In addition, pursuant to the Indenture, the Issuer may sell Collateral Debt Securities (including termination or assignment of Synthetic Securities) in the following circumstances:

(i) the Issuer may, at the direction of the Collateral Manager, sell any Deferred Interest PIK Bond, Defaulted Security, Written Down Security, Credit Risk Security, Credit Improved Security or Equity Security at any time; *provided* that a Credit Improved Security may not be sold unless the Collateral Manager certifies to the Trustee in writing that (x) the Collateral Manager has determined that such security constitutes a Credit Improved Security and (y) on the date of such sale, the Sale Proceeds (net of any accrued interest included therein) from such sale will be equal to or greater than the Principal Balance of the Credit Improved Security being sold;

(ii) the Issuer, at the direction of the Collateral Manager, shall sell any Equity Security or other security or consideration received by the Issuer in exchange for a Defaulted Security that is not Margin Stock and is not a security which may not be purchased under items (7) through (11) of "Security for the Notes—Eligibility Criteria" within one year after the Issuer's receipt thereof (or within one year after such later date as such Equity Security may first be sold in accordance with its terms and applicable law);

(iii) the Issuer, at the direction of the Collateral Manager, shall sell each Equity Security or other security or consideration received in an Offer (other than an Equity Security or other security or consideration received in an Offer described in clause (ii) above) not later than five Business Days after the Issuer's receipt thereof (or within five Business Days after such later date as such Equity Security or other security or consideration received in an Offer may first be sold in accordance with its terms and applicable law); and

(iv) the Issuer, at the Direction of the Collateral Manager, shall, in the event of an Auction Call Redemption, Optional Redemption or Tax Redemption, direct the Trustee to sell, Collateral Debt Securities without regard to the foregoing limitations.

All Sale Proceeds of any Equity Security, Credit Improved Security, Credit Risk Security, Written Down Security, Deferred Interest PIK Bond or Defaulted Security sold by the Issuer as described above will be deposited in the "Principal Collection Account" or "Interest Collection Account", as the case may be, and will be applied on the Distribution Date immediately succeeding the end of the Due Period in accordance with the Priority of Payments.

Any disposition by the Issuer of an Equity Security or a Defaulted Security will be conducted on an "arm's-length basis" for fair market value.

In the event of an Optional Redemption, Auction Call Redemption or a Tax Redemption, the Trustee (in consultation with the Collateral Manager) may sell Collateral Debt Securities without regard to the limitations described above that are applicable to sales by the Issuer; *provided* that (i) the proceeds therefrom will be at least sufficient to pay certain expenses and other amounts and redeem in whole but not in part all Notes to be redeemed simultaneously; (ii) such proceeds are used to make such a redemption; and (iii) the Issuer provides a certification as to the sale proceeds of the Collateral containing calculations which are confirmed in writing by independent accountants as set forth in the Indenture. See "Description of the Notes – Optional Redemption and Tax Redemption" and "—Auction Call Redemption".

THE HEDGE AGREEMENT

After the Closing Date, at the election of the Holders of a Majority of the Controlling Class, the Issuer may, or if otherwise required pursuant to the Indenture the Issuer shall, enter into an interest rate protection agreement with a counterparty with respect to which the Rating Condition has been satisfied (the "Hedge Counterparty") as of the date of entering in any such agreement consisting of an ISDA Master Agreement and Schedule, Credit Support Annex and an interest rate swap, basis swap and/or interest rate cap confirmations, if any, entered into between the Issuer and the Hedge Counterparty from time to time (such agreement, and any replacement therefor entered into in accordance with the Indenture, the "Hedge Agreement"). The Hedge Agreement may consist of one or more interest rate swaps. The Issuer shall not, however, enter into any hedge agreement the payments from which are subject to withholding tax or the entry into, performance, enforcement or termination of which would subject the Issuer to tax on a net income basis in any jurisdiction outside the Issuer's jurisdiction of incorporation. Pursuant to the Priority of Payments, scheduled payments required to be made by the Issuer under any Hedge Agreement, together with any termination payments payable by the Issuer other than by reason of an "event of default" or "termination event" (other than an "illegality" or "tax event") with respect to which the Hedge Counterparty is the "defaulting party" or the sole "affected party" (as each such term will be defined in any Hedge Agreement), will be payable as set forth in "Description of the Notes—Priority of Payments". In addition, scheduled payments to a Hedge Counterparty may be made on a date other than a Distribution Date. Except as provided in the Priority of Payments, payments under the Hedge Agreement will be senior in priority to payments made on the Offered Securities. Scheduled payments to the Hedge Counterparty may be made on a date other than a Distribution Date. The Hedge Agreement will be governed by New York law.

The Trustee shall deposit all collateral received from the Hedge Counterparty under any Hedge Agreement in a securities account in the name of the Trustee that will be designated the "Hedge Counterparty Collateral Account", which account will be maintained for the benefit of the Noteholders, any Hedge Counterparty and the Trustee.

If at any time any Hedge Agreement becomes subject to early termination due to the occurrence of an "event of default" or a "termination event" other than "illegality" or a "tax event" (each as defined in such Hedge Agreement) attributable to any Hedge Counterparty

thereto, the Issuer and the Trustee shall take such actions (following the expiration of any applicable grace period) to enforce the rights of the Issuer and the Trustee thereunder as may be permitted by the terms of such Hedge Agreement and consistent with the terms hereof, and the Issuer (or the Collateral Manager on its behalf) shall apply the proceeds of any such actions (including the proceeds of the liquidation of any collateral pledged by such Hedge Counterparty) to enter into a replacement Hedge Agreement satisfying the Rating Condition.

The obligations of the Issuer under any Hedge Agreement are limited recourse obligations payable solely from the Collateral pursuant to the Priority of Payments.

THE ACCOUNTS

At the direction of the Collateral Manager, the Trustee shall invest and reinvest the funds held in the Interest Collection Account, the Principal Collection Account, the Expense Account, the Interest Reserve Account, the Uninvested Proceeds Account and any Hedge Counterparty Collateral Account in Eligible Investments maturing not later than the earlier of (i) 90 days after the date of such investment or (ii) the Business Day immediately preceding the next Distribution Date (or, in the absence of such direction, in Eligible Investments so maturing that are described in clause (h) of the definition thereof). All interest and other income from such investments shall be deposited in such Interest Collection Account, Principal Collection Account, Expense Account, Interest Reserve Account, Uninvested Proceeds Account or any Hedge Counterparty Collateral Account, as applicable, any gain realized from such investments shall be credited to such Interest Collection Account, Principal Collection Account, Expense Account, Interest Reserve Account, Uninvested Proceeds Account or any Hedge Counterparty Collateral Account, as applicable, and any loss resulting from such investments shall be charged to such Interest Collection Account, Principal Collection Account, Expense Account, Interest Reserve Account, Uninvested Proceeds Account or any Hedge Counterparty Collateral Account, as applicable. (The Trustee shall deposit all interest and other income, credit any gains, and charge any losses from Eligible Investments to the same Account from which funds were used to invest or reinvest in such Eligible Investments pursuant to this paragraph.) The Trustee shall not in any way be held liable by reason of any insufficiency of such Interest Collection Account, Principal Collection Account, Expense Account, Interest Reserve Account, Uninvested Proceeds Account or any Hedge Counterparty Collateral Account, as applicable, resulting from any loss relating to any such investment, except with respect to investments in obligations in which Wells Fargo Bank, N.A. is the obligor (but only to the extent of the liability of the obligor for such insufficiency).

All Accounts shall remain at all times with a federal or state-chartered depository institution with combined capital and surplus in excess of U.S.$250,000,000 and with a short-term rating of at least “A-1” by Standard & Poor’s (or a long-term rating of at least “A+” by Standard & Poor’s if such institution has no short-term rating) and a long-term debt rating of at least “Baa1” by Moody’s (and, if rated “Baa1”, not be on watch for possible downgrade by Moody’s), and if such institution’s short-term rating falls below “A-1” by Standard & Poor’s (or its long-term rating falls below “A+” by Standard & Poor’s if such institution has no short-term rating), the assets held in such Account shall be transferred within 60 calendar days to another institution that has a short-term rating of at least “A-1” by Standard & Poor’s (or which has a long-term rating of at least “A+” by S&P if such institution has no short-term rating) and a long-

term debt rating of at least "Baa1" by Moody's (and, if rated "Baa1", not be on watch for possible downgrade by Moody's) or in segregated trust accounts with the corporate trust department of a federal or state-chartered deposit institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the Code of Federal Regulation Section 9.10(b).

On or prior to the Closing Date the Trustee will have established each of the following accounts (the "Accounts"):

Interest Reserve Account

After payment of the organizational and structuring fees and expenses of the Co-Issuers (including, without limitation, the legal fees and expenses of counsel to the Co-Issuers, the Collateral Manager and the Placement Agent) and the expenses of offering the Offered Securities, on the Closing Date, U.S.$300,000 from the proceeds of the offering of the Offered Securities will be deposited by the Trustee into a single account established and maintained by the Trustee under the Indenture (the "Interest Reserve Account"). Except as provided in the Indenture, the only permitted withdrawal from or application of funds on deposit in, or otherwise standing to the credit of, the Interest Reserve Account shall be that the Collateral Manager on behalf of the Issuer may by notice to the Trustee direct the Trustee to withdraw or cause to be withdrawn such funds and designate that such funds be applied, in the Collateral Manager's sole discretion (exercised in accordance with the Collateral Manager Standard of Care) at least one Business Day prior to any of the December 2007 Distribution Date, March 2008 Distribution Date or the June 2008 Distribution Date, in any portion of the amount then standing, to the credit of the Interest Reserve Account to the Payment Account for application toward the Interest Distribution Amount of *first*, the Class A-1 Notes, *second*, the Class A-2 Notes, *third*, the Class A-3 Notes, *fourth*, the Class B Notes, *fifth*, the Class C Notes and *sixth*, the Class D Notes on the next succeeding Distribution Date; *provided* that after the June 2008 Distribution Date, all remaining funds in the Interest Reserve Account (if any) will be deposited into the Payment Account for application (x) as Interest Proceeds on the September 2008 Distribution Date for distribution to the holders of the Class A-1 Notes, if, and only to the extent, necessary for such Noteholders to receive the accrued and unpaid interest due and payable in respect of such Notes on such Distribution Date and (y) to the extent that there are any amounts remaining after application as provided in the preceding clause (x), for application as Interest Proceeds in accordance with "Description of the Notes—Priority of Payments" on the September 2008 Distribution Date.

Collection Accounts

All distributions on the Collateral Debt Securities and any proceeds received from the disposition of any such Collateral Debt Securities, to the extent such distributions or proceeds constitute Interest Proceeds, and any amounts payable to the Issuer by any Hedge Counterparty under any Hedge Agreement (other than amounts received by the Issuer by reason of an event of default or termination event under any Hedge Agreement or other comparable event that are required to be used for the purchase by the Issuer of a replacement Hedge Agreement) will be remitted to a single, segregated account established and maintained under the Indenture by the

Trustee (the "Interest Collection Account") which may be a subaccount of the Custodial Account.

All distributions on the Collateral Debt Securities and any proceeds received from the disposition of any such Collateral Debt Securities after the Closing Date to the extent such distributions or proceeds constitute Principal Proceeds will be remitted to a single, segregated account established and maintained under the Indenture by the Trustee (the "Principal Collection Account" which may be a subaccount of the Custodial Account and, together with the Interest Collection Account, the "Collection Accounts").

The Collection Accounts shall be maintained for the benefit of the Secured Parties and amounts on deposit therein will be available, together with reinvestment earnings thereon, for application in the order of priority set forth above under "Description of the Notes-Priority of Payments".

Payment Account

On or prior to the Business Day prior to each Distribution Date, the Trustee will deposit into a single, segregated account established and maintained by the Trustee under the Indenture (the "Payment Account") for the benefit of the Secured Parties all funds in the Collection Accounts required for payments to Noteholders and payments of fees and expenses in accordance with the priority described under "Description of the Notes-Priority of Payments". If amounts on deposit in the Payment Account are invested pending payments to the Noteholders on each Distribution Date, such amounts shall be invested in Eligible Investments with maturities no later than the next Distribution Date; *provided* that the Trustee shall not be under an obligation to invest amounts standing to the credit of the Payment Account.

Uninvested Proceeds Account

The Trustee shall, prior to the Closing Date, cause to be established a Securities Account which shall be designated as the "Uninvested Proceeds Account", which shall be established and maintained by the Trustee under the Indenture for the benefit of the Secured Parties, into which the Trustee shall deposit all Uninvested Proceeds (other than the organizational and structuring fees and expenses of the Co-Issuers (including the legal fees and expenses of counsel to the Co-Issuers, the Collateral Manager and the Placement Agent), the expenses of offering the Offered Securities and amounts deposited in any other Account on the Closing Date). With the exception of the next two succeeding sentences, after the Closing Date, the Trustee shall, as directed by the Collateral Manager, transfer any Uninvested Proceeds remaining on deposit in the Uninvested Proceeds Account at least one Business Day prior to the first Distribution Date after the Closing Date (excluding any amounts necessary to settle all agreements entered into by the Issuer on or prior to the Closing Date to acquire Collateral Debt Securities scheduled to settle following the Closing Date) to the Payment Account to be treated as Principal Proceeds, on the first Distribution Date. After each Additional Notes Closing Date, the Trustee shall deposit all Uninvested Proceeds (other than the organizational and structuring fees and expenses of the Co-Issuers (including the legal fees and expenses of counsel to the Co-Issuers, the Collateral Manager and the Placement Agent), the expenses of offering the Additional Class A-2 Notes and amounts deposited in any other Account on the Additional Notes Closing Date) in the

Uninvested Proceeds Account to be used solely (x) for the purchase of Collateral Debt Securities subject to the Eligibility Criteria and any other criteria set forth in the respective Additional Notes Supplemental Indenture or (y) as Principal Proceeds in accordance with the succeeding sentence. At least one Business Day prior to the third Distribution Date following each Additional Notes Closing Date, Trustee shall, as directed by the Collateral Manager, transfer any Uninvested Proceeds remaining on deposit in the Uninvested Proceeds Account to the Payment Account to be treated as Principal Proceeds on such third Distribution Date.

Expense Account

On the Closing Date, after payment of the organizational, structuring and placement fees and expenses of the Co-Issuers (including, without limitation, the legal fees and expenses of counsel to the Co-Issuers, the Collateral Manager and the Placement Agent) and the expenses of offering the Offered Securities, U.S.$850,000, of which U.S.$550,000 shall be reserved to pay any Hedge Agreement Closing Expenses, from the proceeds of the offering of the Offered Securities will be deposited by the Trustee into a single, segregated account established and maintained by the Trustee under the Indenture (the "Expense Account"). On each Distribution Date, to the extent that funds are available for such purpose in accordance with the Priority of Payments after paying actual administrative expenses for the related Due Period and subject to the Dollar limitation set forth in clause (2) under "Description of the Notes—Priority of Payments", the Trustee will deposit into the Expense Account an amount from Interest Proceeds (and, to the extent that Interest Proceeds are insufficient, from Principal Proceeds) such that the amount on deposit in the Expense Account (after giving effect to such deposit, and excluding any amount in the Expense Account reserved for any Hedge Agreement Closing Expenses) will equal U.S.$300,000. Amounts on deposit in the Expense Account may be withdrawn from time to time to pay accrued and unpaid Administrative Expenses. Any funds in the Expense Account reserved for any Hedge Agreement Closing Expenses shall only be withdrawn or applied to pay any Hedge Agreement Closing Expenses and to the extent that there are any funds reserved for the Hedge Agreement Closing Expenses in the Expense Account on the Determination Date related to the March 2009 Distribution Date, all such funds shall be applied as Interest Proceeds in accordance with the Priority of Payments on the March 2009 Distribution Date. All funds on deposit in the Expense Account will be invested in Eligible Investments. All amounts remaining on deposit in the Expense Account at the time when substantially all of the Issuer's assets have been sold or otherwise disposed of will be deposited by the Trustee into the Payment Account for application as Interest Proceeds on the immediately succeeding Distribution Date.

Custodial Account

The Trustee will, prior to the Closing Date, cause the Custodian to establish a securities account (as defined in Article 8 of the Uniform Commercial Code) which shall be designated as the "Custodial Account", which shall be held in the name of the Trustee for the benefit of the Secured Parties and into which the Trustee shall from time to time deposit Collateral. All Collateral from time to time deposited in, or otherwise standing to the credit of, the Custodial Account will be held by the Trustee as part of the Collateral and shall be applied in accordance with the terms of the Indenture.

Hedge Counterparty Collateral Account

The Trustee shall, in connection with any Hedge Agreement, cause to be established a securities account (as defined in Article 8 of the Uniform Commercial Code) which shall be designated as the "Hedge Counterparty Collateral Account", which shall be held in the name of the Trustee for the benefit of the Secured Parties. The Trustee shall deposit all collateral received from any Hedge Counterparty under any Hedge Agreement in any Hedge Counterparty Collateral Account. Any and all funds at any time on deposit in, or otherwise standing to the credit of, any Hedge Counterparty Collateral Account shall be held in trust by the Trustee for the benefit of the Secured Parties and shall be invested in Eligible Investments at the direction of the Collateral Manager. The Trustee shall not be held liable in any way by reason of any insufficiency of such Hedge Counterparty Collateral Account resulting from any loss relating to any such investment, except with respect to investments in obligations of the Bank but only to the extent of the liability of the Bank for such insufficiency. The only permitted withdrawal from or application of funds on deposit in, or otherwise standing to the credit of, any Hedge Counterparty Collateral Account shall be (i) for application to obligations of any Hedge Counterparty to the Issuer under and in accordance with any Hedge Agreement or (ii) to return collateral to such Hedge Counterparty when and as required by any Hedge Agreement.

THE COLLATERAL MANAGER

The information appearing under the heading "The Collateral Manager" has been prepared by the Collateral Manager and has not been independently verified by the Co-Issuers, the Placement Agent, the Trustee or any other person. Accordingly, none of the Co-Issuers, the Placement Agent, the Trustee nor any of their respective affiliates assume any responsibility for the accuracy, completeness or applicability of such information. The Collateral Manager accepts responsibility for the information contained in this section.

GENERAL

Commonwealth Advisors, Inc. ("Commonwealth" or the "Collateral Manager"), a Louisiana Corporation founded in 1991 with its principal offices at 247 Florida Street Baton Rouge, Louisiana 70801, will be the Collateral Manager. Commonwealth is a registered investment advisor specializing in investing in a broad range of fixed income securities, including mortgage-backed securities, corporated and government debt, distressed securities and asset-back securities. Additional information regarding the Collateral Manager can be obtained from Part II of the Collateral Manager's Form ADV, which is attached hereto as Exhibit A.

Commonwealth currently manages private investment funds, as well as separate accounts for high net worth individuals. Commonwealth's clients include municipal entities, pension funds and corporate and non-profit institutions who desire specialized fund management expertise in investment grade and non-investment grade debt securities. As of August 31, 2007, Commonwealth had approximately $550 million in assets under management.

MANAGEMENT BIOGRAPHIES

Walter A. Morales founded Commonwealth in 1991 and serves as its President and Chief Investment Officer. He is a Chartered Financial Analyst charterholder, a Certified Financial Planner and oversees the firm's active management of balanced, fixed income and distressed portfolios. Prior to the formation of Commonwealth, Mr. Morales was the Chief Investment Officer of Baton Rouge Bank's Trust division from 1989 to 1991. He served as the bank's senior investment officer and was responsible for the investment performance and operations of the Bank's trust department. Mr. Morales is an Adjunct Professor with the Ourso College of Business at Louisiana State University where he teaches fixed income & investment courses. Mr. Morales received his Master of Business Administration in 1993 and Bachelor of Science degree in 1984 from Louisiana State University.

Kevin S. Miller, Esq. joined Commonwealth in 2005 and is a Portfolio Manager and Managing Director. Prior to joining Commonwealth, Mr. Miller was a Sales Manager in the Distressed Debt Sales and Trading Group at the Bank of New York (BNY Capital) from 2001 to 2005. Mr. Miller was also employed with Credit Research and Trading, from 1995 to 2000 where he analyzed and traded distressed debt and high yield securities. Mr. Miller began his career as a Bankruptcy Attorney at Berlack, Israels and Liberman, where he represented institutional bondholders, creditor committees and corporations in all aspects of restructurings. Mr. Miller received his Bachelor of Arts degree from Washington University in 1983. He received his Juris

Doctorate from Boston University School of Law in 1986 where he was a G. Joseph Tauro Scholar.

Michael D. Perini is a Structured Credit Analyst for Commonwealth. Mr. Perini joined Commonwealth in 2004 where he focuses his efforts on the analysis and trading of structured credit securities. He is also responsible for in-house loss modeling and portfolio risk budgeting. Mr. Perini is a CFA charterholder and received a Bachelors Degree in Finance from Louisiana State University in 2004.

THE COLLATERAL MANAGEMENT AGREEMENT AND THE COLLATERAL ADMINISTRATION AGREEMENT

GENERAL

On the Closing Date, the Issuer will enter into a Collateral Management Agreement (the "Collateral Management Agreement") with the Collateral Manager. Pursuant to the Collateral Management Agreement, the Collateral Manager agrees to act as investment advisor to the Issuer and to supervise and direct the management of the Collateral Debt Securities, including making the determination of whether any Collateral Debt Security is a Credit Risk Security or a Credit Improved Security under the terms of the Indenture and the Collateral Management Agreement, selling Collateral Debt Securities in certain limited circumstances and investing funds on deposit in the Accounts in Eligible Investments and performing certain other services, on behalf of the Issuer. Such other services include (i) determining the Collateral Debt Securities to be sold and the Collateral Debt Securities to be purchased by the Issuer in connection with any Additional Notes Closing Date, (ii) effecting, through the Trustee, the purchase and sale of Collateral Debt Securities (in connection with any Additional Notes Closing Date) and Eligible Investments in accordance with the terms of the Indenture; (iii) negotiating with underlying obligors and other relevant parties of the Collateral Debt Securities as to proposed modifications, amendments or waivers of the documentation governing the Collateral Debt Securities and consenting or withholding consent with respect to such proposed modifications, amendments or waivers; (iv) waiving or electing not to exercise remedies in respect of any default with respect to any Defaulted Security; (v) voting to accelerate the maturity of any Defaulted Security; (vi) participating on behalf of the Issuer in a committee or group formed by creditors of an issuer of, or an obligor under, a Collateral Debt Security or Eligible Investment and agreeing on behalf of the Issuer to any restructuring of any Collateral Debt Security or Eligible Investment (including the acceptance of any security or other property in exchange for or in satisfaction of such Collateral Debt Security or Eligible Investment) and/or the reorganization of any Person obligated on or with respect to any Collateral Debt Security or Eligible Investment; (vii) exercising any other rights or remedies with respect to such Collateral Debt Security, Equity Security or Eligible Investment as provided in the related Underlying Instruments or taking any other action consistent with the terms of the Indenture which is in the best interests of the Noteholders; (viii) consulting with any Rating Agencies rating any of the Notes and the Collateral Debt Securities at such times as may be reasonably requested by the Rating Agencies and providing to the Rating Agencies any information reasonably requested in connection with the Rating Agencies' monitoring the acquisition and disposition of the Collateral Debt Securities; (ix) determining whether any Collateral Debt Security is a Defaulted Security, Written Down Security, Credit Risk Security or Credit Improved Security; (x) monitoring the Collateral on an ongoing basis; (xi) notifying the Trustee in writing when any Collateral Debt Security is, to the actual knowledge of the Collateral Manager, or is determined by the Collateral Manager to be, or is deemed to be, a Defaulted Security, Written Down Security, Credit Risk Security or Credit Improved Security and directing the Trustee to retain or dispose of such Collateral Debt Security; (xii) managing the Issuer's investments within the parameters set forth in the Indenture, including, without limitation, the limitations relating to the Overcollateralization Tests and the Eligibility Criteria; (xiii) notifying the Trustee and the Issuer in writing of a Default or an Event of Default under the Indenture to the extent the Collateral Manager has actual knowledge of the occurrence thereof; (xiv) assisting the Issuer in effecting early redemptions of the Notes and the

Subordinate Securities as set forth in the Indenture; (xv) executing any Hedge Agreements on behalf of the Issuer and exercising the rights and remedies of the Issuer thereunder; (xvi) cooperating and aiding as reasonably required to effectuate the listing of the Notes; and (xvii) complying with such other duties and responsibilities as may be expressly required of the Collateral Manager by the Indenture.

In addition, pursuant to the terms of the Collateral Administration Agreement between the Issuer, Wells Fargo Bank, N.A. (the "Collateral Administrator") and the Collateral Manager (the "Collateral Administration Agreement"), the Issuer will retain the Collateral Administrator to prepare certain reports with respect to the Collateral Debt Securities. Wells Fargo Bank, N.A. will receive a single fee for acting as Collateral Administrator under the Collateral Administration Agreement and as Trustee under the Indenture. Such fee will be treated as an expense of the Issuer under the Indenture and will be subject to the priorities set forth under "Description of the Notes – Priority of Payments".

COMPENSATION

As compensation for the performance of its obligations under the Collateral Management Agreement, the Collateral Manager will be entitled, to the extent of the funds available for such purpose in accordance with the Priority of Payments, to receive 60% of the Senior Management Fee on each Distribution Date and, when the Surveillance Agency Agreement has terminated in accordance with its terms, all of the Management Fees on each Distribution Date thereafter.

On any Distribution Date, the Collateral Manager may, upon notice to the Issuer and the Trustee, waive or defer receipt of its share of the Management Fees (in whole or in part) that would otherwise be due to the Collateral Manager on such Distribution Date under the Indenture until such Distribution Date in the future (if any) as the Collateral Manager shall elect to receive payment of such fees and in accordance with the Priority of Payments; *provided* that if any Overcollateralization Test is not satisfied on the Determination Date related to any Distribution Date, the Collateral Manager hereby agrees to waive its share of the Management Fees until the following Distribution Date, and no interest shall accrue on such deferred fees. Any such waiver or deferral shall be made on or prior to the Determination Date for the first Distribution Date on which such waiver or deferral will apply and shall not be revocable during the period specified in the corresponding notice; *provided, however*, that, in the event that the Collateral Manager is removed, resigns or assigns its rights under the Collateral Management Agreement to any Person, any waiver or deferral then in effect shall automatically terminate and amounts payable to the successor Collateral Manager shall revert to the full Management Fees then owed to the Collateral Manager. No portion of the Management Fees that constitute Surveillance Fees may be deferred or waived other than in accordance with the Indenture and the Surveillance Agency Agreement.

The Collateral Manager shall pay all expenses and costs incurred by it in connection with its services under the Collateral Management Agreement; *provided* that the Collateral Manager shall not be liable for and the Issuer shall be responsible for the payment of (i) the costs and expenses (including reasonable fees and disbursements of counsel and accountants) incurred by the Collateral Manager in connection with the negotiation and preparation of and the initial execution of the Collateral Management Agreement, and all matters incidental thereto, (ii) any

extraordinary expenses incurred by the Collateral Manager in the performance of its obligations under the Collateral Management Agreement, (iii) any travel, lodging and related incidental expenses incurred by the Collateral Manager in connection with monitoring or enforcing (whether or not in connection with a default or restructuring) any Collateral Debt Security that is, or that the Collateral Manager believes is, reasonably likely to become a Defaulted Security, Written Down Security, Credit Risk Security or otherwise a problem credit (including site visits and meetings with management and other relevant personnel), (iv) reasonable fees and disbursements of employing outside counsel incurred by the Collateral Manager in connection with its engagement under the Collateral Management Agreement, (v) out-of-pocket expenses incurred in effectuating purchases and Sales of Collateral Debt Securities, negotiating with the issuers of Collateral Debt Securities as to proposed modifications or waivers, and making determinations with respect to the Issuer's exercise of rights or remedies in connection with Collateral Debt Securities, in each case, incurred by the Collateral Manager in performance of its obligations under the Collateral Management Agreement, (vi) costs in connection with valuing Collateral Debt Securities pursuant to the Collateral Manager's obligations under the Collateral Management Agreement, (vii) the reasonable expenses of exercising observation rights (including through a representative) pursuant to the Collateral Management Agreement, and (viii) brokerage commissions, transfer fees, registration costs, taxes and other similar costs and transaction-related expenses and fees arising out of transactions effected for the Issuer's account, and the fees and expenses of the Administrator. Any amounts payable by the Issuer will be reimbursed by the Issuer to the extent funds are available in accordance with and subject to the limitations, conditions and priority of distribution set forth in "Description of the Notes – Priority of Payments" and will constitute Administrative Expenses of the Issuer.

INDEMNIFICATION

The Issuer will reimburse, indemnify and hold harmless the Collateral Manager, its directors, officers, stockholders, members, partners, agents and employees and any Affiliate of the Collateral Manager and its directors, officers, stockholders, members, partners, agents and employees from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys' fees and court costs), as are incurred in investigating, preparing, pursuing or defending any claim, action, proceeding or investigation with respect to any pending or threatened litigation caused by or arising from its position as Collateral Manager or out of, or in connection with, any acts or omissions of the Collateral Manager, its directors, officers, stockholders, members, partners, agents and employees made in good faith and in the performance of the Collateral Manager's duties under this Offering Circular, the Collateral Management Agreement, the Surveillance Agency Agreement, the Indenture, the Collateral Administration Agreement or the Fiscal Agency Agreement except to the extent resulting from such person's bad faith, willful misconduct, gross negligence or reckless disregard of its duties hereunder or thereunder. Notwithstanding anything contained herein to the contrary, the obligations of the Issuer in this paragraph will be payable as part of the Administrative Expenses and are subject to the availability of funds and to the conditions and priority of payments set forth under "Description of the Notes – Priority of Payments".

STANDARD OF CARE AND LIMITATION ON LIABILITY

The Collateral Manager shall use its best judgment and efforts in rendering its services under the Collateral Management Agreement on the terms and subject to the conditions thereof, using a degree of skill and attention no less than that which the Collateral Manager exercises with respect to comparable assets that it manages for itself, any of its Affiliates and for other clients in accordance with its existing practices and procedures relating to assets of the nature and character of the Collateral Debt Securities, and in a manner consistent with the practice and procedures followed by prudent institutional managers of national standing relating to the assets of the nature and character of the Collateral Debt Securities, except as expressly provided otherwise in the Collateral Management Agreement, the Indenture, the Collateral Administration Agreement or the Fiscal Agency Agreement. Subject to the immediately preceding sentence, the Collateral Manager shall generally follow its customary standards, policies, and procedures in performing its duties under the Indenture, the Fiscal Agency Agreement, the Collateral Administration Agreement, the Surveillance Agency Agreement and the Collateral Management Agreement. The Collateral Manager shall comply with all the terms and conditions of the Indenture that have been expressly delegated to it thereunder, under the Collateral Management Agreement and under the Surveillance Agency Agreement.

The Collateral Manager shall reimburse, indemnify and hold harmless the Issuer, the directors, officers, employees and agents of the Issuer and each person, if any, who controls the Issuer within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys' fees and court costs) to which the Issuer or such controlling person may become subject under the Securities Act or otherwise, as are incurred in investigating, preparing, pursuing or defending any claim, action, proceeding or investigation with respect to any pending or threatened litigation caused by or arising from: (a) any untrue statement or alleged untrue statement of any material fact, supplied by the Collateral Manager, contained in this Offering Circular under the captions “Risk Factors Relating to Conflicts of Interest and Dependence on the Collateral Manager” and “The Collateral Manager,” or any Supplemental Offering Circular; (b) the omission or alleged omission to state in this Offering Circular under the captions “Risk Factors Relating to Conflicts of Interest and Dependence on the Collateral Manager” and “The Collateral Manager,” or any Supplemental Offering Circular a material fact required to be stated therein or necessary to make the statements therein not misleading; or (c) by reason of acts constituting bad faith, willful misconduct, reckless disregard or gross negligence in the performance of its duties and obligations under the Collateral Management Agreement and under the terms of the Indenture applicable to it. The indemnity provided for in this paragraph will be in addition to any liability which the Collateral Manager may otherwise have. The Issuer will not, without the prior written consent of the Collateral Manager, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not the Collateral Manager or any person who controls the Collateral Manager is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of all of the Collateral Manager and such controlling persons from all liability arising out of such claim, action, suit or proceeding.

The Collateral Manager shall not be bound to follow any amendment to the Indenture, the Fiscal Agency Agreement, the Surveillance Agency Agreement or the Collateral Administration Agreement, however, until it has received written notice thereof and until it has received a copy of the amendment from the Issuer or the Trustee and, in addition, the Collateral Manager shall not be bound by any amendment to the Indenture, the Fiscal Agency Agreement, the Surveillance Agency Agreement or the Collateral Administration Agreement which affects the rights, obligations or compensation of the Collateral Manager unless the Collateral Manager shall have consented thereto in writing. The Issuer will agree that it will not permit any amendment to the Indenture, the Fiscal Agency Agreement, the Surveillance Agency Agreement or the Collateral Administration Agreement that affects the rights, obligations or compensation of the Collateral Manager to become effective unless the Collateral Manager has been given prior written notice of such amendment and consented thereto in writing.

ASSIGNMENT

Any assignment of the Collateral Management Agreement to any Person (other than an Affiliate to the extent described below), in whole or in part, by the Collateral Manager will require that (a) the Collateral Manager provide the Issuer with the confirmation of the satisfaction of the Rating Condition and obtain the consent of the Issuer and Holders of at least 66-2/3% of the Aggregate Outstanding Amount of the Notes (voting as a single class and excluding any Notes held by the Collateral Manager or its Affiliates in both the numerator and the denominator of any such calculation) and (b) the successor Collateral Manager satisfy the requirements for a Replacement Manager. Any assignment to an Affiliate of the Collateral Manager that does not constitute an "assignment" for purposes of Section 205(a)(2) of the Advisers Act will be permitted upon consent of the Issuer and there will be no rights of objection to such assignment by the Holders of the Notes and no requirement for satisfaction of the Rating Condition. Any assignment made in accordance with the Collateral Management Agreement by the Collateral Manager will bind the assignee hereunder in the same manner as the Collateral Manager is bound. In addition, the assignee will execute and deliver to the Issuer and the Trustee a counterpart of the Collateral Management Agreement naming such assignee as Collateral Manager. The Collateral Management Agreement will not be assigned by the Issuer without the prior written consent of the Collateral Manager, except in the case of assignment by the Issuer (i) to an entity which is an actual successor to the Issuer permitted under the Indenture, in which case such successor organization will be bound under the Collateral Management Agreement and by the terms of said assignment in the same manner as the Issuer is bound thereunder or (ii) to the Trustee as contemplated by the Granting Clauses of the Indenture.

REMOVAL OR RESIGNATION OF THE COLLATERAL MANAGER

This Collateral Manager may be removed, without payment to the Collateral Manager of any penalty, for cause upon at least thirty (30) days' prior written notice by the Issuer or the holders of at least the Majority of the Controlling Class; *provided* that in the event of termination or removal pursuant to clause (iii) of the definition of "cause" below, such termination or removal shall be automatic upon the occurrence of an event described in such clause. For this purpose, "cause" will mean the occurrence of any of the following events or circumstances: (i) a willful breach by the Collateral Manager of any provision of the Collateral Management Agreement or the Indenture applicable to it; (ii) the Collateral Manager breaches in any material

respect any provision of the Collateral Management Agreement or any terms of the Indenture applicable to it, which breach is reasonably likely to have a material adverse effect on the Holders of any Class of Notes and is not cured within thirty (30) days after the earlier of (x) the date on which any professional employee of the Collateral Manager directly involved in the performance by the Collateral Manager of its duties hereunder has actual knowledge of it and (y) the Collateral Manager's receipt from the Issuer or the Trustee of notice of such breach; or in the case of a breach that is not capable of being cured within thirty (30) days, the breach is not cured within the period in which a reasonably diligent person could cure such violation or breach (but in no event more than 90 days); (iii) the Collateral Manager: (1) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (2) makes an assignment for the benefit of its creditors, (3) applies to or consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property or assets, or (4) is adjudicated as insolvent or bankrupt, or a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Collateral Manager, or appointing a receiver, liquidator, assignee, or sequestrator (or other similar official) of the Collateral Manager or of any substantial part of its property, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; (iv) the Collateral Manager performs an action that constitutes fraud or criminal activity in the performance of its obligations under the Collateral Management Agreement; (v) the Collateral Manager or any of its principals are indicted for any felony offense; (vi) an Event of Default under the Indenture that (1) consists of a default in the payment of principal or interest on the Notes when due and payable and (2) that results primarily from any breach by the Collateral Manager of its duties under the Collateral Management Agreement or the Indenture or as a result of certain Events of Default; or (viii) (1) any representation or warranty made by the Collateral Manager in the Collateral Management Agreement or in the Indenture was incorrect in any material respect when made, (2) the Collateral Manager fails to cause such representation or warranty to be correct in all material respects within thirty (30) days of the Collateral Manager (x) becoming aware that or (y) receiving notice from the Issuer or the Trustee that, such representation or warranty was not correct when made and (3) the failure to cause such representation or warranty to be correct has a material adverse effect on the Issuer.

In determining whether the Holders of the requisite percentage of Notes or Subordinate Securities have given any direction, notice or consent with respect to a removal for cause, Notes and Subordinate Securities owned by the Collateral Manager, any Affiliate thereof and any accounts managed by the Collateral Manager or Affiliates thereof shall be disregarded and deemed not to be outstanding.

The Collateral Manager shall have the right to resign only upon ninety (90) days' prior written notice to the Issuer, the Trustee, and the Rating Agencies; *provided* that the Collateral Manager shall have the right to resign immediately upon the effectiveness of any material change in applicable laws or regulations which renders the performance by the Collateral Manager of its duties under the Indenture, the Collateral Management Agreement, the Fiscal Agency Agreement, the Surveillance Agency Agreement and the Collateral Administration Agreement to be in a violation of such laws or regulations. The Collateral Management Agreement shall

terminate automatically if the Collateral Manager assigns its rights and obligations in violation of the terms of the Collateral Management Agreement.

No removal, termination or resignation of the Collateral Manager or termination of the Collateral Management Agreement pursuant to the terms thereof will be effective unless (i) three potential successors (each a "Potential Replacement Manager") to the Collateral Manager have been selected by the Issuer (at the written direction of a Majority-in-Interest of Subordinate Securityholders) that (1) have demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager, (2) are legally qualified and have the capacity to act as Collateral Manager, (ii) SFA is selected as one of the Potential Replacement Managers; *provided* that SFA satisfies the conditions set forth in clauses (i)(1) and (i)(2) of this paragraph, (iii) the successor Collateral Manager (the "Replacement Manager") is appointed from among the Potential Replacement Managers by the Issuer (which appointment shall be given only with the consent of the Holders of at least 66-2/3% of the Aggregate Outstanding Amount of the Notes, voting as a single Class, and including Notes held by the Collateral Manager and any Affiliate thereof) within forty-five (45) calendar days after notice, (v) the Replacement Manager agrees in writing to assume all of the Collateral Manager's duties and obligations pursuant to the Collateral Management Agreement and (vi) the Rating Condition has been satisfied with respect to the appointment of such Replacement Manager. No compensation payable to the Replacement Manager from payments on the Collateral Debt Securities shall be greater than that paid to the Collateral Manager without the prior written consent of at least a Majority, in Aggregate Outstanding Amount, of Holders of each Class of the Notes. Upon the expiration of ten (10) calendar days after the date of notice of the appointment of the Replacement Manager, all authority and power of the Collateral Manager hereunder, whether with respect to the Collateral or otherwise, shall automatically and without further action by any person or entity pass to and be vested in the Replacement Manager. Upon such acceptance by the Replacement Manager, the resigning or removed Collateral Manager shall cooperate fully in such succession, including by delivering or making available books and records necessary for the ongoing administration of the Collateral Debt Securities as set forth therein. In the event that no Replacement Manager has been appointed or an instrument of acceptance by a successor Collateral Manager shall not have been delivered to the Collateral Manager pursuant to the Collateral Management Agreement within sixty (60) calendar days after the date of notice of the resignation or removal of the Collateral Manager under the Collateral Management Agreement, the resigning and removed Collateral Manager may petition a court of competent jurisdiction to appoint a Replacement Manager without the approval of the Holders of the Notes or the Subordinate Securities.

No termination of the Collateral Management Agreement will become effective until the acceptance of appointment of a successor Collateral Manager, as specified above.

CONFLICTS

In certain circumstances, the interests of the Issuer and/or the holders of the Offered Securities with respect to matters as to which the Collateral Manager is advising the Issuer may conflict with the interests of the Collateral Manager and its affiliates. See "Risk Factors Relating to Conflicts of Interest and Dependence on the Collateral Manager".

THE SURVEILLANCE AGENT

The information appearing under the heading "The Surveillance Agent" has been prepared by the Surveillance Agent and has not been independently verified by the Co-Issuers, the Placement Agent, the Collateral Manager, the Trustee or any other person. Accordingly, none of the Co-Issuers, the Placement Agent, the Collateral Manager, the Trustee nor any of their respective affiliates assume any responsibility for the accuracy, completeness or applicability of such information. The Surveillance Agent accepts responsibility solely for the information contained in this section, under the heading "The Surveillance Agent", and shall not be responsible for any other information contained in the Offering Circular. No representation or warranty, express or implied, is made by the Surveillance Agent to any Secured Party (except, with respect to the Initial Holder, to the extent expressly set forth in the Surveillance Agency Agreement) as to the accuracy or completeness of the information set forth herein, and nothing contained herein is, or shall be relied upon as, a representation or promise by the Surveillance Agent as to the past or the future. The Surveillance Agent has not independently verified any such information and it assumes no responsibility to any Secured Party (except, with respect to the Initial Holder, as expressly set forth in the Surveillance Agency Agreement) for its accuracy or completeness. Each Noteholder and Subordinate Securityholder (other than the Initial Holder) by its acceptance of an Offered Security agrees that such Noteholder or Subordinate Securityholder (i) releases the Surveillance Agent from any liability with respect to this Offering Circular and the Offered Securities and (ii) waives any right or recourse against the Surveillance Agent.

GENERAL

Structured Finance Advisors, Inc. ("SFA" or "Surveillance Agent") was founded in 1993 and is a registered investment advisor with the Securities and Exchange Commission. SFA is based in Connecticut with its offices at 30 Avon Meadow Lane, Avon, CT 06001. SFA has an exclusive focus and has developed analytical and surveillance expertise in structured finance securities, such as residential mortgage backed securities, commercial mortgage backed securities and other asset backed bonds. In addition to managing several ABS CDOs and other ABS Funds, SFA has published, for its clients, surveillance reports since 1993 that have tracked billions of dollars of ABS securities. SFA's clients use the data published by SFA's surveillance system to monitor their ABS investments.

THE SURVEILLANCE AGENCY AGREEMENT

GENERAL

On the Closing Date, the Issuer will enter into a Surveillance Agency Agreement (the "Surveillance Agency Agreement") with the Surveillance Agent and Waterfall Eden Master Fund, Ltd (the "Initial Holder"). Pursuant to Surveillance Agency Agreement, the Issuer will agree to pay the Surveillance Fees to the Surveillance Agent in consideration for the Initial Holder's agreement to purchase certain Notes and Subordinate Securities. In addition, the Issuer will agree to instruct the Collateral Manager to forward to the Surveillance Agent all copies of data that the Collateral Manager otherwise provides the Initial Holder, as a Noteholder and Subordinate Securityholder, pursuant to the Indenture. The Surveillance Agent will prepare monthly reports for the Initial Holder on the Pledged Collateral Debt Securities and distributions made with respect to the Class A Notes, Class B Notes and the Subordinate Securities, as reasonably requested by the Initial Holder. The Surveillance Agent shall not perform any services for the Issuer.

COMPENSATION

In consideration of the performance of the obligations of the Surveillance Agent hereunder, the Surveillance Agent shall be entitled to receive, at the times set forth in the Indenture and subject to the conditions and the priority of distribution provisions thereof, to the extent funds are available therefor, 40% of the Senior Management Fee and 100% of the Subordinate Management Fee, both on each Distribution Date (such payments, the "Surveillance Fees"). In addition, in certain circumstances, if the Surveillance Agency Agreement is terminated prior to the redemption in full of the Notes, the Surveillance Agent will be entitled to receive an amount equal to the excess, if any, of U.S.$1,000,000 over the aggregate amount of the Surveillance Agency Fees paid to the Surveillance Agent prior to such termination.

No portion of the Surveillance Fees may be deferred or waived (other than any deferral resulting from the operation of the Priority of Payments); *provided*, that the Collateral Manager may request with respect to any Distribution Date that the Surveillance Agent defer or waive all or a portion of the Surveillance Fees payable on such Distribution Date and, if the Surveillance Agent consents in writing thereto, the Surveillance Fees payable on such Distribution Date shall be deferred or waived (and if deferred, the amount not so paid shall be payable on the next succeeding Distribution Date and shall not accrue interest), but only to the extent and subject to any conditions set forth in such consent.

The Surveillance Agent shall pay all expenses and costs incurred by it in connection with its services under the Surveillance Agency Agreement; *provided* that (i) the Surveillance Agent will not be liable for and the Issuer will be responsible for paying costs and expenses (including reasonable fees and disbursements of counsel) incurred by the Surveillance Agent in connection with the negotiation and preparation of the initial execution of the Surveillance Agency Agreement; *provided* that the Issuer will not be responsible for any costs that exceed, in the aggregate, U.S.$25,000.

LIMITATION ON LIABILITY

The Surveillance Agent will reimburse, indemnify and hold harmless the Issuer, the directors, officers, employees and agents of the Issuer and each person, if any, who controls the Issuer within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys' fees and court costs) to which the Issuer or such controlling person may become subject under the Securities Act or otherwise, as are incurred in investigating, preparing, pursuing or defending any claim, action, proceeding or investigation with respect to any pending or threatened litigation caused by or arising from: (a) any untrue statement or alleged untrue statement of any material fact, supplied by the Surveillance Agent, contained in this Offering Circular under the caption "The Surveillance Agent", (b) the omission or alleged omission to state in the Offering Circular under the caption "The Surveillance Agent", a material fact required to be stated therein or necessary to make the statements therein not misleading, or (c) by reason of acts constituting bad faith, willful misconduct, reckless disregard or gross negligence in the performance of its duties and obligations hereunder and under the terms of the Indenture applicable to it.

The Surveillance Agent shall not be bound to follow any amendment to the Indenture until it has received written notice thereof and until it has received a copy of the amendment from the Issuer or the Trustee and, in addition, the Surveillance Agent shall not be bound by any amendment to the Indenture which affects the rights, obligations or compensation of the Surveillance Agent unless the Surveillance Agent shall have consented thereto in writing. The Issuer will agree that it will not permit any amendment to the Indenture that affects the rights, obligations or compensation of the Surveillance Agent to become effective unless the Surveillance Agent has been given prior written notice of such amendment and consented thereto in writing.

ASSIGNMENT

The Surveillance Agent will not be permitted to assign or transfer any of its rights under the Surveillance Agency Agreement (including the right to receive the Surveillance Fee) other than pursuant to a consolidation, amalgamation or merger pursuant to which the surviving entity assumes all of the obligations of the Surveillance Agent under the Surveillance Agency Agreement or delegate any of its duties under the Surveillance Agency Agreement to any other person. If SFA ceases to be the Surveillance Agent in accordance with the terms of the Surveillance Agency Agreement, all right, title and interest of SFA in the Surveillance Agency Agreement (including, without limitation, the Surveillance Fee) and its duties thereunder shall terminate and have no further force or effect except with respect to certain provisions set forth in the Surveillance Agency Agreement, such as confidentiality provisions.

REMOVAL OR RESIGNATION OF THE SURVEILLANCE AGENT

The Surveillance Agent may be removed, without payment to the Surveillance Agent of any penalty, for cause upon at least thirty (30) days' prior written notice by the Initial Holder; *provided* that in the event of removal pursuant to clause (iii) of the definition of "cause" below, such removal shall be automatic upon the occurrence of an event described in such clause. For

this purpose, "cause" will mean the occurrence of any of the following events or circumstances: (i) willful breach by the Surveillance Agent of any material provision of the Surveillance Agency Agreement applicable to it; (ii) the Surveillance Agent breaches in any material respect any provision of the Surveillance Agency Agreement applicable to it, which breach is reasonably likely to have a material adverse effect on the Initial Holder and is not cured within thirty (30) days after the earlier of (x) the date on which any professional employee of the Surveillance Agent directly involved in the performance by the Surveillance Agent of its duties hereunder has actual knowledge of it and (y) the Surveillance Agent's receipt from the Issuer, the Collateral Manager (on behalf of the Issuer) or the Initial Holder of notice of such breach; or in the case of a breach that is not capable of being cured within thirty (30) days, the breach is not cured within the period in which a reasonably diligent person could cure such violation or breach (but in no event more than 120 days); (iii) the Surveillance Agent: (1) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (2) makes an assignment for the benefit of its creditors, (3) applies to or consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property or assets, or (4) is adjudicated as insolvent or bankrupt, or a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Surveillance Agent, or appointing a receiver, liquidator, assignee, or sequestrator (or other similar official) of the Surveillance Agent or of any substantial part of its property, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days; (iv) the Surveillance Agent is indicted for or convicted of a criminal offense that constitutes fraud or criminal activity and is related to the performance of its obligations under the Surveillance Agency Agreement; (v) the Surveillance Agent or any of its principals are indicted for a felony offense materially related to advisory services with respect to its principal business and involving officers or employees engaged in the provision of services under the Surveillance Agency Agreement; or (vi) (1) any representation or warranty made by the Surveillance Agent in the Surveillance Agency Agreement was incorrect in any material respect when made, (2) the Surveillance Agent fails to cause such representation or warranty to be correct in all material respects (x) within sixty (60) days of the Surveillance Agent becoming aware that or (y) receiving notice from the Issuer, the Collateral Manager (on behalf of the Issuer) or the Initial Holder that, such representation or warranty was not correct when made and (3) the failure to cause such representation or warranty to be correct has a material adverse effect on the Initial Holder or the Issuer.

The Surveillance Agent shall have the right to resign only upon ninety (90) calendar days' prior written notice to the Initial Holder, the Issuer, the Trustee and the Collateral Manager. The Initial Holder shall have the right (exercisable upon notice to the Issuer, the Collateral Manager and Trustee) following resignation or removal of the Surveillance Agent in accordance with the terms of the Surveillance Agency Agreement to appoint another party to act as Surveillance Agent thereunder.

The Surveillance Agent resigning or being removed or terminated pursuant to the Surveillance Agency Agreement shall be entitled to be paid on the next succeeding Distribution Date all amount accruing to it before the date of such termination, resignation or removal. All

Surveillance Fees accruing after such termination, resignation or removal shall be paid to the Initial Holder until the earlier of (i) such time as the Initial Holder appoints another Surveillance Agent in accordance with the Surveillance Agency Agreement and (ii) such time as the Surveillance Agency Agreement is terminated. Upon the termination of the Surveillance Agency Agreement, all Surveillance Fees shall be paid to the Collateral Manager.

INCOME TAX CONSIDERATIONS

INTRODUCTION

The following is a summary of certain of the U.S. federal income tax and Cayman Islands tax consequences of an investment in the Offered Securities by purchasers that acquire their Offered Securities in the initial offering. The discussion and the opinions referenced below are based upon laws, regulations, rulings, and decisions currently in effect, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been, or are expected to be, sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following summary does not address all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations (except, in some circumstances, in very general terms) applicable to all categories of investors, some of which may be subject to special rules, such as Non-U.S. Holders (as such term is defined below), banks, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers in securities or currencies, electing large partnerships, cash method taxpayers, S corporations, estates and trusts, investors that hold their Notes as part of a hedge, straddle, or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address alternative minimum tax consequences, or the indirect effects on investors of equity interests in either a U.S. Holder (as such term is defined below) or a Non-U.S. Holder. In addition, this summary is generally limited to investors that will hold their Notes as "capital assets" within the meaning of Section 1221 of the Code. Investors should consult their own tax advisors to determine the Cayman Islands, U.S. federal, state, local, and other tax consequences of the purchase, ownership, and disposition of the Offered Securities.

As used herein, "U.S. Holder" or "Holder" means a beneficial holder of an Offered Security that is an individual citizen or resident of the U.S. for U.S. federal income tax purposes, a corporation or other entity taxable as a corporation created or organized in, or under the laws of, the U.S. or any state thereof (including the District of Columbia), an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or a trust for which a court within the U.S. is able to exercise primary supervision over its administration and for which one or more U.S. persons (as defined in the Code) have the authority to control all of its substantial decisions or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust. If a partnership (or other pass-through entity) holds Offered Securities, the tax treatment of a partner (or other equity holder) will generally depend upon the status of the partner (or other equity holder) and upon the activities of the partnership (or other pass-through entity). Partners of partnerships (or equity holders of other pass-thru entities) holding Offered Securities should consult their own tax advisors.

"Non-U.S. Holder" means any holder (or beneficial holder) of an Offered Security that is not a U.S. Holder.

United States Taxation of the Issuer

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

Prior to the issuance of the Offered Securities, the Issuer will receive an opinion from Sidley Austin LLP, special U.S. federal tax counsel to the Issuer, to the effect that, in its judgment, although the transaction described herein has not been the subject of any U.S. Treasury Regulation, revenue ruling or judicial decision and involves facts differing in some respects from other offerings of collateralized debt securities, the Issuer will not be treated as engaged in the conduct of a U.S. trade or business and, consequently, the Issuer will not be subject to U.S. federal income tax on a net income basis. The opinion is based on the assumption that the Issuer and other transaction parties will comply with the terms of the Indenture, the Collateral Management Agreement and the other transaction documents, as well as the accuracy of certain assumptions (including as to the accuracy of any other opinions relied upon by the Issuer in connection with its acquisition of Collateral Debt Securities) and certain representations and agreements of such parties. The opinion represents only special tax counsel's professional judgment, and is not binding on the IRS. There can be no assurance that the IRS will not assert a contrary position.

If, notwithstanding special tax counsel's opinion, it were determined that the Issuer is engaged in a U.S. trade or business and had taxable income that is effectively connected with such U.S. trade or business, then the Issuer would be subject under the Code to the regular corporate income tax on such effectively connected taxable income and to the 30% branch profits tax as well. Such taxes would reduce the amounts available to make payments on the Offered Securities. There can be no assurance that in such circumstance remaining payments on the Collateral Debt Securities would be sufficient to make timely payments of interest on the Notes or to make any distributions of dividends on the Subordinated Securities.

United States Withholding Tax

The Issuer intends to acquire the Collateral Debt Securities, the interest on which, and any gain from the sale or disposition thereof, is expected not to be subject to U.S. federal withholding tax or withholding tax imposed by other countries (unless subject to being "grossed up"). The Issuer will not, however, make any independent investigation of the circumstances surrounding the issuance of the individual assets comprising the Collateral Debt Securities and, thus, there can be no absolute assurance that in every case, payments will be received free of withholding tax. For example, if the Issuer is a CFC (as such term is defined below), the Issuer would incur U.S. federal withholding tax on interest received from a related U.S. person. In addition, distributions on Equity Securities will likely, and distributions on Defaulted Securities and securities rated below investment grade could possibly, be subject to withholding. It is not expected, however, that the Issuer will derive material amounts of any other items of income that will be subject to U.S. or foreign withholding taxes.

If withholding or deduction of any taxes from payments is required by law in any jurisdiction, the Issuer will be under no obligation to make any additional payments to any holder in respect of such withholding or deduction.

Tax treatment of U.S. Holders of the Notes

Prior to the issuance of the Notes, the Issuer will receive an opinion from Sidley Austin LLP, special U.S. federal tax counsel to the Issuer, to the effect that the Notes (other than the Class D Notes) will be treated as debt for U.S. federal income tax purposes. The Issuer will treat the Notes (including the Class D Notes) as debt for U.S. federal income tax purposes, and each U.S. Holder thereof is required to follow such treatment for U.S. federal income tax purposes unless it discloses a contrary position on its tax return.

The following discussion is based on the rules governing original issue discount ("OID") that are set forth in Sections 1271 - 1273 and 1275 of the Code and in U.S. Treasury Regulations issued thereunder (the "OID Regulations"). The OID Regulations, however, do not adequately address certain issues relevant to securities such as the Notes.

Taxation of interest income

Stated interest on the Notes that is considered "unconditionally payable" (as described below) will be includible in income by a U.S. Holder when received or accrued in accordance with such Holder's method of accounting.

If the "issue price" of any Note is less than the "stated redemption price at maturity" ("SRPM") of such Note, the excess of the SRPM over the issue price may constitute OID. The issue price of a debt instrument that is issued for money is the first price at which a substantial amount of the debt instrument is sold. In the case of a debt instrument which is not issued for money, if a substantial amount of the debt instruments in an issue is traded on an established market (as defined in U.S. Treasury Regulation Section 1.1273-2(f)), the issue price of each debt instrument in the issue is the fair market value of the debt instrument. Under a *de minimis* rule, if the excess of the SRPM of such Note over its issue price is less than one-fourth of one percent of the SRPM multiplied by the weighted average maturity determined under applicable U.S. Treasury Regulations of such Note, such Note will not be treated as issued with OID. If any Notes are in fact issued at a greater than *de minimis* discount or are otherwise treated as having been issued with OID, the excess of the SRPM of such Notes over their issue price will constitute OID. Under the Code, U.S. Holders of such Notes will be required to include the daily portions of OID, if any, in income as interest over the term of such Notes under a constant yield method that reflects the time value of money, regardless of such U.S. Holder's method of accounting and without regard to the timing of actual payments.

U.S. Holders of the Class A-1 Notes, the Class A-3 Notes and the Class B Notes will include in gross income payments of stated interest accrued or received on such Notes, in accordance with their usual method of tax accounting, as ordinary interest income from sources outside the U.S.

Debt instruments that provide for stated interest at more than one qualified floating rate or that provide for stated interest at one qualified floating rate that is not unconditionally payable at least annually are subject to special rules under the U.S. Treasury Regulations (the "VRDI Regulations") applicable to variable rate debt instruments ("VRDI's"), which require that the amount of qualified stated interest and OID be determined as follows:

Step One: Each qualified floating rate is converted to its fixed rate equivalent as of the issue date and the debt instrument is analyzed as if it were a fixed rate debt instrument having a fixed rate or rates (equal to the values of the qualified floating rate or rates as of the issue date) and otherwise having terms identical to those of the actual debt instrument. With respect to debt instruments with more than one qualified floating rate, the lowest rate of the fixed rate equivalent rates will be qualified stated interest and the difference between the lowest rate and the other rates will be treated as OID and allocated over the term of the debt instrument (assuming that such difference, plus any difference between the debt instrument's principal amount and issue price, exceeds the de minimis amount).

Step Two: Qualified stated interest and OID allocable to an accrual period must be increased or decreased if the interest actually accrued or paid during the accrual period exceeds or is less than the interest assumed to be accrued or paid during the accrual period under the equivalent fixed rate instrument. The increase or decrease is an adjustment to qualified stated interest if the increase or decrease is reflected in the amount actually paid during the accrual period. Otherwise, it is an adjustment to OID for the accrual period.

The accrual of stated interest and OID on the Class A-2 Notes will be determined according to the foregoing rules. In addition, the Issuer intends to treat all stated interest on the Class C Notes as OID because the stated interest is not unconditionally payable at least annually. The accrual of OID on the Class C Notes will also be determined according to the foregoing rules.

Because the stated interest (not including the Class D Additional Interest Amount) on the Class D Notes is not unconditionally payable at least annually, all stated interest on the Class D Notes will be treated as OID. However, because of the contingent nature of the Class D Additional Interest Amount, the method for accruing such OID, as well as for taking into account the Class D Additional Interest Amount, is uncertain. Because the Class D Notes can be accelerated by reason of prepayment of other obligations securing the Class D Notes, it appears that the U.S. Treasury Regulations concerning the treatment of contingent payment debt instruments (the "CPDI Regulations") are not applicable. However, the IRS may assert that the CPDI Regulations do apply or that the stated interest and the Class D Additional Interest Amount should be taken into account under tax accounting principles similar to those of the CPDI Regulations. Alternatively, although the VRDI Regulations do not appear to apply to the Class D Notes, the IRS could take the position that the VRDI Regulations do apply or that the stated interest on the Class D Notes should be taken into account under tax accounting principles similar to those of the VRDI Regulations, and that the Class D Additional Interest Amount should be taken into account in some other manner. In the absence of definitive guidance, U.S. Holders of the Class D Notes should take the stated interest and Class D Additional Interest Amount into account pursuant to a reasonable method that is based upon general principles of U.S. federal income tax law regarding payments of interest on a debt instrument. Under such principles, payments of interest are generally taxable as ordinary interest income at the time such payments are accrued or received in accordance with the holder's regular method of tax accounting. U.S. Holders of the Class D Notes should consult their own tax advisors regarding the tax accounting method applicable to the Class D Notes.

The Notes may be debt instruments described in Section 1272(a)(6) of the Code (debt instruments that may be accelerated by reason of the prepayment of other debt obligations securing such debt instruments). Special tax rules principally relating to the accrual of OID, market discount and bond premium apply to debt instruments described in Section 1272(a)(6) of the Code. Prospective investors should consult with their own tax advisors regarding the effects of Section 1272(a)(6) of the Code.

Because the rules relating to debt instruments having an adjustable rate of interest are limited in their application in ways that could preclude their application to the Notes, the IRS could assert that the Notes should be governed by some other method not yet set forth in regulations or should be treated as having been issued with OID. Prospective purchasers of the Notes should consult their tax advisors concerning the treatment of such Notes.

U.S. Holders who have acquired their Notes in other than a taxable purchase may be subject to different rules for accruing OID on their Notes. Such Holders should consult their tax advisors.

Alternative characterization of the Class D Notes

Although the Issuer intends to treat the Class D Notes as debt for U.S. federal income tax purposes, the IRS may attempt to recharacterize the Class D Notes as equity for U.S. federal income tax purposes. If the Class D Notes were recharacterized as equity, the rules described below under "Tax treatment of U.S. Holders of the Subordinated Securities**"** would apply to the Class D Notes. Holders of the Class D Notes should consider whether to make a protective QEF election (as described below) in light of this possibility of recharacterization.

Tax treatment of U.S. Holders of the Subordinated Securities

Passive foreign investment company rules

The Issuer will constitute a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes, and the Subordinated Securities will be subject to treatment as equity in a PFIC. In general, a U.S. Holder may desire to make an election to treat the Issuer as a "qualified electing fund" ("QEF") with respect to such U.S. Holder in order to avoid the application of certain potentially adverse U.S. tax rules (discussed below) applicable to ownership of PFIC equity by U.S. persons. Generally, a QEF election should be made with the filing of a U.S. Holder's federal income tax return for the first taxable year for which it holds Subordinated Securities. If a timely QEF election is made, an electing U.S. Holder would be required to include in gross income such Holder's *pro rata* share of the Issuer's ordinary earnings, and as long-term capital gain such Holder's *pro rata* share of the Issuer's net capital gain, if any, whether or not distributed, assuming that the Issuer does not constitute a "controlled foreign corporation" with respect to which the Holder is treated as a "U.S. Shareholder" as discussed further below. Thus, an electing U.S. Holder of Subordinated Securities may recognize income in a taxable year in amounts significantly greater than the distributions received from the Issuer on such Subordinated Securities in such taxable year, particularly because payment of interest on certain Collateral Debt Securities held by the Issuer may be

deferred. (The Issuer is required to periodically include such deferred interest in income even though the Issuer will not receive cash attributable to such interest until later periods.) In certain cases in which a PFIC does not distribute all of its earnings in a taxable year, U.S. Holders may also be permitted to elect to defer payment of some or all of the taxes on the PFIC's income subject to an interest charge on the deferred amount.

The Issuer will provide, upon request, all information and documentation that a U.S. Holder making a QEF election is required to obtain for U.S. federal income tax purposes (e.g., the U.S. Holder's *pro rata* share of ordinary income and net capital gain, and a "PFIC Annual Information Statement" as described in U.S. Treasury Regulations).

If a U.S. Holder does not make a timely QEF election, a U.S. Holder holding Subordinated Securities will generally be required to report under the PFIC rules any gain on disposition of any such securities (including any deemed disposition resulting from the use of such securities as security for a loan) as ordinary income rather than capital gain of the Issuer, and to compute the tax liability on such gain and certain "excess" distributions as if the items had been earned ratably over each day in the U.S. Holder's holding period for the securities and would be subject to the highest ordinary income tax rate for each taxable year (other than the current year of the U.S. Holder) in which the items were treated as having been earned, regardless of the rate otherwise applicable to the U.S. Holder. Such U.S. Holder would also be liable for an additional tax equal to an interest charge on the tax liability attributable to income that is treated as allocated to prior years as if such liability had actually been due in each such prior year.

In addition, the Issuer may not receive an opinion from special counsel to the issuer of one or more Collateral Debt Securities (each, an "Underlying Issuer") to the effect that such Collateral Debt Security will be indebtedness for U.S. federal income tax purposes. In the event that any Collateral Debt Security represents an equity interest in a PFIC, a U.S. Holder of Subordinated Securities will generally be subject to such adverse consequences with respect to any "excess" distributions received by the Issuer in respect of such Collateral Debt Security and gains on disposition of such Collateral Debt Security realized by the Issuer, whether or not any cash representing such distributions or gains is distributed to the U.S. Holder in respect of the Subordinated Securities.

U.S. Holders of Subordinated Securities should consider carefully whether to make QEF elections with respect to the Issuer and the potential adverse consequences of not making such elections.

Controlled foreign corporation rules

The Issuer may be classified as a controlled foreign corporation (a "CFC"). In general, a foreign corporation will constitute a CFC if more than 50% of the shares of the corporation, measured by reference to combined voting power or value, is held, directly or indirectly, by U.S. Shareholders. A "U.S. Shareholder" for this purpose is in general any U.S. person that possesses 10% or more of the combined voting power of all classes of shares of a corporation. It is possible that the IRS would assert that the Subordinated Securities are *de facto* voting securities and that U.S. Holders possessing (actually or constructively) 10% or more of the aggregate

outstanding principal amount of such Subordinated Securities are U.S. Shareholders. If this argument were successful and more than 50% of the Subordinated Securities (determined with respect to aggregate value or aggregate outstanding principal amount) are held (actually or constructively) by such U.S. Shareholders, the Issuer would be treated as a CFC. In such circumstances, any U.S. Shareholder of Subordinated Securities would be required to include income in respect of the Subordinated Securities under the CFC rules rather than the rules described above.

If the Issuer were to constitute a CFC, a U.S. Shareholder of the Issuer will be required, subject to certain exceptions, to include in gross income at the end of the taxable year of the Issuer an amount equal to that person's *pro rata* share of the "subpart F income" and certain U.S. source income of the Issuer. Among other items, and subject to certain exceptions, "subpart F income" includes interest, gains from the sale of securities, and income from certain transactions with related parties. It is likely that, if the Issuer were to constitute a CFC, all or substantially all of its income would be subpart F income.

If the Issuer were treated as a CFC, a U.S. Shareholder of the Issuer would be taxable on the subpart F income of the Issuer under rules described in the preceding paragraph and not under the PFIC rules previously described. As a result, to the extent subpart F income of the Issuer includes net capital gains, such gains would be treated as ordinary income of the U.S. Shareholder under the CFC rules, notwithstanding that the character of such gains generally would otherwise be preserved under the PFIC rules if a QEF election were made.

Distributions on the Subordinated Securities

The treatment of actual distributions of cash on Subordinated Securities, in very general terms, will vary depending on whether a U.S. Holder has made timely QEF elections as described above. See "—Passive foreign investment company rules" above. If timely QEF elections have been made, dividends should be allocated fat to amounts previously taxed pursuant to the QEF elections and to this extent would not be taxable to U.S. Holders. Distributions in excess of such previously taxed amounts will be taxable to U.S. Holders as ordinary income upon receipt, to the extent of any remaining amounts of untaxed current and accumulated earnings and profits of the Issuer. Distributions in excess of previously taxed amounts and any remaining current and accumulated earnings and profits will be treated first as a nontaxable return of capital and then as capital gain.

In the event that a U.S. Holder does not make a timely QEF election, some or all of any distributions with respect to such Holders' Subordinated Securities may constitute "excess" distributions, taxable as previously described. See "—Passive foreign investment company rules" above.

The above-described consequences may vary materially for a particular U.S. Holder to the extent the CFC rules have been or are applicable.

Sale or disposition of Notes

In general, a U.S. Holder of a Note will have a basis in such Note equal to the cost of the Note to such U.S. Holder, increased by any amount includible in income by such U.S. Holder as

OID and reduced by any payments of principal or interest on its Note (other than payments of stated interest that are not required to be included in the SRPM of such Note).

Upon the sale, exchange or retirement of a Note, a U.S. Holder will recognize taxable gain or loss, if any, generally equal to the difference between the amount realized on the sale, exchange or retirement (other than accrued stated interest that was not required to be included in the SRPM of such Note, which interest will be treated as interest paid on the Note) and such U.S. Holder's adjusted tax basis in such Note. Any such gain or loss will generally be long-term capital gain or loss if such Note was a capital asset in the hands of the U.S. Holder and had been held for the requisite period. In certain circumstances, U.S. Holders that are not corporations may be entitled to preferential treatment for net long-term capital gains. U.S. Holders should be aware that their ability to offset capital losses against ordinary income is limited.

Sale, redemption or other disposition of the Subordinated Securities

In general, and subject to the discussion below regarding U.S. Holders that do not elect to make timely QEF elections, a U.S. Holder of Subordinated Securities will recognize gain or loss upon the sale or exchange of such Subordinated Securities equal to the difference between the amount realized and such Holder's adjusted tax basis in the Subordinated Securities. Such gain or loss will generally be long-term capital gain or loss if the U.S. Holder has held the Subordinated Securities for the requisite holding period at the time of the disposition.

The tax basis of a U.S. Holder will generally equal the amount paid for its Subordinated Securities. Such basis will be increased by amounts taxable to such Holder by virtue of a QEF election, and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts.

If a U.S. Holder does not make timely QEF elections as described above, any gain realized on the sale or exchange of a Subordinated Securities (or any gain deemed to accrue prior to the time a non-timely QEF election is made) will be treated as an "excess" distribution in respect of the Issuer, taxed as ordinary income and subject to an additional tax reflecting a deemed interest charge under the special tax rules described above. See "—Passive foreign investment company rules" above.

The above-described consequences may vary materially for a particular U.S. Holder to the extent the CFC rules have been or are applicable. As a result of this and other uncertainties regarding the U.S. federal income tax consequences to U.S. Holders of Subordinated Securities and the complexity of the foregoing rules, each U.S. Holder is urged to consult its own tax advisor regarding the U.S. federal income tax consequences of the U.S. Holder's investment in the Subordinated Securities.

United States taxation of tax exempt U.S. Holders

U.S. Holders that are tax exempt entities ("Tax Exempt U.S. Holders") will not be subject to the tax on unrelated business taxable income ("UBTI") with respect to interest and capital gains income derived from an investment in the Notes. However, a Tax Exempt U.S. Holder that also acquires the Subordinated Securities (or acquires any Note recharacterized as equity in the

Issuer) should consider whether interest it receives in respect of the Notes may be treated as UBTI under rules governing certain payments received from controlled entities.

A Tax Exempt U.S. Holder generally will not be subject to the tax on UBTI with respect to regular distributions or "excess" distributions (discussed above under "—Passive foreign investment company rules") on the Subordinated Securities (or any Note recharacterized as equity in the Issuer). A Tax Exempt U.S. Holder which is not subject to tax on UBTI with respect to "excess" distributions may not make a QEF election. In addition, a Tax Exempt U.S. Holder that is subject to the rules relating to "controlled foreign corporations" with respect to the Subordinated Securities (or any Note recharacterized as equity in the Issuer) generally should not be subject to the tax on UBTI with respect to income from such Subordinated Securities (or, any Note recharacterized as equity in the Issuer).

Notwithstanding the discussion in the preceding two paragraphs, a Tax Exempt U.S. Holder that incurs "acquisition indebtedness" (as defined in Section 514(c) of the Code) with respect to the Offered Securities may be subject to the tax on UBTI with respect to income from the Offered Securities to the extent that the Offered Securities constitute "debt financed property" (as defined in Section 514(b) of the Code) of the Tax Exempt U.S. Holder. A Tax Exempt U.S. Holder subject to the tax on UBTI with respect to income from the Subordinated Securities (or any Note recharacterized as equity in the Issuer) will be taxed on "excess" distributions in the manner discussed above under "—Passive foreign investment company rules." Such a Tax Exempt U.S. Holder will be permitted, and should consider whether, to make a QEF election with respect to the Issuer as discussed above.

Tax Exempt U.S. Holders should consult with their own tax advisors regarding an investment in the Offered Securities.

United States taxation of non-U.S. Holders

In general, payments on the Offered Securities (regardless of whether such Offered Securities are debt or equity) to a Holder that is a nonresident alien individual or foreign corporation for U.S. federal income tax purposes (a "Non-U.S. Holder"), and gain realized on the sale, exchange or redemption of the Offered Securities by such Non-U.S. Holder, will not be subject to U.S. federal income or withholding tax, as the case may be, unless such income is effectively connected with a trade or business conducted by such Non-U.S. Holder in the U.S. or, in the case of gain, such Non-U.S. Holder is a nonresident alien individual who holds the Offered Securities as a capital asset and who is present in the U.S. for 183 days or more during the taxable year of the sale and certain other conditions are satisfied.

Withholding, information reporting and related matters

Information reporting to the IRS generally will be required with respect to payments of principal and interest (including any OID) on the Offered Securities and proceeds of the sale of the Offered Securities to Holders other than corporations and other exempt recipients. A "backup" withholding tax at rates prescribed below will generally apply to those payments if such Holder fails to provide certain identifying information (such as such Holder's taxpayer identification number) to the Trustee. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid

the application of such information reporting requirements and backup withholding. The IRS has adopted regulations (the "Withholding Regulations") that affect the procedures to be followed by a Non-U.S. Holder in establishing such Non-U.S. Holder's non-U.S. status for the purpose of the withholding rules. Prospective investors should consult their tax advisors concerning the adoption of the Withholding Regulations and the effect of such adoption on their ownership of Offered Securities.

Transfer reporting requirements for Holders of Subordinated Securities

A U.S. Holder (including a U.S. tax-exempt entity) that acquires equity of a non-U.S. corporation (such as the Subordinated Securities) at issuance may be required to file a Form 926 or a similar form with the IRS. In the event that a U.S. Holder fails to file any such required form, the U.S. Holder could be subject to a penalty (generally up to a maximum of U.S.$100,000), computed in the amount of 10% of the fair market value of the Subordinated Securities purchased by such U.S. Holder.

Cayman Islands Tax Considerations

Under existing Cayman Islands laws:

(a) Payments of amounts with respect to the Notes will not be subject to taxation in the Cayman Islands, and no withholding will be required on these payments to any holder of a Note. 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.

(b) Certificates evidencing the Notes, in registered form, to which title is not transferable by delivery should not attract Cayman Islands stamp duty, provided such certificate is not brought into the Cayman Islands. However, an instrument transferring title to a Note, if brought into, or executed in, the Cayman Islands would be subject to Cayman Islands stamp duty.

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

The Tax Concessions Law
(1999 Revision)
Undertaking as to Tax Concessions

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

Collybus CDO I Ltd. (the "Company")

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

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

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

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

These concessions shall be for a period of twenty years from the date of issue of this undertaking.

Governor in cabinet

The Cayman Islands does not have an income tax treaty arrangement with the United States of America, the United Kingdom or any other country.

ERISA CONSIDERATIONS

GENERAL

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

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Any discussion of U.S. federal tax issues set forth in this Memorandum was written in connection with the promotion and marketing by the Issuer and the Placement Agent. Such discussion is not intended or written to be legal or tax advice to any person and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any U.S. federal tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

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Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" 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.

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.

The U.S. Department of Labor has promulgated regulations, 29 C.F.R. Section 2510.3-101 (the "Plan Asset Regulations"), as modified by Section 3(42) of ERISA, 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 Notes are acquired with the assets of a Plan with respect to which the Issuer, the Co-Issuers, the Placement Agent, the Trustee, the Collateral Manager 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 Notes for adequate consideration, provided such service provider is not (i) not the fiduciary with respect to the Plan's assets used to acquire the Notes or an affiliate of such fiduciary or (ii) an affiliate of the employer sponsoring the Plan. There can be no assurance that any of these Investor-Based Exemptions or any other administrative or statutory exemption will be available with respect to any particular transaction involving the Notes.

Any insurance company proposing to invest assets of its general account in 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 Securities 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.

PURCHASE OF THE CLASS A NOTES AND THE CLASS B 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. Although there is little guidance on the subject, at the time of their issuance, the Issuer believes that the 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 Class A Notes and the Class B Notes will be classified as debt for U.S. federal income tax purposes when issued and (ii) the traditional debt features of the Class A Notes and the Class B Notes, including the reasonable expectation of purchasers of the Notes that they will be repaid when due, as well as the absence of traditional equity features such as: conversion rights or warrants. Based upon and subject to the foregoing and other considerations, and subject to the considerations described below, the Class A Notes and the Class B Notes may be purchased by a Plan. Nevertheless, without regard to whether the Class A Notes or the Class B 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 Notes are acquired with the assets of an ERISA Plan with respect to which the Issuer, the Placement Agent or the Trustee or in certain circumstances, any of their respective affiliates, is a party in interest or a disqualified person. The Investor-Based Exemptions or some other applicable administrative or statutory exemption may be available to cover such prohibited transactions.

By its purchase of any Class A Notes or Class B Notes, each purchaser and subsequent transferee thereof will be deemed to have represented and warranted 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, as modified by Section 3(42) of ERISA) by reason of a 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 ("Similar 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 Class A Note or Class B 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, cause a non-exempt violation of any Similar Law).

PURCHASE OF THE CLASS C NOTES AND CLASS D NOTES

Although there is no authority directly on point, the Class C Notes and the Class D Notes may be considered equity investments for the purposes of the Plan Asset Regulations. Accordingly, purchases of the Class C Notes and Class D Notes by Benefit Plan Investors from the Placement Agent or the Issuer and any subsequent purchases of the Class C Notes and Class D Notes by Benefit Plan Investors will be limited to less than 25% of the value of each of the Class C Notes and the Class D Notes by requiring each purchaser to agree to certain transfer restrictions regarding their status as Benefit Plan Investors or Controlling Persons.

In this regard, no Class C Notes or Class D Notes may be transferred to any Benefit Plan Investor other than an insurance company acting on behalf of its general account, provided (i) the purchase and holding of the Class C Notes or D Notes, as applicable, or any interest therein are eligible for exemptive relief under PTCE 95-60, (ii) less than 25% of the assets of such general account constitutes "plan assets" subject to Title I of ERISA or Section 4975 of the Code, (iii) it is not a person who has discretionary authority or control with respect to the assets of the Issuer or a person who provides investment advice for a fee (direct or indirect) with respect to such assets or an affiliate of such a person and (iv) it agrees that if, after its initial acquisition of Class

C Notes or any interest therein, at any time during any month 25% or more of the assets of such general account constitute such "plan assets" then such insurance company shall, in a manner consistent with the restrictions on transfer set forth in the Indenture, dispose of all of the Class C Notes, Class D Notes or any other class of equity interest in the Issuer, and any interest therein, held in its general account by the end of the next following month. In addition, in the case of the acquisition of a Class C Notes or Class D Notes by a governmental, church, non-U.S. or other plan which is subject to any Similar Law, the purchase, holding and disposition of the Class C Notes or Class D Note, as applicable, may not cause a non-exempt violation of Similar Law.

OTHER CONSIDERATIONS

If for any reason the assets of the Issuer are deemed to be "plan assets" of a Plan (because one or more Plans is an owner of a Note characterized as an "equity interest" in the Issuer), certain transactions that the Collateral Manager might enter into, or may have entered into, on behalf of the Issuer 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 Collateral Manager could be deemed to be an ERISA fiduciary and 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 limits delegation of investment management responsibilities by fiduciaries of ERISA Plans, would be satisfied.

Any Plan fiduciary or other person who proposes to use assets of any Plan 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 Plan or other employee benefit plan, and is in no respect a representation by the Issuer, the Placement Agent or the Collateral Manager that such an investment meets all relevant legal requirements or is appropriate with respect to investments by Plans or benefit plan investors generally or any particular Plan or benefit plan investors.

PLAN OF DISTRIBUTION

The Issuer and Cantor Fitzgerald Securities ("Cantor Securities") have entered into a securities purchase agreement (the "Cantor Purchase Agreement") relating to the purchase and sale of the Placement Notes. Upon the terms and subject to the conditions of the Cantor Purchase Agreement, Cantor Securities will purchase all of the Placement Notes. The Class A Notes and the Class B Notes may subsequently be offered through the Placement Agent, including affiliates of the Placement Agent, such as Cantor Fitzgerald Europe, to prospective investors from time to time in individually negotiated transactions at varying prices to be determined at the time of sale (a) in the United States in reliance upon an exemption from the registration requirements of the Securities Act to Qualified Purchasers who are also either (i) Qualified Institutional Buyers or (ii) outside the United States to persons who are not U.S. persons (as defined in Regulation S) in offshore transactions in reliance on Regulation S under the Securities Act and, in each case, in accordance with applicable laws. The Placement Agent (or its affiliates) may effect such transactions by sales to or through certain dealers. Such dealers may receive compensation in the way of discounts, concessions or commissions from the Placement Agent and/or commissions from any purchasers for which they act as agent.

Purchasers of Class A Notes and Class B Notes sold outside the United States 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 price paid by investors for the Notes.

The Notes are new securities for which there currently is no market. The Placement Agent has advised the Issuer that it may make a market in the Class A Notes and Class B Notes as permitted by applicable law. The Placement Agent is not obligated, however, to make a market in the Class A Notes or Class B Notes and any such market-making may be discontinued at any time at the sole discretion of he Placement Agent. Accordingly, no assurance can be given as to the development or liquidity of any market for the Class A Notes or the Class B Notes.

The Placement Agent has represented and agreed that: (i) 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 Financial Services and Markets Act 2000 (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 (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), the Placement Agent 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 Offered Securities which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than: (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised 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; (iii) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, *provided* that no such offer of Offered Securities shall require the Issuer or the Placement Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive. For the purposes of this paragraph, the expression an "offer of Offered Securities to the public" in relation to any Offered Securities 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 Offered Securities to be offered so as to enable an investor to decide to purchase or subscribe the Offered Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

In addition, in connection with the issuance of any Class A Notes or Class B Notes, the Placement Agent (the "Stabilizing Manager") (or persons acting on behalf of the Stabilizing Manager) may over-allot the Class A Notes or Class B Notes (*provided*, that the aggregate principal amount of the Class A Notes or Class B Notes allotted does not exceed 105% of the aggregate principal amount of the Class A Notes or Class B Notes, respectively) or effect transactions with a view to supporting the market price of the Class A Notes or Class B Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Class A Notes or Class B Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the issue date of the Offered Securities and sixty (60) days after the date of the allotment of the Class A Notes or Class B Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager (or person(s) acting on behalf of the Stabilizing Manager) in accordance with all applicable laws and rules.

U.S.$60,000,000 of the Class A-1 Notes, U.S.$44,500,000 of the Class A-2 Notes, U.S.$44,800,000 of the Class A-3 Notes, U.S.$47,250,000 of the Class B Notes and U.S.$9,612,186.27 of the Subordinate Securities will be sold by the Co-Issuers directly to entities advised by Waterfall Asset Management, LLC ("Waterfall") pursuant to, and subject to the terms and conditions set forth in a securities purchase agreement (the "Waterfall Purchase Agreement"). The Class C Notes, Class D Notes and U.S.$50,970,971.40 of the Subordinate Securities will be sold by the Co-Issuers directly to entities advised by Commonwealth pursuant to, and subject to the terms and conditions set forth in a securities purchase agreement (the "Commonwealth Purchase Agreement").

CERTAIN SELLING RESTRICTIONS

UNITED STATES

The Offered Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from the registration requirements under the Securities Act.

(1) In the Placement Agreement, the Placement Agent will represent and agree that it has not offered or sold Class A Notes or Class B Notes and will not offer or sell Class A Notes or Class B Notes except to persons who are not U.S. Persons in accordance with Rule 903 of Regulation S or as provided in paragraph (2) below. Accordingly, the Placement Agent will represent and agree that neither it, its affiliates (if any) nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to Class A Notes or Class B Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S.

(2) In the Placement Agreement, the Placement Agent will agree that it will not, acting either as principal or agent, offer or sell any Class A Notes or Class B Notes in the United States other than Class A Notes and Class B Notes in registered form bearing a restrictive legend thereon, and it will not, acting either as principal or agent, offer, sell, reoffer or resell any of such Class A Notes or Class B Notes (or approve the resale of any of such Class A Notes or Class B Notes):

> (a) except (1) inside the United States through a U.S. broker dealer that is registered under the Exchange Act to investors each of which the Placement Agent reasonably believes is a Qualified Institutional Buyer that has such knowledge and experience in financial and business matters that it is capable of evaluating and bearing the risks of investing in the Offered Securities or is represented by a fiduciary or agent with sole investment discretion having such knowledge and experience) that is also a Qualified Purchaser or (2) otherwise in accordance with the restrictions on transfer set forth in such Class A Notes, the Cantor Purchase Agreement and this *Offering Circular*; or
>
> (b) by means of any form of general solicitation or general advertisement, including but not limited to (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio and (2) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

Prior to the sale of any Class A Notes or Class B Notes in registered form bearing a restrictive legend thereon, the Placement Agent shall have provided each offeree that is a U.S. Person with a copy of the *Offering Circular* in the form the Issuer and the Placement Agent shall have agreed most recently shall be used for offers and sales in the United States.

(3) In the Placement Agreement, the Placement Agent will represent and agree that in connection with each sale it has taken or will take reasonable steps to ensure that the purchaser is

aware that the Class A Notes and the Class B Notes have not been and will not be registered under the Securities Act and that transfers of Offered Securities are restricted as set forth herein.

UNITED KINGDOM

The Placement Agent has represented and agreed that: (i) 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 Financial Services and Markets Act 2000 (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 (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom.

CAYMAN ISLANDS

The Placement Agent will represent and agree that it has not made and will not make any invitation to the public in the Cayman Islands to subscribe for any of the Offered Securities.

EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), the Placement Agent 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 Offered Securities which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than: (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised 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; (iii) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, *provided* that no such offer of Offered Securities shall require the Issuer or the Placement Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive. For the purposes of this paragraph, the expression an "offer of Offered Securities to the public" in relation to any Offered Securities 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 Offered Securities to be offered so as to enable an investor to decide to purchase or subscribe the Offered Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

GENERAL

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

Purchasers of the Offered Securities may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the purchase price.

Purchasers of the Offered Securities will be required, as a condition to payment of amounts on the Offered Securities without the imposition of withholding tax, to provide certain certifications with respect to any applicable taxes or reporting requirements of the United States or the Cayman Islands.

CLEARING SYSTEMS

GLOBAL NOTES

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

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

PAYMENTS OR DISTRIBUTIONS ON A GLOBAL NOTE

Payments or distributions on an individual Global Note registered in the name of a depository or its nominee will be made to the depository or its nominee, as the case may be, as the registered owner of the Global Note. None of the Issuer, the Trustee, the Note Registrar, the Subordinate Security Registrar, the Fiscal Agent and any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

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

TRANSFERS AND EXCHANGES FOR DEFINITIVE NOTES

Interests in a Global Note will be exchangeable or transferable, as the case may be, for a Definitive Security if (a) DTC notifies the Issuer that it is unwilling or unable to continue as depository for such Security, (b) DTC ceases to be a "Clearing Agency" registered under the Exchange Act, and a successor depository is not appointed by the Issuer within 90 days, (c) the transferee of an interest in such Global Note is required by law to take physical delivery of securities in definitive form, (d) in the case of a Global Note, there is an Event of Default under the Notes or (e) the transferee is otherwise unable to pledge its interest in a Global Note. Because DTC can only act on behalf of Participants, which in turn act on behalf of indirect Participants and certain banks, the ability of a person having a beneficial interest in a Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may require that such interest in a Global Note be exchanged for a Definitive Security.

Upon the occurrence of any of the events described in the preceding sentence, the Issuer will cause Definitive Notes bearing an appropriate legend regarding restrictions on transfer to be delivered. The Trustee shall not execute and deliver a Definitive Security without such specified legend, unless there is delivered to the Issuer and the Trustee such satisfactory evidence, which may include an opinion of U.S. counsel, as may reasonably be required by the Issuer or the Trustee that neither such legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act or the Investment Company Act. Definitive Notes will be exchangeable or transferable for interests in other Definitive Notes as described herein. See "Denomination, Registration and Transfer form of Offered Securities".

CROSS-BORDER TRANSFERS AND EXCHANGES

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

Because of time zone differences, cash received in Euroclear or Clearstream as a result of sales of interests in a Regulation S 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 Co-Issuers that it will take any action permitted to be taken by a holder of the relevant Offered Security (including, without limitation, the presentation of such Offered Security for exchange as described above) only at the direction of one or more Participants to whose account with the DTC interests in the related Global Note are credited and only in respect of such portion of the Aggregate Outstanding Amount of the Notes or of the principal or face amount of the Subordinate Securities (as the case may be) as to which such Participant or Participants has or have given such direction.

DTC, EUROCLEAR AND CLEARSTREAM

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

The information herein concerning DTC, Clearstream and Euroclear and their book-entry systems has been obtained from sources believed to be reliable, but none of the Co-Issuers, the Collateral Manager or the Placement Agent take any responsibility for the accuracy or completeness thereof.

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

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of Offered Securities.

Representations by Original Purchaser

Each Original Purchaser of an Offered Security or any beneficial interest therein will be deemed to acknowledge, represent to and agree with, in the case of the Co-Issued Notes, the Co-Issuers or, in the case of the Subordinate Securities, the Issuer, as follows:

(1) *No Governmental Approval*. The purchaser understands that the Offered Securities have not been approved or disapproved by the SEC or any other governmental authority or agency of any jurisdiction and that neither the SEC nor any other governmental authority or agency has passed upon the accuracy or adequacy of this *Offering Circular*. The purchaser further understands that any representation to the contrary is a criminal offense.

(2) *Certification Upon Transfer*. If required by the Indenture or the Fiscal Agency Agreement, the purchaser will, prior to any sale, pledge or other transfer by it of any Offered Security (or any interest therein), deliver to the Issuer and the Note Registrar (or, in the case of a Subordinate Security, the Fiscal Agent) duly executed transferor and transferee certifications in the form of the relevant exhibit attached to the Indenture or the Fiscal Agency Agreement, as applicable, and such other certificates and other information as the Issuer, the Trustee (in the case of the Notes) or the Fiscal Agent (in the case of the Subordinate Securities) may reasonably require to confirm that the proposed transfer complies with the transfer restrictions contained in this *Offering Circular* and in the Indenture or the Fiscal Agency Agreement, as applicable.

(3) *Minimum Denomination or Number*. The purchaser agrees that no Note (or any interest therein) may be sold, pledged or otherwise transferred in a denomination of less than the applicable minimum denomination set forth herein.

(4) *Securities Law Limitations on Resale*. The purchaser understands that the Offered Securities have not been registered under the Securities Act and, therefore, cannot be offered or sold in the United States or to U.S. Persons unless they are registered under the Securities Act or unless an exemption from registration is available and that the certificates representing the Offered Securities will bear a legend setting forth such restriction. The purchaser understands that neither the Issuer nor (in the case of the Co-Issued Notes) the Co-Issuer has any obligation to register the Offered Securities under the Securities Act or to comply with the requirements for any exemption from the registration requirements of the Securities Act (other than to supply information specified in Rule 144A (d)(4) of the Securities Act as required by the Indenture).

(5) *Investment Intent*. In the case of a purchaser of a Restricted Security (or any interest therein), it is a Qualified Institutional Buyer (unless such beneficial owner is an Accredited Investor that purchased such Restricted Security or interest therein directly from the Co-Issuers), that in each case is a Qualified Purchaser, and it is acquiring such

Restricted Security for its own account for investment purposes and not with a view to the distribution thereof (except in accordance with Rule 144A). In the case of a purchaser of a Regulation S Security (or any interest therein), it is not a U.S. Person and is purchasing such Regulation S Security (or interest therein) for its own account and not for the account or benefit of a U.S. Person in an offshore transaction in accordance with Regulation S.

(6) *Purchaser Sophistication; Non-Reliance; Suitability; Access to Information*. The purchaser (a) has such knowledge and experience in financial and business matters that the purchaser is capable of evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of its prospective investment in Offered Securities, (b) is financially able to bear such risk, (c) in making such investment, is not relying on the advice or recommendations of the Placement Agent, the Issuer, the Co-Issuer, the Collateral Manager or any of their respective affiliates (or any representative of any of the foregoing) (*provided* that no such representation is made with respect to the Collateral Manager or its investment advisory affiliates, by any affiliate of the Collateral Manager or any account advised or managed by the Collateral Manager or any of its investment advisory affiliates) and (d) has determined that an investment in Offered Securities is suitable and appropriate for it. The purchaser has received and reviewed the contents of, this *Offering Circular*. The purchaser has had access to such financial and other information concerning the Issuer and the Offered Securities as it has deemed necessary to make its own independent decision to purchase Offered Securities, including the opportunity, at a reasonable time prior to its purchase of Offered Securities, to ask questions and receive answers concerning the Issuer, the Co-Issuer and the terms and conditions of the offering of the Offered Securities.

(7) *Certain Resale Limitations*. The purchaser is aware that no Offered Security (nor any interest therein) may be offered or sold, pledged or otherwise transferred:

(a) in the United States or to a U.S. Person, except to a transferee (i) whom the seller reasonably believes is a Qualified Institutional Buyer, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (ii) that is a Qualified Purchaser;

(b) to a transferee acquiring an interest in a Regulation S Global Note except to a transferee that is not a U.S. Person and is acquiring such interest in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 903 or Rule 904 of Regulation S; or

(c) except in compliance with the other requirements set forth in the Indenture, the Fiscal Agency Agreement (as applicable), the Notes or the Subordinate Securities and in accordance with any other applicable securities laws of any relevant jurisdiction.

(8) *Limited Liquidity*. The purchaser understands that there is no market for the Offered Securities and that there can be no assurance that a secondary market for any of the Offered Securities will develop, or if a secondary market does develop, that it will provide the holders of such Offered Securities with liquidity of investment or that it will continue for the life of the Offered Securities. It further understands that, although the Placement Agent may from time to time make a market in one or more Classes of Notes or Subordinate Securities, the Placement Agent is under no obligation to do so and, following the commencement of any market-making, may discontinue the same at any time. Accordingly, the purchaser must be prepared to hold its Offered Securities for an indefinite period of time or until the applicable Stated Maturity.

(9) *Investment Company Act*. The purchaser either (a) is not a U.S. Person or (b) is a Qualified Purchaser. The purchaser agrees that no sale, pledge or other transfer of an Offered Security (or any interest therein) may be made (i) to a transferee acquiring a Restricted Security (or any interest therein) except to a transferee that is a Qualified Purchaser, (ii) to a transferee acquiring a Regulation S Security (or any interest therein) except to a transferee that is not a U.S. Person or (iii) if such transfer would have the effect of requiring either of the Co-Issuers or the Collateral to be registered as an investment company under the Investment Company Act. If the purchaser is a U.S. Person that is an entity that would be an investment company but for the exception provided for in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act (any such entity, an "excepted investment company") (a) all of the beneficial owners of outstanding securities (other than short-term paper) of such entity (such beneficial owners determined in accordance with Section 3(c)(1)(A) of the Investment Company Act) that acquired such securities on or before April 30, 1996 ("pre-amendment beneficial owners") and (b) all pre-amendment beneficial owners of the outstanding securities (other than short-term paper) of any excepted investment company that, directly or indirectly, owns any outstanding securities of such entity, have consented to such entity's treatment as a Qualified Purchaser in accordance with the Investment Company Act.

(10) *ERISA*. In the case of a Class A Note or Class B Note, or any interest therein (A) the purchaser or transferee is not a Plan or an entity whose underlying assets include "plan assets" (within the meaning of 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA) by reason of such 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 or (B) if the purchaser is an entity described in (A), the purchase, holding and disposition of such 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, non-U.S. or other plan, cause a non-exempt violation of any substantially similar federal, state, local or non-U.S. law). Any purported transfer of such Note, or interest therein to a purchaser or transferee that does not comply with the requirements of this paragraph shall be null and void ab initio.

In the case of a Class C Note or Class D Note, or any interest therein, the purchaser is not a Benefit Plan Investor, other than an insurance company acting on behalf of its general account, *provided* (i) the purchase and holding of the Class C Note

or Class D Note or any interest therein, are eligible for exemptive relief under PTCE 95-60, (ii) less than 25% of the assets of such general account constitutes "plan assets" subject to Title I of ERISA or Section 4975 of the Code, (iii) it is not a person who has discretionary authority or control with respect to the assets of the Issuer or a person who provides investment advice for a fee (direct or indirect) with respect to such assets or an affiliate of such a person and (iv) it agrees that if, after its initial acquisition of the Class C Note or Class D Note or any interest therein, at any time during any month 25% or more of the assets of such general account constitute such "plan assets" then such insurance company shall, in a manner consistent with the restrictions on transfer set forth in the Indenture, dispose of all of the Class C Notes or Class D Notes or any other class of equity interest in the Issuer, and any interest therein, held in its general account by the end of the next following month. In addition, in the case of the acquisition of a Class C Note or Class D Note by 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, the purchase, holding and disposition of the Class C Note or Class D Note will not cause a non-exempt violation of such substantially similar law.

(11) *Limitations on Flow-Through Status*. It is (a) not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle) and (b) if it is a Qualifying Investment Vehicle, (x) it has only one class of securities outstanding (other than any nominal share capital the distributions in respect of which are not correlated to or dependent upon distributions on, or the performance of, the Offered Securities) and (y) either (1) none of the beneficial owners of its securities is a U.S. Person or (2) some or all of the beneficial owners of its securities are U.S. Persons and each such beneficial owner has certified to the purchaser that such owner is a Qualified Purchaser. A purchaser is a "Flow-Through Investment Vehicle" if: (i) in the case of a purchaser that would be an investment company but for the exception in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act, the amount of the purchaser's investment in the Offered Securities exceeds 40% of the total assets (determined on a consolidated basis with its subsidiaries) of the purchaser, (ii) any person owning any equity or similar interest in the purchaser has the ability to control any investment decision of the purchaser (other than a general partner or similar entity) or to determine, on an investment-by-investment basis, the amount of such person's contribution to any investment made by the purchaser, (iii) the purchaser was organized or reorganized for the specific purpose of acquiring any Offered Securities or (iv) additional capital or similar contributions were specifically solicited from any person owning an equity or similar interest in the purchaser for the purpose of enabling the purchaser to purchase any Notes or Subordinate Securities. A "Qualifying Investment Vehicle" means an entity as to which all of the beneficial owners of any securities issued by such entity have made, and as to which (in accordance with the document pursuant to which such entity was organized or the agreement or other document governing such securities) each such beneficial owner must require any transferee of any such security to make each of the representations set forth in this *Offering Circular* and/or the transfer certificate pursuant to which such Offered Securities were transferred to such entity (in each case, with appropriate modifications to reflect the indirect nature of the interests of such beneficial owners in the Offered Securities).

(12) *Certain Transfers Void*. The purchaser agrees that (a) any sale, pledge or other transfer of an Offered Security (or any interest therein) made in violation of the transfer restrictions contained in this *Offering Circular* and the Indenture or the Fiscal Agency Agreement, as applicable, or made based upon any false or inaccurate representation made by the purchaser or a transferee to the Issuer, will be void and of no force or effect and (b) none of the Issuer, the Co-Issuer, the Trustee, the Note Registrar (in the case of the Notes) and the Subordinate Security Registrar (in the case of the Subordinate Securities) and neither the Issuer nor the Fiscal Agent (in the case of the Subordinate Securities) has any obligation to recognize any sale, pledge or other transfer of an Offered Security (or any interest therein) made in violation of any such transfer restriction or made based upon any such false or inaccurate representation.

(13) *Reliance on Representations, etc*. The purchaser acknowledges that the Issuer, the Co-Issuer, the Placement Agent, the Trustee, the Note Registrar, the Fiscal Agent and others (as applicable) will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties by it in connection with its purchase of the Offered Securities are no longer accurate, the purchaser will promptly notify the Issuer and the Placement Agent.

(14) *Cayman Islands*. The purchaser is not a member of the public in the Cayman Islands.

(15) *Tax Treatment*. The purchaser acknowledges that it is its intent as well as the intent of the Issuer to treat the Notes as indebtedness of the Issuer and not of the Co-Issuer and the Subordinate Securities as equity in the Issuer and not in the Co-Issuer for U.S. federal income tax purposes. The purchaser further agrees to report all income (or loss) in accordance with such treatment and not to take any action inconsistent with such treatment.

(16) *Legend for Co-Issued Notes*. Each purchaser of a Co-Issued Note (or any beneficial interest therein) understands and agrees that a legend in substantially the following form will be placed on each Co-Issued Note:

Neither this Note nor beneficial interests in this Note have been or are expected to be registered under the United States Securities Act of 1933 (the "Securities Act"), the securities laws of any state of the United States, or the securities laws of any other jurisdiction, and Collybus CDO I Ltd. (the "Issuer") has not registered and does not intend to register as an investment company under the United States Investment Company Act of 1940 (the "Investment Company Act"), in reliance on the exclusion to the definition of investment company provided by Section 3(c)(7) of the Investment Company Act. Neither this Note nor any beneficial interests in this Note may be reoffered, resold, pledged, exchanged, or otherwise transferred in violation of the Securities Act or any other securities laws.

The Holder of this Note by accepting this Note, represents, warrants, acknowledges, and agrees, and each person that purchases or otherwise acquires a beneficial interest in this Note (a "Beneficial Owner"), by purchasing or otherwise acquiring its interest, is deemed to represent, warrant, acknowledge, and agree, for the benefit of the Issuer, that neither it nor any person it is

acting for will reoffer, resell, pledge, exchange or otherwise transfer this Note or any beneficial interest in this Note except in compliance with the Securities Act and other applicable securities laws. Transfers and exchanges by a Holder or Beneficial Owner that comply with the Securities Act include transfers and exchanges:

(a) to a person that is a U.S. person ("U.S. Person") as defined in Regulation S under the Securities Act ("Regulation S") that it reasonably believes to be both a qualified institutional buyer ("QIB"), as defined in Rule 144A under the Securities Act ("Rule 144A"), and a qualified purchaser ("QP"), as defined in Section 2(a)(51)(A) of the Investment Company Act, or in the rules and regulations under Section 2(a)(51)(B) of the Investment Company Act, in a transaction meeting the requirements of Rule 144A (in which case it will inform the person that the transfer is being made in reliance on Rule 144A);

(b) to a person that is not a U.S. Person in a transaction exempt from or not subject to the registration requirements of the Securities Act and any other applicable securities laws, taking delivery of the exchange or transfer of the beneficial interest in the form of a beneficial interest in a Regulation S Global Note in an offshore transaction, as defined in Regulation S ("Offshore Transaction");

(c) [only in Definitive Note**—in a transaction that has received the prior written authorization of the Issuer**]**;**

(d) to the Issuer or Cantor Fitzgerald & Co. and any other agent of the Issuer appointed for the offering of any Securities (each, a "Dealer" and, collectively, the "Dealers");

The Holder of this Note, by accepting this Note, represents, warrants, acknowledges, and agrees, and each Beneficial Owner, by purchasing or otherwise acquiring a beneficial interest in this Note, is deemed to represent, warrant, acknowledge, and agree, for the benefit of the Issuer, that:

(a) It is described in one or more of the clauses in this subparagraph (a) (an "Authorized Holder"):

(i) [only in Restricted Global Note and Definitive Note—**it and each person it is acting for are both QPs and, unless such beneficial owner is an Accredited Investor that purchased this Note directly from the Co-Issuers, QIBs that are aware that the related sale, pledge, exchange, or other transfer is being made in reliance on Rule 144A**]

(ii) [only in Regulation S Global Note—**it and each person it is acting for are non-U.S. Persons purchasing or otherwise acquiring the Note in an Offshore Transaction meeting the requirements of Regulation S] or**

(iii) it and each person it is acting for are purchasing or otherwise acquiring this Note or a beneficial interest in this Note in a transaction that has received the prior written authorization of the Issuer.

(b) It and each person it is acting for are either:

(i) purchasing or otherwise acquiring this Note or a beneficial interest in this Note in a transaction exempt from or not subject to the registration requirements of the Securities Act and any other applicable securities laws or

(ii) purchasing or otherwise acquiring this Note or a beneficial interest in this Note in a transaction that has received the prior written authorization of the Issuer.

(c) Unless it and each person it is acting for are QIBs and QPs and all of the beneficial holders of its and each other person's securities are QIBs and QPs, neither it nor any person it is acting for:

(i) was formed, reformed, or recapitalized for the specific purpose of investing in beneficial interests in securities of the Issuer or

(ii) has invested more than 40% of its assets in beneficial interests in securities of the Issuer.

(d) If it or any person it is acting for is organized as a corporation, partnership, common trust fund, special trust, pension fund, retirement plan, or other entity, none of the shareholders, partners, members, beneficiaries, beneficial owners, or participants of any such entity may designate the particular investments to be made by the entity or the allocation of the investment to the shareholders, partners, members, beneficiaries, beneficial owners, or participants of the entity.

(e) If it is a company excluded from the definition of investment company pursuant to Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act (or a foreign investment company under Section 7(d) thereof relying on Section 3(c)(1) or Section 3(c)(7) with respect to its Holders that are U.S. Persons) and was formed on or before April 30, 1996, it has received the consent of all its beneficial owners that acquired their interests on or before April 30, 1996 with respect to its treatment as a QP in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules and regulations under the Investment Company Act.

(f) It will not hold or transfer any interests in this Note in an amount below the minimum authorized denominations of this Note and will not sell participation interests in this Note or in its interests in this Note.

(g) It will notify any person that acquires this Note or any beneficial interest in this Note from it that:

(i) neither this Note nor any beneficial interests in this Note have been or are expected to be registered under the Securities Act, the securities laws of any state of the United States, or the securities laws of any other jurisdiction;

(ii) the Issuer has not registered and does not intend to register as an investment company under the Investment Company Act in reliance on the exclusion to the definition of investment company provided by Section 3(c)(7) of the Investment Company Act;

(iii) this Note and beneficial interests in this Note are subject to the restrictions on resales, pledges, exchanges, and other transfers and rights to compel sales described in these legends and any other applicable restrictions; and

(iv) the transferee, by accepting this Note, or by purchasing or otherwise acquiring a beneficial interest in this Note, will be deemed to have represented, warranted, acknowledged, and agreed, for the benefit of the Issuer, as to all matters in this legend.

(h) It understands and agrees that any purported resale, pledge, exchange, or other transfer of this Note or any interest in this Note that does not comply with the foregoing requirements will be void ab initio.

(i) It is not a member of the public in the Cayman Islands.

(j) It understands that the Issuer may receive a list of DTC participants holding interests in the Notes (i.e. beneficial interests in the Global Notes) from DTC and any other book entry depositories through which such Notes (or beneficial interests therein) may be held.

In determining whether to give or withhold prior written authorization to a particular transfer as described above, the Issuer may require the Holder or a Beneficial Owner to provide to it an opinion of counsel addressed to and satisfactory to it to the effect that the transfer is exempt from or not subject to registration under the Securities Act and other applicable securities laws and will not require the Issuer to register as an investment company under the Investment Company Act. In addition, the Issuer and the Note Registrar may request additional documents and certifications that it reasonably determines to be appropriate to verify that the transfer is exempt from or not subject to registration under the Securities Act and other applicable securities laws and would not require the Issuer to register under the Investment Company Act, and the Note Registrar may deny any transfer if it reasonably determines that the transfer is subject to but not exempt from registration under the Securities Act or any other applicable securities laws or would require the Issuer to register under the Investment Company Act.

Any person that is required or deemed to represent that it is a QP will also be required or deemed to represent:

(i) if it is a Dealer described in paragraph (a)(1)(ii) of Rule 144A, it owns or invests on a discretionary basis at least $25,000,000 in securities of issuers that are not affiliated with it, and is therefore a QP pursuant to Rule 2a51-1(g)(1)(i) under the Investment Company Act; and

(ii) if it is a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of the plan, investment decisions with respect to the plan are made solely by the fiduciary, trustee, or sponsor of the plan, and the plan or trust fund is therefore a QP pursuant to Rule 2a51-1(g)(1)(ii) under the Investment Company Act.

The Holder of this Note, by accepting this Note, further represents, warrants, acknowledges, and agrees, and each Beneficial Owner, by purchasing or otherwise acquiring a beneficial interest in this Note, is deemed to represent, warrant, acknowledge, and agree, for the benefit of the Issuer, that if it is determined not to have been an Authorized Holder with respect to its acquisition of this

Note or a beneficial interest in this Note, the Issuer may compel it to sell this Note or the beneficial interest in this Note (within 30 days after notice of the sale requirement is given) to either

(i) a person that is both a QIB and a QP taking delivery in the form of a Note represented by a Definitive Note or a Restricted Global Note in a transaction meeting the requirements of Rule 144A, or

(ii) a person that is not a U.S. Person.

If it fails to effect the sale within the 30-day period, the Issuer may cause this Note or the beneficial interest in this Note to be transferred in a commercially reasonable sale (conducted in accordance with Sections 9-610, 9-611, and 9-627 of the Uniform Commercial Code as applied to securities that are sold on a recognized market) to a transferee that certifies to the Note Registrar and the Issuer that

(i) if the transferee is taking delivery in the form of a Note represented by a Restricted Global Note or Definitive Note, it is both a QIB and a QP and is aware that the transfer is being made in reliance on Rule 144A; or

(ii) if the transferee is taking delivery of a Note represented by a Regulation S Global Note or Definitive Note, it is not a U.S. Person.

The Issuer may waive the foregoing certification requirement if it has been advised by counsel that the sale would not require the Issuer to register as an investment company under the Investment Company Act.

[only in Class A Notes and Class B Notes—**The Holder of this Note, by accepting this Note, further represents, warrants, acknowledges, and agrees, and each Beneficial Owner, by purchasing or otherwise acquiring a beneficial interest in this Note, is deemed to represent, warrant, acknowledge, and agree, for the benefit of the Issuer, that at the time of its purchase or acquisition and throughout the period of its holding and disposition of this Note, its purchase, holding, and disposition of this Note or any beneficial interest in this Note will not result in a prohibited transaction or excise tax, as applicable, under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental or other plan, any substantially similar federal, state, local, or foreign law) for which an exemption is not available.]**

[only in Class C Notes and Class D Notes— **The Holder of this Note by accepting this Note, further represents, warrants, acknowledges, and agrees, and each Beneficial Owner, by purchasing or otherwise acquiring a beneficial interest in this Note, is deemed to represent, warrant, acknowledge, and agree, for the benefit of the Issuer, that at the time of its purchase or acquisition and through the period of its holding and disposition of this Note, (A) it is not an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975 of the Code or an entity whose underlying assets constitute "plan assets", other than an insurance company acting on behalf of its general account, provided, (i) the purchase and holding of this Note or any interest therein are eligible for exemptive relief under Prohibited Transaction Class Exemption 95-60, (ii) less than 25% of the assets of such general account constitutes "plan assets" subject to Title I of ERISA or Section 4975 of the Code, (iii) it is not a person who has discretionary authority or control with respect to the assets of the Issuer or a person who provides investment advice for a fee (direct or indirect) with respect to such assets or an affiliate of such a person and (iv) it agrees that if, after its initial acquisition of this Note or any interest therein, at any time during any month 25% or more of the assets of such general account**

constitute such "plan assets" then such insurance company shall, in a manner consistent with the restrictions on transfer set forth in the Indenture, dispose of all of this Note and any other class of equity interest in the Issuer that it owns, and any interest therein, held in its general account by the end of the next following month, and (B) it is not a governmental, church, non-U.S. or other plan which is subject to any federal, state, local, or foreign law that is similar to Section 406 of ERISA or Section 4975 of the Code unless the purchase, holding and disposition of this Note would not violate any such substantially similar law.]

This Note, the Indenture, and related documentation may be amended or supplemented from time to time as provided in the Indenture. The Holder of this Note, by accepting this Note, agrees, and each Beneficial Owner, by purchasing or otherwise acquiring a beneficial interest in this Note, is deemed to agree, to any amendment or supplement (each of which will be conclusive and binding on the Holder of this Note and the owners of beneficial interests in this Note and all future Holders of this Note and owners of beneficial interests in this Note and any Notes issued in exchange or substitution for this Note, whether or not any notation of the amendment or supplement is made on this Note).

[only in Restricted Global Note and Regulation S Global Note**—Until it is exchanged in whole or in part for Definitive Notes, this Note may not be transferred except as a whole by The Depository Trust Company (the "Depositary") to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any nominee to a successor depositary or a nominee of the successor depositary.**]

Investor Representations on Resale

Except as provided below, each transferor and transferee of an Offered Security will be required to deliver a duly executed certificate in the form of the relevant exhibit attached to the Indenture or the Fiscal Agency Agreement, as the case may be, and such other certificates and other information as the Issuer, the Co-Issuer, the Trustee or the Fiscal Agent may reasonably require to confirm that the proposed transfer complies with the transfer restrictions contained in this *Offering Circular* and the Indenture or the Fiscal Agency Agreement, as applicable.

An owner of a beneficial interest in a Restricted Global Co-Issued Note may transfer such interest in the form of a beneficial interest in such Restricted Global Co-Issued Note without the provision of written certification. Each transferee of a beneficial interest in a Global Note will be deemed to make the applicable representations and warranties described herein.

Each transferee of an Offered Security that is required to deliver a transfer certificate will be required, pursuant to such transfer certificate, and each transferee that is not required to deliver a certificate will be deemed, (a) to acknowledge, represent and warrant to and agree with the Co-Issuers (or, in the case of the Subordinate Securities, the Issuer) and the Trustee (in the case of a Note) or the Issuer and the Fiscal Agent (in the case of a Subordinate Security) as to the matters set forth in each of paragraphs (1) through (15) above (other than paragraph (5) above) as if each reference therein to "the purchaser" were instead a reference to the transferee and (b) to further represent to and agree with the Co-Issuers (or, in the case of the Subordinate Securities, the Issuer) and the Trustee (in the case of a Note) or to the Issuer and the Fiscal Agent (in the case of a Subordinate Security):

(1) In the case of a transferee who takes delivery of a Restricted Security (or a beneficial interest therein), it is a Qualified Institutional Buyer and also a Qualified Purchaser and is acquiring such Restricted Security (or beneficial interest therein) for its own account and is aware that such transfer is being made to it in reliance on Rule 144A (or, solely in the case of a Restricted Definitive Subordinate Security, in accordance with another exemption from the registration requirements of the Securities Act (subject to the delivery of such certifications, legal opinions or other information as the Issuer may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act)). In addition, if such transferee is acquiring a beneficial interest in a Restricted Security, it (i) is not a dealer described in paragraph (a)(1)(ii) of Rule 144A unless such purchaser owns and invests on a discretionary basis at least U.S.$25,000,000 in securities of issuers that are not affiliated persons of the dealer, (ii) is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, unless investment decisions with respect to the plan are made solely by the fiduciary, trustee or sponsor of such plan and (iii) it will provide written notice of the foregoing, and of any applicable restrictions on transfer, to any transferee.

(2) In the case of a transferee who takes delivery of a Regulation S Security (or a beneficial interest therein), it is not a U.S. Person is acquiring such Regulation S Security (or a beneficial interest therein) for its own account and not for the account or benefit of a U.S. Person in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that the foregoing acknowledgements, representations and agreements will be relied upon by the Co-Issuers (or, in the case of a Subordinate Security, the Issuer) and the Trustee (in the case of a Note) or the Issuer and the Fiscal Agent (in the case of a Subordinate Security) for the purpose of determining its eligibility to purchase Offered Securities. It agrees to provide, if requested, any additional information that may be required to substantiate or confirm its status as a Qualified Institutional Buyer or under the exception provided pursuant to Section 3(c)(7) of the Investment Company Act, to determine compliance with ERISA and/or Section 4975 of the Code or to otherwise determine its eligibility to purchase Offered Securities.

LISTING AND GENERAL INFORMATION

1. Application has been made to the Financial Regulator, as competent authority under the Prospectus Directive for the Prospectus to be approved. Approval by the Financial Regulator relates only to the Notes that are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of the Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its regulated market. There can be no assurance that such listing will be granted. It is expected that the total expenses relating to the application for admission of the Notes to the Official List of the Irish Stock Exchange and to trading on its regulated market will be approximately €4,940.

2. For the life of the Prospectus, copies of the Issuer's Memorandum of Association and Articles of Association (together, the "Articles"), the Certificate of Formation and Limited Liability Company Agreement of the Co-Issuer and the Indenture will be available for inspection and will be obtainable at the offices of the Trustee in electronic form.

3. The Issuer is not required by Cayman Islands law, and the Issuer does not intend, to publish annual reports and accounts. The Co-Issuer is not required by Delaware state law, and the Co-Issuer does not intend, to publish annual reports and accounts. Accordingly, financial statements of the Co-Issuers will not be prepared. The Indenture, however, requires the Issuer to provide the Trustee, the Fiscal Agent, any Hedge Counterparty, each holder of Offered Securities making a written request therefor and each Rating Agency with written confirmation, on an annual basis, that to the best of its knowledge following review of the activities of the prior year, the Issuer has fulfilled all of its obligations under the Indenture throughout the period, or, if there has been an Event of Default, specifying each such Event of Default known to the Issuer and the nature and status thereof, including actions undertaken to remedy the same.

4. Neither of the Co-Issuers has been since incorporation, involved in any governmental, litigation or arbitration proceedings relating to claims on amounts which may have a significant effect on the financial positions of the Co-Issuers nor, so far as the Co-Issuers are aware, are any such governmental, litigation or arbitration proceedings involving the Co-Issuers pending or threatened.

5. The issuance of the Offered Securities will be authorized by the board of directors of the Issuer by resolutions passed on November 8, 2007. The issuance of the Co-Issued Notes will be authorized by the board of directors of the Co-Issuer by resolutions passed on November 9, 2007. Since incorporation, neither the Issuer nor the Co-Issuer has commenced trading, nor published annual reports or accounts or established any accounts or declared any dividends, except for the transactions described herein relating to the issuance of the Offered Securities.

6. According to the rules and regulations of the Irish Stock Exchange, the Class A Notes shall be freely transferable and therefore no transaction made on the Irish Stock Exchange shall be canceled.

7. Neither the Issuer nor the Co-Issuer intend to provide post-issuance transaction information regarding securities to be admitted to trading or the performance of the underlying collateral.

8. Maples and Calder Listing Services Limited, as the Irish Listing Agent, is acting solely in its capacity as listing agent for the Issuer in connection with the Class A Notes and is not itself seeking admission of the Class A Notes to the official list of the Irish Stock Exchange or to trading on the Irish Stock Exchange for the purposes of the Prospectus Directive.

SECURITIES IDENTIFICATION NUMBERS

Offered Securities sold in offshore transactions in reliance on Regulation S and represented by Global Notes have been accepted for clearance through Euroclear and Clearstream. The table below lists the CUSIP Numbers and the International Securities Identification Numbers (ISIN) for Offered Securities represented by Regulation S Global Co-Issued Notes and Restricted Global Notes.

	Regulation S Global CUSIP Numbers	Regulation S Global ISIN Numbers	Restricted CUSIP Numbers	Restricted ISIN Numbers
Class A-1 Notes	G22757 AA9	USG22757AA90	19516P AA9	US19516PAA93
Class A-2 Notes	G22757 AB7	USG22757AB73	19516P AB7	US19516PAB76
Class A-3 Notes	G22757 AC5	USG22757AC56	19516P AC5	US19516PAC59
Class B Notes	G22757 AD3	USG22757AD30	19516P AD3	US19516PAD33
Class C Notes	G22757 AE1	USG22757AE13	19516P AE1	US19516PAE16
Class D Notes	G22757 AF8	USG22757AF87	19516P AF8	US19516PAF80
Subordinate Securities	G22750 106	KYG227501064	195161 104	KY1951611049

LEGAL MATTERS

Certain legal matters with respect to the Offered Securities will be passed upon for the Issuer by Sidley Austin LLP. Certain matters with respect to Cayman Islands corporate law and tax law will be passed upon for the Issuer by Maples and Calder. Certain legal matters with respect to the Collateral Manager will be passed upon by Kirkpatrick & Lockhart Preston Gates Ellis LLP.

GLOSSARY OF CERTAIN DEFINED TERMS

Following is glossary of certain defined terms used in this *Offering Circular*. Defined terms not appearing in this glossary are referenced in the Index of Certain Defined Terms.

"ABS Type Diversified Securities" means (1) Prime Automobile Securities; (2) Credit Card Securities; (3) Student Loan Securities; and (4) any other type of Asset-Backed Securities that becomes a Specified Type after the Effective Date or any Additional Notes Closing Date in accordance with the definition thereof and are designated as "ABS Type Diversified Securities" in connection therewith.

"ABS Type Residential Securities" means (1) Home Equity Loan Securities; (2) Manufactured Housing Securities; (3) Prime Residential A Mortgage Securities; (4) Subprime Residential B/C Mortgage Securities; (5) Residential Alt-A Mortgage-Backed Securities and (6) any other type of Asset-Backed Securities that becomes a Specified Type after the Closing Date or any Additional Notes Closing Date in accordance with the definition thereof and is designated as "ABS Type Residential Securities" in connection therewith.

"ABS Type Undiversified Securities" means each Specified Type of Asset-Backed Securities, other than (a) ABS Type Diversified Securities or (b) ABS Type Residential Securities; and (c) any other type of Asset-Backed Securities that becomes a Specified Type after any Additional Notes Closing Date in accordance with the definition thereof and is designated as "ABS Type Undiversified Securities" in connection therewith.

"Accredited Investor" has the meaning given in Rule 501(a) under the Securities Act.

"Account Control Agreement" means the Account Control Agreement dated as of the Closing Date between the Issuer, the Trustee and the Custodian.

"Accreted Value" means the amount that would be due and owing on a Principal Only Security based on its original issue price under the terms of its related Underlying Instruments, should a distribution of principal be made on such security at the date of determination, which amount will be the original principal amount of such security on its Stated Maturity.

"Additional Notes Closing Date" means, with respect to any Additional Class A-2 Notes, the date of issuance, in accordance with this Indenture, of such Additional Class A-2 Notes.

"Additional Notes Supplemental Indenture" means each supplement to the Indenture entered into in connection with the issuance of Additional Class A-2 Notes.

"Adjusted Issue Price" means, with respect to any security, (a) the price at which such security was issued upon original issuance minus (b) if the Issue Price Adjustment with respect to such security on such date of determination is positive, such Issue Price Adjustment plus (c) if the Issue Price Adjustment with respect to such security on such date of determination is negative, the absolute value of such Issue Price Adjustment.

"Administrative Expenses" means all amounts due or accrued (including fees, expenses and indemnities) with respect to any Distribution Date and payable by the Issuer or the Co-Issuer to (i) the Note Registrar, the Trustee or any co-trustee appointed pursuant to the Indenture and all other documents delivered pursuant to, or in connection with, the Indenture and the Notes, (ii) the Collateral Administrator under the Collateral Administration Agreement, (iii) the Administrator under the Administration Agreement, (iv) the Fiscal Agent under the Fiscal Agency Agreement, (v) the Rating Agencies for fees and expenses in connection with any rating (including the annual fee payable with respect to the monitoring of any rating and any credit estimate fees) of the Notes, including fees and expenses due or accrued in connection with any rating of the Collateral Debt Securities, any rating of the Additional Class A-2 Notes (including reasonable fees and disbursements of counsel) in connection with an Additional Notes Closing Date , and any Supplemental Indenture, (vi) the Independent accountants, agents and counsel of the Issuer for reasonable fees and expenses (including amounts payable in connection with the preparation of tax forms on behalf of the Co-Issuers), (vii) the Collateral Manager for expenses and indemnities pursuant to the Collateral Management Agreement, (viii) any other Person in respect of any governmental fee, charge or tax in relation to the Issuer or the Co-Issuer (in each case as certified by an Authorized Officer of the Issuer or the Co-Issuer to the Trustee), (ix) any Person in connection with any Hedge Agreement Closing Expenses, and (x) any Person in respect of any other fees or expenses (including indemnities and reasonable fees and disbursements of counsel) permitted under this Indenture, the Collateral Management Agreement and all other documents delivered pursuant to or in connection with this Indenture and the Notes; *provided* that Administrative Expenses shall not include (a) any amounts due or accrued with respect to the actions taken on or in connection with the Closing Date, (b) amounts payable in respect of the Notes, (c) amounts payable under any Hedge Agreement (except the Hedge Agreement Closing Expenses) and (d) amounts payable in respect of any Management Fee.

"Aerospace and Defense Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from leases and subleases of aircraft, vessels and telecommunications equipment to businesses for use in the provision of goods or services to consumers, the military or the government, generally having the following characteristics: (a) the leases and subleases have varying contractual maturities; (b) the leases or subleases are obligations of a relatively limited number of obligors and accordingly represent an undiversified pool of obligor credit risk; (c) 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; (d) 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 lease term for excess usage or wear and tear; and (e) 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.

"Affiliate" or **"Affiliated"** means, with respect to a specified Person, (a) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person or (b) any other Person who is a director, Officer, employee, managing member or general partner of (1) such Person or (2) any such other Person described in clause

(a) above. For the purposes of this definition, control of a Person means the power, direct or indirect, (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of such Person or (ii) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise; *provided* that no other special purpose company to which the Administrator provides directors and acts as share trustee or the Administrator shall be an Affiliate of the Issuer.

"Aggregate Attributable Amount" means, with respect to any specified Collateral Debt Security and issuers incorporated or organized under the laws of any specified jurisdiction or jurisdictions, (a) the Principal Balance of such Collateral Debt Security multiplied by (b) the aggregate par amount of collateral securing such Collateral Debt Security issued by issuers so incorporated or organized divided by (c) the aggregate par amount of all collateral securing such Collateral Debt Security. The Collateral Manager shall determine the Aggregate Attributable Amount with respect to any specified Collateral Debt Security and issuer or issuers based upon information in the most recent servicing, trustee or other similar report delivered in accordance with the related Underlying Instruments and, if no such information is available after inquiry of the relevant issuer, Servicer, collateral manager or any other Person serving in a similar capacity, on the basis of an estimate of such Aggregate Attributable Amount from the Collateral Manager made by the Collateral Manager in accordance with the Collateral Manager Standard of Care, based upon all relevant information otherwise available to the Collateral Manager.

"Aggregate Outstanding Amount" means, when used with respect to any of the Notes at any time, the aggregate principal amount of such Notes Outstanding at such time. Except as otherwise expressly provided herein, the Aggregate Outstanding Amount of any Class C Notes or Class D Notes at any time shall include Class C Deferred Interest or Class D Deferred Interest, as the case may be, with respect to such Notes at such time.

"Aggregate Principal Balance" means, when used with respect to any Pledged Security or Pledged Collateral Debt Security as of any date of determination, the sum of the Principal Balances on such date of determination of all such Pledged Securities or Pledged Collateral Debt Securities.

"Applicable Recovery Rate" means, with respect to any Collateral Debt Security on any Measurement Date, the lowest of: (a) an amount equal to the percentage for such Collateral Debt Security set forth in the Moody's recovery rate matrix set forth in Part I of Schedule C hereto in (x) the table corresponding to the relevant Specified Type of CDO Obligation or Other ABS, (y) the column in such table setting forth the Moody's Rating of such Collateral Debt Security as of the date of issuance of such Collateral Debt Security and (z) the row in such table opposite the ratio (expressed as a percentage) of (i) the Issue of which such Collateral Debt Security is a part relative to (ii) the total capitalization of (including both debt and equity securities issued by, and inclusive of the total unfunded amount of any super senior tranche issued by) the relevant issuer of or obligor on such Collateral Debt Security, determined on the original issue date of such Collateral Debt Security, *provided* that if such Collateral Debt Security is a Synthetic Security, the recovery rate will be as set forth on Schedule K of the Indenture as the "Moody's Applicable Recovery Rate"; and (b) an amount equal to the percentage for such Collateral Debt Security set forth in the Standard & Poor's recovery rate matrix set forth in Part II of Schedule C hereto in (x) the applicable table and (y) the row in such table opposite the Standard & Poor's Rating of such

Collateral Debt Security at the time of issuance and (z) for purposes of determining the "Calculation Amount" of a Defaulted Security or Deferred Interest PIK Bond, the column in such table below the then-current rating of the most senior Class of Notes Outstanding and, for purposes of determining the "Standard & Poor's Recovery Rate" in connection with the Standard & Poor's Minimum Recovery Rate Test, the column in such table below the rating of the applicable Class of Notes, *provided* that if such Collateral Debt Security is a Synthetic Security, the recovery rate will be as set forth on Schedule K of the Indenture as the "S&P Applicable Recovery Rate".

"Approved Dealer" means (i) a bank or broker-dealer listed on Schedule J of the Indenture, (ii) or any other bank or broker-dealer registered under the Exchange Act that is proposed by the Issuer (upon consultation with the Collateral Manager); *provided* that, for purposes of clause (ii), (x) written notification is promptly provided to each Rating Agency and (y) the Rating Condition is satisfied with respect to Standard & Poor's.

"Approved Pricing Service" means (i) a pricing or quotation service listed on Schedule J of the Indenture, (ii) or any other pricing or quotation service that is proposed by the Issuer (upon consultation with the Collateral Manager); *provided* that, for purposes of clause (ii), (x) written notification is promptly provided to each Rating Agency and (y) the Rating Condition is satisfied with respect to Standard & Poor's.

"Asset-Backed Securities" means obligations or securities that entitle the holders thereof to receive payments that depend primarily on the cash flow from a specified pool of (a) financial assets, either static or revolving, that by their terms convert into Cash within a finite time period, together with rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities, or (b) real estate mortgages, either static or revolving, together with rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities; *provided* that in the case of clause (b), such Asset-Backed Securities do not entitle the holders to a right to share in the appreciation in value of or the profits generated by the related real estate assets. The Specified Types of Asset-Backed Securities in which the Issuer may invest as specified herein, subject to the Eligibility Criteria set and certain other limitations and restrictions set forth herein or in the Indenture, are more fully described in Indenture and in Schedule N to the Indenture. For the avoidance of any doubt, the Collateral Debt Securities listed on Schedule F hereto shall constitute Specified Types of Asset-Backed Securities in which the Issuer may invest as specified herein.

"Automobile Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from installment sale loans made to finance the acquisition of, or from leases of, automobiles, generally having the following characteristics: (a) the loans or leases may have varying contractual maturities; (b) the loans or leases are obligations of numerous borrowers or lessees and accordingly represent a very diversified pool of obligor credit risk; (c) the borrowers or lessees under the loans or leases generally do not have a poor credit rating; (d) 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 (e) such leases typically provide for the right of the lessee to purchase

the vehicle for its stated residual value, subject to payments at the end of lease term for excess mileage or use.

"Average Life" means, on any Measurement Date with respect to any Pledged Collateral Debt Security, the quotient obtained by dividing (a) the sum of the products of (i) the number of years (rounded to the nearest one tenth thereof) from such Measurement Date to the respective dates of each successive Scheduled Distribution of principal of such Collateral Debt Security determined in accordance with the Indenture and (ii) the respective amounts of principal of such Scheduled Distributions determined in accordance with the Indenture by (b) the sum of all successive Scheduled Distributions of principal on such Pledged Collateral Debt Security determined in accordance with Indenture, as provided by the Collateral Manager to the Trustee.

"Bank" means Wells Fargo Bank, N.A., a national banking association organized under the laws of the United States, in its individual capacity and not as Trustee.

"Bank Guaranteed Securities" means any Asset-Backed Security as to which, if interest thereon is not timely paid when due, or the principal thereof is not timely paid at stated legal maturity, a national banking association organized under United States law or banking corporation organized under the laws of a state of the United States has undertaken in an irrevocable letter of credit or other similar instrument to make such payment against the presentation of documents, but only if such letter of credit or similar instrument (a) expires no earlier than such stated maturity (or contains "evergreen" provisions entitling the beneficiary thereof to draw the entire undrawn amount thereof upon the failure of the expiration date of such letter of credit or other similar instrument to be extended beyond its then current expiry date), (b) provides that payment thereunder is independent of the performance by the obligor on the relevant Asset-Backed Security and (c) was issued by a bank having a credit rating assigned by each nationally recognized statistical rating organization that currently rates such Asset-Backed Security higher than the credit rating assigned by such rating organization to such Asset-Backed Security, determined without giving effect to such letter of credit or similar instrument; *provided* that any Asset-Backed Security falling within this definition will be excluded from the definition of each other Specified Type of Asset-Backed Security.

"Benchmark Rate Change" means, as of any date of determination with respect to any Fixed Rate Security, an amount (expressed as a percentage, which may be positive or negative) equal to (a) the Benchmark Rate with respect to such Fixed Rate Security on such date of determination minus (b) the Benchmark Rate with respect to such Fixed Rate Security on its date of original issuance.

"Benchmark Rate" means (a) with respect to any Collateral Debt Security that bears interest at a floating rate, the rate determined in accordance with clause (ii) of Schedule B of the Indenture, *provided* that the LIBOR Determination Date referenced in such clause will be the second London Banking Day preceding the date of acquisition of such Collateral Debt Security and (b) with respect to any Collateral Debt Security that does not bear interest at a floating rate, the yield reported, as of 10:00 a.m. (New York City time) on the second Business Day preceding the date of acquisition of such Collateral Debt Security, on the display designated as "Page 678" on the Telerate Access Service (or such other display as may replace Page 678 on Telerate

Access Service) for actively traded U.S. Treasury securities having a maturity equal to the Average Life of such Collateral Debt Security on such date of acquisition.

"Calculation Amount" means with respect to any Defaulted Security or Deferred Interest PIK Bond at any time, the lesser of (a) the Fair Market Value of such Defaulted Security or Deferred Interest PIK Bond and (b) the amount obtained by multiplying the Applicable Recovery Rate by the principal balance (including, in the case of Deferred Interest PIK Bonds, any deferred or capitalized interest) of such Defaulted Security or Deferred Interest PIK Bond; *provided* that, solely in the case of Defaulted Securities, the Calculation Amount for any Defaulted Security shall equal zero at any time after three years from the date upon which such Collateral Debt Security became a Defaulted Security.

"Car Rental Receivable Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from leases and subleases of vehicles to car rental systems (such as Hertz, Avis, National, Dollar, Budget, etc.) and their franchisees, generally having the following characteristics: (a) the leases and subleases have varying contractual maturities; (b) the subleases are obligations of numerous franchisees and accordingly represent a very diversified pool of obligor credit risk; (c) 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 (d) such leases or subleases typically provide for the right of the lessee or sublessee to purchase the vehicle for its stated residual value, subject to payments at the end of lease term for excess mileage or use.

"CDO Security" means an Asset-Backed Security issued by an entity formed for the purpose of holding or investing and reinvesting in a pool of commercial and industrial bank loans, obligations and debt securities subject to specified investment and management criteria.

"Chassis Leasing Securities" means Asset-Backed Securities (other than Aircraft Lease Securities and Restaurant and Food Services Securities) that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from leases and subleases of chassis (other than automobiles) to commercial and industrial customers, generally having the following characteristics: (a) the leases and subleases have varying contractual maturities; (b) the leases or subleases are obligations of a relatively limited number of obligors and accordingly represent an undiversified pool of obligor credit risk; (c) 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 chassis; and (4) such leases or subleases typically provide for the right of the lessee or sublessee to purchase the chassis for their stated residual value, subject to payments at the end of lease term for excess usage.

"Class" means (a) with respect to the Notes, each of the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes, the Class B Notes, the Class C Notes and the Class D Notes and (b)

with respect to the Subordinate Securities, each class of Subordinate Security set forth in the Fiscal Agency Agreement.

"Class A Notes" means each of the Class A-1 Notes, the Class A-2 Notes and Class A-3 Notes.

"Class A-2 Target Amount" means the lesser of (i) the lesser of (x) $5,000,000 and (y) 60% of any undistributed Interest Proceeds allocated to pay the Class A-2 Target Amount pursuant to clause (9) of "Description of the Notes—Priority of Payments", and (ii) the Aggregate Outstanding Amount of the Class A-2 Notes, payable in reduction of the Aggregate Outstanding Amount of the Class A-2 Notes pursuant to the Priority of Payments, subject to available funds; *provided* that the "Class A-2 Target Amount" shall equal zero on any Distribution Date after the September 2009 Distribution Date.

"Class D Additional Interest Amount" means with respect to any Distribution Date, for so long as any Class D Note remains Outstanding, an amount, payable to the Class D Noteholders as interest, equal to 25% of the amount allocated under clause (17)(x) of "Description of the Notes—Priority of Payments"; *provided* that the Class D Additional Interest Amount shall not constitute Deferred or Defaulted Interest as defined herein if not paid due to insufficient Interest Proceeds available for such payment under the Priority of Payments, and the amount of any such deficit shall not accrue interest or be deferred to any subsequent Distribution Date.

"Class D Redemption Price" means as of any Measurement Date related to any Auction Call Redemption, Optional Redemption or Tax Redemption, an amount equal to the sum of (i) the sum of (1) the Aggregate Outstanding Amount of the Class D Notes (including any Deferred Interest) as of such Measurement Date plus (2) accrued interest thereon (including Defaulted Interest and accrued, unpaid and uncapitalized interest on Defaulted Interest, if any) plus (ii) the amount required (after taking into account any distributions made under clauses (i)(1) and (i)(2) of this definition and any amounts paid on the Class D Notes on all prior Distribution Dates in accordance with the Priority of Payments) to ensure that, after distribution of such aggregate amount to the respective Holders of the Class D Notes on the Distribution Date on which such redemption is to occur, the IRR on the Class D Notes (as a Class) based on the purchase of the Class D Notes on the Closing Date and holding the Class D Notes until the Record Date with respect to such Measurement Date is 11.5%; *provided* that the amount calculated pursuant to the foregoing formula on any Measurement Date shall not constitute Deferred Interest or Defaulted Interest, and the amount of any such deficit shall not accrue interest or be deferred to any subsequent Distribution Date if such redemption for which the determination is being made hereunder does not occur; *provided, further*, for the avoidance of doubt, the calculation of the IRR shall take into account all payments made on the Class D Notes from the Closing Date to and including the Distribution Date with respect to which the determination is being made regardless of when a Class D Noteholder first purchased its Class D Notes.

"Closing Date" means November 9, 2007.

"CMBS Conduit Securities" means Asset-Backed Securities (a) issued by a single-seller or multi-seller conduit under which the holders of such Asset-Backed Securities have

recourse to a specified pool of assets (but not other assets held by the conduit that support payments on other series of securities) and (b) that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from a pool of commercial mortgage loans generally having the following characteristics: (1) the commercial mortgage loans have varying contractual maturities; (2) 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); (3) the commercial mortgage loans are obligations of a relatively limited number of obligors (with the creditworthiness of individual obligors being less material than for CMBS Large Loan Securities and Credit Tenant Lease Securities) and accordingly represent a relatively undiversified pool of obligor credit risk; (4) upon original issuance of such Asset-Backed Securities no five commercial mortgage loans account for more than 20% of the aggregate principal balance of the entire pool of commercial mortgage loans supporting payments on such securities; and (5) 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.

"CMBS Credit Tenant Lease Securities" means Asset-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 the Asset-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). They generally have the following characteristics: (1) the commercial mortgage loans or leases have varying contractual maturities; (2) 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); (3) the leases are secured by leasehold interests; (4) 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; (5) 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 (6) the creditworthiness of such corporate tenants is the primary factor in any decision to invest in these securities.

"CMBS Large Loan Securities" means Asset-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 the Asset-Backed Securities) on the cash flow from a pool of commercial mortgage loans made to finance the acquisition, construction and improvement of properties. They generally have the following characteristics: (1) the commercial mortgage loans have varying contractual maturities; (2) 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); (3) the commercial mortgage loans are obligations of a relatively limited number of obligors and accordingly represent a

relatively undiversified pool of obligor credit risk; (4) 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; and (5) the valuation of individual properties securing the commercial mortgage loans is the primary factor in any decision to invest in these securities.

"CMBS Securities" means CMBS Conduit Securities, CMBS Credit Tenant Lease Securities, CMBS Large Loan Securities and CMBS Single Property Securities.

"CMBS Single Property Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from one or more commercial mortgage loans made to finance the acquisition, construction and improvement of a single property. They generally have the following characteristics: (a) the commercial mortgage loans have varying contractual maturities; (b) 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); (c) 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; and (d) 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.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Collateral Debt Security" is any Asset-Backed Security of a Specified Type; *provided* that in no event will a Collateral Debt Security include:

(i) any obligation or security that does not provide for a fixed amount payable in Cash by its stated maturity;

(ii) any obligation or security that is not eligible under the instrument or agreement pursuant to which it was issued or created to be purchased by the Issuer and pledged to the Trustee;

(iii) any obligation or security that requires the Issuer to make future advances to the obligor or issuer;

(iv) any obligation or security that does not have a Moody's Rating and a Standard & Poor's Rating, in each case determined as provided herein;

(v) any obligation or security issued by a CDO Obligation fund managed by the Collateral Manager or its Affiliate;

(vi) any obligation or security that is not in Registered form;

(vii) any obligation or security unless, as of its acquisition date, the Issuer will receive payments due under the terms of such obligation or security and proceeds from disposing of such obligation or security free and clear of withholding tax, other than withholding tax as to which the obligor or issuer must make additional payments so that the net amount received by the Issuer after satisfaction of such tax is the amount due to the Issuer before the imposition of any such withholding tax;

(viii) any obligation or security unless it meets the restrictions set forth on Schedule I to the Indenture intended to ensure that the acquisition (including the manner of acquisition), ownership, enforcement and disposition of such security will not cause the Issuer to be treated as engaged in a U.S. trade or business for U.S. federal income tax purposes or otherwise to be subject to tax on a net income basis in any jurisdiction outside the Issuer's jurisdiction of incorporation;

(ix) any obligation or security that is not denominated and payable in Dollars;

(x) any obligation or security that at the time of purchase by the Issuer provides for conversion into or exchange for Equity Securities or is included as part of a "unit" with any Equity Security;

(xi) any obligation or security bearing interest at a floating rate whose interest rate is inversely or otherwise not proportionately related to an interest rate index or is calculated as other than the sum of an interest rate index plus a spread; or

(xii) any obligation or security the Rating of which from Standard & Poor's includes the subscript "f", "p", "pi", "q", "r" or "t";

(xiii) any obligation or security that is purchased for the purpose of entering into a securities lending agreement with respect thereto; or

(xiv) any obligation whose repayment is subject to substantial non-credit related risk, in the Collateral Manager's sole discretion (exercised in accordance with the Collateral Manager Standard of Care).

"Collateral Manager Standard of Care" means the standard of care set forth in the Collateral Management Agreement that the Collateral Manager is required to follow in connection with its obligations to the Issuer under the Collateral Management Agreement.

"Container Leasing Securities" means Asset-Backed Securities (other than Aircraft Lease Securities and Restaurant and Food Services Securities) that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from leases and subleases of containers to commercial and industrial customers, generally having the following characteristics: (a) the leases or subleases have varying contractual maturities; (b) the leases or subleases are obligations of a relatively limited number of obligors and accordingly represent an undiversified pool of obligor credit risk; (c) the repayment stream on such leases or subleases is primarily determined by a contractual payment

schedule, with early termination of such leases or subleases predominantly dependent upon the disposition to a lessee, sublessee or third party of the underlying containers; and (d) such leases or subleases typically provide for the right of the lessee or sublessee to purchase the containers for their stated residual value, subject to payments at the end of lease term for excess usage.

"Controlling Class" means the Class A-1 Notes, the Class A-2 Notes and the Class A-3 Notes to the extent all or any of such Classes is Outstanding at any time (voting as a single Class) or, if there are no Class A Notes Outstanding, then the Class B Notes or, if there are no Class B Notes Outstanding, then the Class C Notes or, if there are no Class C Notes Outstanding, then the Class D Notes or, if there are no Class D Notes Outstanding, then the Subordinate Securities, to the extent provided in the Fiscal Agency Agreement; *provided*, that the relative rights of the Holders of the Subordinate Securities as to one another shall be as provided in the Fiscal Agency Agreement.

"Corporate Debt Security" means any outstanding debt security, whether secured or unsecured, that on the date of acquisition thereof by the Issuer, (a) if subordinated by its terms, is subordinated only to indebtedness for borrowed money, trade claims, capitalized leases or other similar obligations, (bi) is publicly issued or privately placed, (c) is issued by an issuer incorporated or organized under the laws of the United States or any state thereof or by a Qualifying Foreign Obligor and (c) is not a CDO Obligation or Other ABS.

"Credit Card Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from balances outstanding under revolving consumer credit card accounts, generally having the following characteristics: (1) the accounts have standardized payment terms and require minimum monthly payments; (2) the balances are obligations of numerous borrowers and accordingly represent a very diversified pool of obligor credit risk; and (3) the repayment stream on such balances does not depend upon a contractual payment schedule, with early repayment depending primarily on interest rates, availability of credit against a maximum credit limit and general economic matters.

"Credit Improved Security" means any Collateral Debt Security that satisfies one of the following criteria: (a) so long as the Moody's Rating Trigger is not in effect, such Collateral Debt Security has shown, in the sole judgment of the Collateral Manager, subject to the Collateral Manager Standard of Care (as of the date of the Collateral Manager's determination based upon currently available information), significantly improved credit quality or (b) such Collateral Debt Security has (i) been upgraded or put on a watch list for possible upgrade by one or more rating subcategories by Standard & Poor's or Moody's since it was acquired by the Issuer and (ii) has shown, in the sole judgment of the Collateral Manager, subject to the Collateral Manager Standard of Care (as of the date of the Collateral Manager's determination based upon currently available information), significantly improved credit quality.

"Credit Risk Security" means any Collateral Debt Security, other than a Defaulted Security, that satisfies one of the following criteria: (1) so long as (A) no rating of any Class of Class A Notes or Class B Notes has been withdrawn or reduced below the respective Rating assigned to such Notes on the Closing Date by Moody's (and has not been reinstated) and (B) no

rating of the Class C Notes has been withdrawn or reduced by two or more subcategories below the rating assigned to such Class of Notes on the Closing Date by Moody's (and has not been reinstated), the Collateral Manager believes, subject to the Collateral Manager Standard of Care (as of the date of the Collateral Manager's determination, based upon currently-available information) that such Collateral Debt Security has a risk of declining in credit quality and with lapse of time, becoming a Defaulted Security, Deferred Interest PIK Bond or Written Down Security, or (2) either (x) such Collateral Debt Security has been downgraded or put on a watch list for possible downgrade by any one of the Rating Agencies by one or more rating subcategories since it was acquired by the Issuer and the Collateral Manager believes, subject to the Collateral Manager Standard of Care (as of the date of the Collateral Manager's determination based upon currently available information) that such Collateral Debt Security or other security has declined in credit quality since it was acquired by the Issuer and has a risk of further declining in credit quality and with lapse of time, becoming a Defaulted Security, a Deferred Interest PIK Bond or a Written Down Security or (y) such Collateral Debt Security has experienced an increase in credit spread of 10% or more compared to the credit spread at which such Collateral Debt Security was acquired by the Issuer, determined by reference to the LIBOR reset for a Floating Rate Security and by reference to the comparable swap rate for a Fixed Rate Security, and the Collateral Manager believes, subject to the Collateral Manager Standard of Care (as of the date of the Collateral Manager's determination, based upon currently-available information) that such Collateral Debt Security or other security has declined in credit quality since it was acquired by the Issuer and has a risk of further declining in credit quality and with lapse of time, becoming a Defaulted Security, a Deferred Interest PIK Bond or a Written Down Security; *provided* that a security will cease to be a Credit Risk Security if the rating of such security that was in place as of the Closing Date or date of acquisition, as the case may be, is reinstated, unless the Collateral Manager believes (as of the date of the Collateral Manager's determination in accordance with the Collateral Manager Standard of Care based upon currently-available information) that such Collateral Debt Security has a risk of declining in credit quality and, with lapse of time, becoming a Defaulted Security, Deferred Interest PIK Bond or Written Down-Security.

"Custodian" means the custodian under the Account Control Agreement.

"Default" means any Event of Default or any occurrence that, with notice or the lapse of time or both, would become an Event of Default.

"Defaulted Security" means any Collateral Debt Security:

(a) as to which the issuer has defaulted in the payment of principal or interest without regard to any applicable grace period or waiver; *provided* that a Collateral Debt Security will not be classified as a "Defaulted Security" under this paragraph if (i) the Collateral Manager certifies in writing to the Trustee, subject to the Collateral Manager Standard of Care, that such payment default is due to non-credit and non-fraud related reasons and such default does not continue for more than five Business Days (or, if earlier, until the next succeeding Determination Date) or (ii) such payment default or failure to pay has been cured by the payment of all amounts that were originally scheduled to have been paid;

(b) as to which, as a result of the occurrence of an event of default in accordance with its Underlying Instruments, all amounts due under such Collateral Debt Security have been accelerated prior to its stated maturity or such Collateral Debt Security can be immediately so accelerated, unless such rights of acceleration have been waived or such default is cured;

(c) as to which the Collateral Manager knows the issuer thereof is in default (without giving effect to any applicable grace period or waiver) as to payment (if, subject to the Collateral Manager Standard of Care, the Collateral Manager determines such default is due to non-credit related reasons, beyond the lesser of (i) the number of days until the next Determination Date and (ii) five Business Days) of principal and/or interest on another obligation (and such payment default has not been cured through the payment in cash of principal and interest then due and payable or waived by all of the holders of such security) which is senior or pari passu in right of payment to such Collateral Debt Security and which obligation and such Collateral Debt Security are secured by common collateral;

(d) as to which any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the issuer thereof, or there has been proposed or effected any distressed exchange or other debt restructuring pursuant to which the issuer thereof has offered the holders thereof a new security or package of securities that, subject to the Collateral Manager Standard of Care, the Collateral Manager determines to amount to a diminished financial obligation or is intended solely to enable the relevant obligor to avoid defaulting in the performance of its payment obligations under such Collateral Debt Security;

(e) that has a Moody's Rating of "Ca" or "C" by Moody's or has no Rating from Moody's but the Issuer has obtained a credit estimate from Moody's that such Collateral Debt Security has a Moody's Rating Factor of 10,000 or higher; or

(f) that is rated "CC," "D" or "SD" or below (or has had its rating withdrawn) by Standard & Poor's and the clause of the definition of "Rating" hereunder pertaining to notching of Standard & Poor's ratings will not apply for purposes of this clause; *provided* that if the Rating Condition is satisfied as to Standard & Poor's, this clause (f) may be changed by written notice from the Collateral Manager to the Issuer and to the Trustee.

The Collateral Manager will be deemed to have knowledge only of information actually received by any portfolio manager employed by the Collateral Manager who performs portfolio management functions for the Issuer or by any credit analyst who performs credit analysis functions for such portfolio manager with respect to the Issuer. Notwithstanding the foregoing, the Collateral Manager may declare any Collateral Debt Security to be a Defaulted Security if, subject to the Collateral Manager Standard of Care, the credit quality of the issuer of such Collateral Debt Security has significantly deteriorated such that there is a reasonable expectation of payment default. Nothing in this definition will be deemed to require any employee (including any portfolio manager or credit analyst) of the Collateral Manager to obtain, use or share with or otherwise distribute to any other person or entity (a) any information that he or she would be prohibited from obtaining, using, sharing or otherwise distributing by virtue of the Collateral Manager's internal policies relating to confidential communications or (b) material non-public information.

"Deferred Interest" means the Class C Deferred Interest and/or the Class D Deferred Interest, as the case may be.

"Deferred Interest PIK Bond" means a PIK Bond with respect to which payment of interest either in whole or in part has been deferred or capitalized in an amount equal to the amount of interest payable in respect of the lesser of (a) one payment period and (b) a period of six months, but only until such time as payment of interest on such PIK Bond has resumed and all capitalized and deferred interest has been paid in accordance with the terms of the Underlying Instruments. For purposes of the Overcollateralization Tests only, a PIK Bond with a Moody's Rating of at least "Baa3" will not be a Deferred Interest PIK Bond unless the deferral of payment of interest thereon has occurred for the lesser of (x) two consecutive payment periods and (y) a period of one year.

"Depository" means The Depository Trust Company.

"Determination Date" means the last day of a Due Period.

"Discount Security" means a Collateral Debt Security purchased at a Purchase Price to the Issuer of: (x) if such Collateral Debt Security is a Floating Rate Security and has a Moody's Rating of "Aa3" at the time it is acquired by the Issuer, less than 92.0% of the principal amount thereof; *provided* that a Collateral Debt Security shall cease to constitute a "Discount Security" for purposes of this clause (x) if the Fair Market Value thereof equals or exceeds 95.0% of its outstanding principal amount for four consecutive biweekly valuation dates following the initial valuation date on which such percentage was equaled or exceeded; (y) if such Collateral Debt Security is a Fixed Rate Security and has a Moody's Rating of "Aa3" or higher at the time it is acquired by the Issuer, less than 85.0% of the Adjusted Issue Price thereof; *provided* that a Collateral Debt Security shall cease to constitute a "Discount Security" for purposes of this clause (y) if the Fair Market Value thereof equals or exceeds 90.0% of its Adjusted Issue Price for four consecutive biweekly valuation dates following the initial valuation date on which such percentage was equaled or exceeded; and (z) for any Collateral Debt Security not described in clauses (x) and (y), less than 75.0% of the principal amount (or Adjusted Issue Price in the case of a Fixed Rate Security) thereof; *provided* that a Collateral Debt Security shall cease to constitute a "Discount Security" for purposes of this clause (z) if the Fair Market Value thereof equals or exceeds 85.0% of its outstanding principal amount (or Adjusted Issue Price in the case of a Fixed Rate Security) for four consecutive biweekly valuation dates following the initial valuation date on which such percentage was equaled or exceeded.

"Dollars" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for all debts, public and private.

"Due Period" means, with respect to any Distribution Date, each period from, but excluding, the last day of the calendar month that ends immediately prior to the immediately preceding Distribution Date to, and including, the last day of the calendar month that ends immediately prior to such Distribution Date, except that (a) the initial Due Period will commence on, and include, the Closing Date and (b) the final Due Period will end on, and include, the day preceding the Stated Maturity of the Notes. The "Distribution Date" relating to any Due Period shall be the Distribution Date that next succeeds the last day of such Due Period. Amounts that

would otherwise have been payable in respect of a Pledged Collateral Debt Security on the last day of a Due Period but for such day not being a designated business day in the Underlying Instruments shall be considered included in collections received during such Due Period; *provided* such amounts are received no later than one Business Day after the last day of the related Due Period.

"Eligible Investments" include any Dollar-denominated investment that is one or more of the following (and may include investments for which the Trustee and/or its Affiliates provides services or receives compensation):

(a) Cash;

(b) direct Registered obligations of, and Registered obligations the timely payment of principal and interest on which is fully and expressly guaranteed by, the United States or any agency or instrumentality of the United States the obligations of which are expressly backed by the full faith and credit of the United States;

(c) demand and time deposits in, certificates of deposit of, bankers' acceptances payable within 183 days of issuance issued by, or Federal funds sold by any depository institution or trust company (including the Bank) incorporated under the laws of the United States or any state thereof and subject to supervision and examination by Federal and/or state banking authorities so long as the commercial paper and/or the debt obligations of such depository institution or trust company (or, in the case of the principal depository institution in a holding company system, the commercial paper or debt obligations of such holding company) at the time of such investment or contractual commitment providing for such investment have a credit rating of not less than "Aa2" by Moody's (and, if such rating is "Aa2", such rating is not on watch for possible downgrade by Moody's) and not less than "AA+" by Standard & Poor's in the case of long-term debt obligations, or "P-1" by Moody's (and such rating is not on watch for possible downgrade by Moody's) and "A-1" by Standard & Poor's in the case of commercial paper and short-term debt obligations including time deposits; *provided* that (i) in each case, the issuer thereof must have at the time of such investment a long-term credit rating of not less than "A1" by Moody's (and, if such rating is "A1", such rating is not on watch for possible downgrade by Moody's), (ii) in the case of commercial paper and short-term debt obligations with a maturity of longer than 91 days, the issuer thereof must also have at the time of such investment a long-term credit rating of not less than "AA+" by Standard & Poor's and (iii) with respect to commercial paper and short-term debt obligations issued by issuers with a short-term credit rating of "A-1" by Standard & Poor's, the aggregate balance of all such Eligible Investments shall not exceed 20.0% of the Aggregate Outstanding Amount of the Notes;

(d) unleveraged repurchase obligations (if treated as debt for tax purposes by the Issuer and the counterparty) with respect to (i) any security described in clause (b) above or (ii) any other Registered obligation issued or guaranteed by an agency or instrumentality of the United States (in each case without regard to the Stated Maturity of such security), in either case entered into with a U.S. Federal or state depository institution or trust company (acting as principal) described in clause (c) above or entered into with a corporation (acting as principal) whose long-term rating is not less than "Aa2" by Moody's (and, if such rating is "Aa2", such rating is not on watch for possible downgrade by Moody's) and not less than "AA+" by Standard

& Poor's or whose short-term credit rating is "P-1" by Moody's (and such rating is not on watch for possible downgrade by Moody's) and "A-1" by Standard & Poor's at the time of such investment; *provided* that (i) in each case, the issuer thereof must have at the time of such investment a long-term credit rating of not less than "Aa2" by Moody's (and, if such rating is "Aa2", such rating is not on watch for possible downgrade by Moody's) and (ii) if such security has a maturity of longer than 91 days, the issuer thereof must also have at the time of such investment a long-term credit rating of not less than "AA+" by Standard & Poor's;

(e) Registered debt securities bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States or any state thereof that have a credit rating of not less than "Aa2" by Moody's (and, if such rating is "Aa2", such rating is not on watch for possible downgrade by Moody's) and not less than "AA+" by Standard & Poor's;

(f) commercial paper or other short-term obligations having at the time of such investment a credit rating of "P-1" by Moody's (and such rating is not on watch for possible downgrade by Moody's) and "A-1" by Standard & Poor's; *provided* that (i) if such security has a maturity of more than 91 days, the issuer thereof must have at the time of such investment a long-term credit rating of not less than "Aa2" by Moody's (and, if such rating is "Aa2", such rating is not on watch for possible downgrade by Moody's), and (ii) if such security has a maturity of longer than 91 days, the issuer thereof must also have at the time of such investment a long-term credit rating of not less than "AA+" by Standard & Poor's;

(g) Registered Reinvestment Agreements issued by any bank (if treated as a deposit by such bank), or a Registered Reinvestment Agreement issued by any insurance company or other corporation or entity organized under the laws of the United States or any state thereof (if treated as debt for tax purposes by such corporation or entity), in each case, that has a credit rating of "P-1" by Moody's (and such rating is not on watch for possible downgrade by Moody's) and "A-1" by Standard & Poor's; *provided* that (i) in any case, the issuer thereof must have at the time of such investment a long-term credit rating of not less than "Aa2" by Moody's (and, if such rating is "Aa2", such rating is not on watch for possible downgrade by Moody's) and (ii) such agreement provides that it is terminable by the purchaser, without premium or penalty, in the event that the rating assigned to such agreement by any Rating Agency is at any time lower than the minimum rating above; and

(h) interests in any money market fund or similar investment vehicle that is formed and has its principal office outside the United States having at the time of investment therein the highest credit rating assigned by Moody's and a rating of "AAAm" or "AAAm/G" by Standard & Poor's;

and, in each case (other than clause (a)), with a Stated Maturity (giving effect to any applicable grace period) no later than the Business Day immediately preceding the Distribution Date next following the Due Period in which the date of investment occurs; *provided* that (i) any investment with a credit rating of "A-1" by Standard & Poor's must have a Stated Maturity (giving effect to any applicable grace period) no later than the earlier of (x) sixty (60) calendar days from the date of investment and (y) the Business Day immediately preceding the Distribution Date next following the Due Period in which the date of investment occurs and (ii) Eligible Investments may not include (a) any mortgaged-backed or interest only security, (b) any

security that does not provide for payment or repayment of a stated principal amount in one or more installments, (c) any security purchased at a price in excess of 100% of the par value thereof, (d) any investment the income from or proceeds of disposition of which is or will be subject to reduction for or on account of any withholding or similar tax, (e) any investment the acquisition (including the manner of acquisition), ownership, enforcement or disposition of which will subject the Issuer or Co-Issuer to net income tax in any jurisdiction, (f) any Floating Rate Security (other than the time deposits described in paragraph (c) above) whose interest rate is inversely or otherwise not proportionately related to an interest rate index or is calculated as other than the sum of an interest rate index *plus* a spread, (g) any security that is subject to an Offer on the date of purchase thereof, (h) any security whose repayment is subject to substantial non-credit related risk as determined in the sole judgment of the Collateral Manager or (i) any security whose rating by Standard & Poor's includes the subscript "f", "p", "pi", "q", "r" or "t". Eligible Investments may be obligations of, and may be purchased from, the Trustee and its Affiliates, and may include obligations for which the Trustee or an Affiliate thereof receives compensation for providing services; *provided* that such compensation to the Trustee is provided on an arm's-length basis.

"Emerging Market Issuer" means a sovereign or non-sovereign issuer organized in a country that is in Latin America, Asia, Africa, Eastern Europe or the Caribbean or in a country the Dollar-denominated obligations of which are rated lower than "Aa2" by Moody's (or are rated "Aa2" and are on watch for possible downgrade by Moody's) and which has a foreign currency rating lower than "AA" by Standard & Poor's; *provided* that an issuer of Asset-Backed Securities organized in a Special Purpose Vehicle Jurisdiction shall not be an Emerging Market Issuer for purposes hereof if the underlying collateral of such Asset-Backed Securities consists solely of (a) obligations of obligors located in the United States, (b) obligations of Qualifying Foreign Obligors and/or (c) obligations of issuers of Asset-Backed Securities organized in a Special Purpose Vehicle Jurisdiction if the underlying collateral of such Asset-Backed Securities consists solely of obligations of obligors located in the United States and obligations of Qualifying Foreign Obligors.

"Entitlement Holder" has the meaning specified in Section 8-102(a)(7) of the UCC.

"Equipment Leasing Securities" means any Asset-Backed Security (other than an Aerospace and Defense Security, Healthcare Security, Restaurant and Food Services Security, Small Business Loan Security and Oil and Gas Security) that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from loans, leases and subleases of equipment (other than automobiles, trucks, buses and planes) to commercial and industrial customers, generally having the following characteristics: (a) the loans, leases and subleases have varying contractual maturities; (b) the loans, leases or subleases are obligations of a relatively limited number of obligors and accordingly represent an undiversified pool of obligor credit risk; (c) the repayment stream on such loans, 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 (d) in the case of leases or subleases, 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 lease term for excess usage.

"Equity Security" means any security, instrument, obligation or other property (other than Cash) acquired by the Issuer as a result of the exercise or conversion of a Collateral Debt Security, in conjunction with the purchase of a Collateral Debt Security or acquired in exchange for a Defaulted Security.

"ERISA" means The United States Employee Retirement Income Security Act of 1974, as amended.

"Excepted Property" means (a) the U.S.$250 of capital contributed by the owners of the Issuer's ordinary shares in accordance with the Issuer Charter and U.S.$250 representing a profit fee to the Issuer, together with, in each case, any interest accruing thereon and the bank account in which such cash is held and (b) the shares of the Co-Issuer and any assets of the Co-Issuer.

"Fair Market Value" means, with respect to a Collateral Debt Security, at any time, an amount (determined by the Collateral Manager on behalf of the Issuer in accordance with the Collateral Management Agreement) equal to (a) (i) the mean of the bona fide bids obtained by the Issuer (or the Collateral Manager on behalf of the Issuer) from not less than three Approved Dealers, which Approved Dealers are Independent from one another, from the Collateral Manager and from the Issuer, (ii) if the Issuer (or the Collateral Manager on behalf of the Issuer) is in good faith unable to obtain bids from three Approved Dealers, the lesser of the bona fide bids for such Collateral Debt Security obtained by the Issuer (or the Collateral Manager on behalf of the Issuer) at such time from any two Approved Dealers which are Independent from one another, from the Collateral Manager and from the Issuer, (iii) if the Issuer (or the Collateral Manager on behalf of the Issuer) is in good faith unable to obtain bids in accordance with clause (a)(i) and (a)(ii) of this definition, the bona fide bid for such Collateral Debt Security obtained by the Issuer (or the Collateral Manager on behalf of the Issuer) at such time from an Approved Dealer which is Independent from the Collateral Manager and from the Issuer or (iv) if the Issuer (or the Collateral Manager on behalf of the Issuer) is in good faith unable to obtain bids in accordance with clause (a)(i), (a)(ii) and (a)(iii) of this definition, the price determined by the Collateral Manager in accordance with the Collateral Manager Standard of Care; or (b) the price for such Collateral Debt Security on such date provided to the Issuer (or the Collateral Manager on behalf of the Issuer) by an Approved Pricing Service which is Independent from the Collateral Manager and from the Issuer; *provided* that (a) if the "Fair Market Value" is determined, with respect to any Collateral Debt Security, (x) pursuant to clause (a)(iii) or (a)(iv) of this definition and (y) for purposes of clarity, not pursuant to clause (c) of this proviso, the "Fair Market Value" shall equal zero after thirty (30) calendar days with respect to such Collateral Debt Security, (b) if the "Fair Market Value" is determined pursuant to clause (a)(iv) of this definition, the "Fair Market Value" must not be higher than the product of the par value of such Collateral Debt Security and the Applicable Recovery Rate, and (c) notwithstanding the foregoing, the "Fair Market Value" of such Collateral Debt Security shall be determined by the Collateral Manager in accordance with the Collateral Manager Standard of Care if (i) the Collateral Manager is subject to the Investment Advisor's Act of 1940 (or other comparable regulation), (ii) the "Fair Market Value" of such Collateral Debt Security determined by the Collateral Manager in accordance with the Collateral Manager Standard of Care does not differ

from the fair market value for such Collateral Debt Security determined by the Collateral Manager for other portfolios and CDOs managed by the Collateral Manager on the same date of determination, (iii) the Collateral Manager notifies the Trustee and each Rating Agency that it has determined the Fair Market Value of such Collateral Debt Security pursuant to clause (c) of this proviso and (iv) the Collateral Manager uses the same valuation methods for each security type.

"Fiscal Agency Agreement" means the Fiscal Agency Agreement dated as of November 9, 2007 among the Issuer and the Fiscal Agent.

"Fiscal Agent" means Wells Fargo Bank, N.A. (or any successor thereto), as Fiscal Agent for the Subordinate Securities, or any person authorized by the Issuer from time to time to make payments on the Subordinate Securities and to deliver notices to the holders of Subordinate Securities on behalf of the Issuer.

"Fixed Rate Security" means a Collateral Debt Security bearing interest at a fixed rate.

"Floorplan Receivable Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) upon assets that will consist of a revolving pool of receivables arising from the purchase and financing by domestic retail motor vehicle dealers for their new and used automobile and light-duty truck inventory. The receivables are comprised of principal receivables and interest receivables. In addition to receivables arising in connection with designated accounts, the trust assets may include interests in other floorplan assets, such as: (a) participation interests in pools of assets existing outside the trust and consisting primarily of receivables arising in connection with dealer floorplan financing arrangements originated by a manufacturer or one of its affiliates; (b) participation interests in receivables arising under dealer floorplan financing arrangements originated by a third party and participated to a manufacturer; (c) receivables originated by a manufacturer under syndicated floorplan financing arrangements between a motor vehicle dealer and a group of lenders; or (d) receivables representing dealer payment obligations arising from purchases of vehicles.

"Franchise Securities" means (1) Oil and Gas Securities and (2) Restaurant and Food Service Securities, to the extent that such Oil and Gas Securities or Restaurant and Food Service Securities entitle the holders thereof to receive payments that depend primarily (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 franchise loans made to operators of franchises.

"Global Notes" means the Regulation S Global Co-Issued Notes and the Restricted Global Co-Issued Notes.

"Healthcare Securities" means Asset-Backed Securities (other than Small Business Loan Securities) that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from 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: (a) the leases and subleases have varying contractual maturities; (b) the leases or subleases are obligations of a relatively limited number of obligors and accordingly represent an undiversified pool of obligor credit risk; (c) 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 (d) 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 lease term for excess usage or wear and tear.

"Hedge Agreement Closing Expenses" means any costs and expenses (including reasonable fees and disbursements of counsel) incurred by the Issuer in connection with the negotiation and preparation of the initial execution of any Hedge Agreement and related documentation prior to the Determination Date related to the December 2008 Distribution Date.

"High-Diversity CDO Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from a portfolio of commercial and industrial loans, asset-backed securities (including collateralized debt obligations), trust preferred and similar securities or corporate debt securities (or any combination of the foregoing), or from one or more credit default swaps which reference such securities or loans and/or the obligors thereon, generally having the following characteristics: (1) such loans and securities have varying contractual maturities; (2) such loans and securities are obligations of issuers that represent a relatively diversified pool of credit risk having a Moody's diversity score higher than 20 or an Asset Correlation Factor of less than 15%; (3) repayment thereof can vary substantially from the contractual payment schedule (if any), with early prepayment of individual loans or 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 (4) in some cases, proceeds from such repayments can for a limited period and subject to compliance with certain eligibility criteria be reinvested in additional loans, asset-backed securities and/or corporate debt securities.

"Home Equity Loan Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from balances (including revolving balances) outstanding under loans or lines of credit secured by single family residential real estate the proceeds of which loans or 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), and that generally have the following characteristics: (a) the balances have standardized payment terms and require minimum monthly payments; (b) the balances are obligations of numerous borrowers and accordingly represent a very diversified pool of obligor credit risk; (c) the repayment stream on such balances does not depend on a contractual repayment schedule, with early repayment depending primarily on interest rates, availability of credit against a maximum line of credit and general economic matters; and (4) the line of credit or loan may be secured by residential real estate with a market value (determined

on the date of origination of such line of credit or loan) that is less than the original proceeds of such line of credit or loan.

"Hybrid Securities" means any Collateral Debt Securities (including, without limitation, any Asset-Backed Securities the payments on which depend on the cash flow from adjustable-rate mortgages) that, pursuant to their Underlying Instruments, pass through to the holders thereof all interest proceeds received in respect of the underlying collateral with respect to such Collateral Debt Securities, which underlying collateral may consist of assets that bear interest at a fixed rate for a limited period of time (generally greater than 12 months at the time of issuance of the security on a weighted average basis), after which such assets bear interest based upon a floating rate index for Dollar-denominated obligations commonly used as a reference rate in the United States or the United Kingdom.

"Insurance Company Guaranteed Securities" means any Monoline Guaranteed Security or Multiline Guaranteed Security.

"Interest Distribution Amount" means with respect to any Class of Notes and any Distribution Date, the sum of (i) the aggregate amount of interest accrued at the respective Note Interest Rate for such Class during the Interest Period ending immediately prior to such Distribution Date on the Aggregate Outstanding Amount of the Notes of such Class on the first day of such Interest Period or, in the case of any Additional Class A-2 Notes issued during such Interest Period, on the related Additional Notes Closing Date (after giving effect to any redemption of the Notes of such Class or other payment of principal of the Notes of such Class on any preceding Distribution Date) plus (ii) any Defaulted Interest in respect of the Notes of such Class and accrued interest thereon.

"Interest Only Security" means any security that by its terms provides for periodic payments of interest and does not provide for the repayment of a stated principal amount.

"Interest Proceeds" means, with respect to any Due Period, the sum (without duplication) of:

(1) all payments of interest on the Collateral Debt Securities (other than interest on Defaulted Securities, Deferred Interest PIK Bonds and interest on Written Down Amounts) received in Cash by the Issuer during such Due Period;

(2) any interest received in Cash by the Issuer during such Due Period with respect to Collateral Debt Securities sold by the Issuer (including Sale Proceeds or other recoveries received in respect of Defaulted Securities, Deferred Interest PIK Bonds and Written Down Amounts in excess of the greater of the applicable portion of the original purchase price paid by the Issuer or the applicable par or face amount thereof);

(3) all payments of interest (including any amount representing the accreted portion of a discount from the face amount of an Eligible Investment) received in Cash by the Issuer prior to the Distribution Date next following such Due Period on investments in any Account (except interest on investments in any Hedge Counterparty Collateral Account; and all payments of principal, including repayments, received in Cash by the Issuer prior to the Distribution Date

next following such Due Period on Eligible Investments purchased with amounts from the Interest Collection Account received by the Issuer during such Due Period;

(4) all amendment and waiver fees, all late payment fees, and all other fees and commissions received in Cash by the Issuer during such Due Period (other than fees and commissions received in respect of Defaulted Securities, Deferred Interest PIK Bonds and Written Down Amounts and yield maintenance payments, in each case, included in Principal Proceeds pursuant to clause (6) or (8) of the definition thereof);

(5) all amounts on deposit in the Expense Account, the Interest Reserve Account and the Uninvested Proceeds Account that are transferred to the Payment Account for application as Interest Proceeds pursuant to the Indenture, respectively, during such Due Period; and

(6) all scheduled payments received pursuant to any Hedge Agreements (excluding any payments received by the Issuer by reason of an event of default or termination event or that are received as a result of any partial termination of such Hedge Agreement other than the portion thereof consisting of accrued scheduled payments) less any scheduled payments payable by the Issuer under such Hedge Agreement during such Due Period;

provided that Interest Proceeds shall in no event include (x) any payment or proceeds specifically defined as "Principal Proceeds" in the definition thereof, or (y) any Excepted Property.

"Investment Company Act" means the United States Investment Company Act of 1940, as amended, and the rules thereunder.

"IRR" means, with respect to each Distribution Date, the rate of return on the Class D Notes or the Subordinate Securities, as the case may be, that would result in a net present value of zero, assuming (a) the original Aggregate Principal Balance of the Class D Notes or the Subordinate Securities, as the case may be, is an initial negative cash flow on the Closing Date and all distributions, if any, under "Description of the Notes—Priority of Payments" (in the case of the Class D Notes) and to the Fiscal Agent (for distribution to the Subordinate Securityholders in accordance with the Fiscal Agency Agreement) on such Distribution Date and each preceding Distribution Date are positive cash flows, (b) the initial date for the calculation is the Closing Date, (c) the number of days to each subsequent Distribution Date from the Closing Date is calculated on the basis of a 360-day year consisting of twelve 30-day months and (d) the calculation is made on an annual compounding basis.

"Issue" means Collateral Debt Securities issued by the same issuer and secured by the same pool of collateral.

"Issue Price Adjustment" means, as of any date of determination, (a) with respect to any Floating Rate Security, 0%, (b) with respect to any Fixed Rate Security upon original issuance thereof, 0% and (c) with respect to any Fixed Rate Security on any date after the original issuance thereof, the product (calculated by the Collateral Manager) of (i) the current duration of such Fixed Rate Security (calculated by the Collateral Manager in accordance with the Collateral Manager Standard of Care) multiplied by (ii) the Benchmark Rate Change on such date of determination multiplied by (iii) the price (expressed as a percentage of par) at which such security was issued upon original issuance.

"Issuer Order" and **"Issuer Request"** mean, respectively, a written order or a written request (which may be in the form of a blanket or standing order or request), in each case dated and signed in the name of the Issuer by an Authorized Officer with respect to the Issuer and (if appropriate) the Co-Issuer or by an Authorized Officer of the Collateral Manager where permitted pursuant to this Indenture or the Collateral Management Agreement, as the context may require or permit.

"Lottery Receivable Security" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) upon an arrangement which compensates a winner of a state lottery with one lump sum payment in exchange for a pledge of the lottery payments that individual would have received over a future period of time. Therefore, Lottery Receivable Securities are backed by a diversified pool of payments received from various state lottery commissions in exchange for a lump sum payment to a bona fide winner of a given state lottery.

"Low-Diversity CDO Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from a portfolio of asset-backed securities (including collateralized debt obligations), commercial and industrial loans, trust preferred and similar securities or corporate debt securities (or any combination of the foregoing), or from one or more credit default swaps which reference such securities or loans and/or the obligors thereon, generally having the following characteristics: (1) the loans and securities have varying contractual maturities; (2) the loans and securities are obligations of a pool of obligors or issuers that represent a relatively undiversified pool of credit risk having a Moody's diversity score of 20 or lower or an Asset Correlation Factor of 15% or more; (3) repayment thereof can vary substantially from the contractual payment schedule (if any), with early prepayment of individual securities and loans depending on numerous factors specific to the particular issuers and upon whether, in the case of loans or debt securities bearing interest at a fixed rate, such loans or securities include an effective prepayment premium; and (4) in some cases, 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.

"Majority-in-Interest of Subordinate Securityholders" means Holders of Subordinate Securities representing more than 50% of the outstanding principal amount or face amount of the Subordinate Securities (treating all Subordinate Securities as one class of securities for this purpose).

"Management Fee" means, collectively, the Senior Management Fees and the Subordinate Management Fees.

"Manufactured Housing Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from manufactured housing (also known as mobile homes and prefabricated homes) installment sales contracts and installment loan agreements, generally

having the following characteristics: (a) the contracts and loan agreements have varying, but typically lengthy contractual maturities; (b) 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; (c) the contracts and/or loans are obligations of a large number of obligors and accordingly represent a relatively diversified pool of obligor credit risk; (d) 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 (e) in some cases, obligations are fully or partially guaranteed by a governmental agency or instrumentality.

"Margin Stock" means "margin stock" as defined under Regulation U issued by the Board of Governors of the Federal Reserve System.

"Measurement Date" means any of the following: (a) the Closing Date; (b) any Additional Notes Closing Date; (c) any date after the Closing Date on which the Issuer disposes of or acquires a Collateral Debt Security or on which a Collateral Debt Security becomes a Defaulted Security, a Deferred Interest PIK Bond or a Written Down Security; (d) each Determination Date; (e) the last day of each calendar month (other than a month in which a Determination Date occurs); and (f) with reasonable prior notice to the Issuer, the Collateral Manager and the Trustee, any other Business Day that any Rating Agency or Holders of a Majority of any Class of Notes requests to be a "Measurement Date"; *provided* that if any such date would otherwise fall on a day that is not a Business Day, the relevant Measurement Date will be the next succeeding day that is a Business Day.

"Monthly Report" a monthly report distributed from the Issuer to the Trustee, each Rating Agency, the Repository, the Fiscal Agent, the Collateral Manager, any Hedge Counterparty and each Transfer Agent, pursuant to the Indenture.

"Negative Amortization Capitalization Amount" means, with respect to any Negative Amortization Security and any specified period of time, the aggregate amount of accrued interest thereon that has been capitalized as principal pursuant to the related Underlying Instruments during such period, as the same may be reduced from time to time pursuant to and in accordance with the related Underlying Instruments.

"Negative Amortization Haircut Amount" means, with respect to any Negative Amortization Security on any date of determination, the excess (if any) of (a) the Negative Amortization Capitalization Amount therefor (if any) for the period from and including the date of issuance thereof to but excluding such date of determination over (b) the sum of (i) 5.0% of the original principal amount of such Negative Amortization Security upon issuance and (ii) the amount by which such Negative Amortization Security has already been haircut pursuant to the operation of clause (g) of the definition of "Principal Balance".

"Negative Amortization Security" means an ABS Type Residential Security which (a) permits the related mortgage loan or mortgage loan obligor for a specified period of time to make no repayments of principal and payments of interest in amounts that are less than the interest payments that would otherwise be payable thereon based upon the stated rate of interest thereon,

(b) to the extent that interest proceeds received in respect of the related underlying collateral are insufficient to pay interest that is due and payable thereon, permits principal proceeds received in respect of the related underlying collateral to be applied to pay such interest shortfall and (c) to the extent that the aggregate amount of interest proceeds and principal proceeds received in respect of the related underlying collateral are insufficient to pay interest that is due and payable thereon, permits such unpaid interest to be capitalized as principal and itself commence accruing interest at the applicable interest rate, in each case pursuant to the related Underlying Instruments.

"Net Outstanding Portfolio Collateral Balance" means, as of any Measurement Date, an amount equal to (a) the Aggregate Principal Balance on such Measurement Date of all Pledged Collateral Debt Securities (other than Defaulted Securities and Deferred Interest PIK Bonds) plus (b) the aggregate amount of all Principal Proceeds and Uninvested Proceeds held as Cash and the Aggregate Principal Balance of all Eligible Investments purchased with Principal Proceeds or Uninvested Proceeds and any amount on deposit at such time in the Principal Collection Account or the Uninvested Proceeds Account (without duplication) plus (c) for each Defaulted Security or Deferred Interest PIK Bond, the Calculation Amount with respect to such Defaulted Security or Deferred Interest PIK Bond, as applicable, minus (d) solely for purposes of calculating the Net Outstanding Portfolio Collateral Balance in connection with the Overcollateralization Tests, for each Negative Amortization Security, the Negative Amortization Haircut Amount (if any) with respect to such Negative Amortization Security.

"NIM Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for the rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from interest spreads from mortgage securitizations.

"Noteholder" means the person in whose name a Note is registered in the Note Register.

"Offer" means, with respect to any security, (a) any offer by the issuer of such security or by any other Person made to all of the holders of such security to purchase or otherwise acquire such security (other than pursuant to any redemption in accordance with the terms of the related Underlying Instruments) or to convert or exchange such security into or for Cash, securities or any other type of consideration or (b) any solicitation by the issuer of such security or any other Person to amend, modify or waive any provision of such security or any related Underlying Instrument.

"Oil and Gas Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from (a) a pool of franchise loans made to operators of franchises that provide oil and gasoline 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. They generally have the following characteristics: (1) the loans, leases or subleases have varying contractual maturities; (2) 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); (3) 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; (4) 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; (5) 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, n the case of loans bearing interest at a fixed rate, such loans include an effective prepayment premium; (6) 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; (7) such leases and 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 a lease term for excess usage or wear and tear; and (8) the ownership of a franchise right or other similar license and the creditworthiness of such franchise operators is the primary factor in any decision to invest in these securities.

"Original Purchaser" means a purchaser of Offered Securities on the Closing Date.

"Other ABS" means (a) a Dollar denominated Asset-Backed Security (other than a CDO Obligation or a Corporate Guaranteed Security) or (b) a beneficial interest in a trust all of the assets of which would satisfy the Eligibility Criteria set forth in the Eligibility Criteria, which is of a Specified Type.

"Person" means an individual, corporation (including a business trust), partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

"PIK Bond" means (i) any security that, pursuant to the terms of the related Underlying Instruments, permits the payment of interest thereon to be fully deferred or fully capitalized as additional principal thereof or that issues identical securities in place of payments of interest in Cash and (ii) expressly provides that such deferral and/or capitalization does not constitute an even of default (however denominated) under such security or the related Underlying Instruments; *provided* that in no event will a Negative Amortization Security constitute a "PIK Bond" for purposes of this definition.

"Placement Notes" means U.S.$30,000,000 of the Class A-1 Notes, U.S.$630,500,000 of the Class A-2 Notes, U.S.$10,200,000 of the Class A-3 Notes and U.S.$5,750,000 of the Class B Notes that will be issued on the Closing Date as Global Notes.

"Pledged Collateral Debt Security" means as of any date of determination, any Collateral Debt Security that has been Granted to the Trustee and has not been released from the lien created pursuant to the Indenture.

"Principal Balance" means with respect to any pledged security or Collateral Debt Security, as of any date of determination, the outstanding principal amount or certificate balance of such pledged security or Collateral Debt Security; *provided* that:

(a) the Principal Balance of a Collateral Debt Security received upon acceptance of an Offer for another Collateral Debt Security, which Offer expressly states that failure to accept

such Offer may result in a default under the Underlying Instruments, will be deemed to be the lesser of the Fair Market Value and the amount obtained by multiplying the Applicable Recovery Rate by the principal balance of such other Collateral Debt Security until such time as Interest Proceeds and Principal Proceeds, as applicable, are received on the next scheduled payment date with respect to such other Collateral Debt Security;

(b) the Principal Balance of any Equity Security and any Collateral Debt Security that fails to satisfy the Eligibility Criteria as of the Closing Date (such Collateral Debt Securities being identified on Schedule G as "Ineligible Collateral Debt Securities"), unless otherwise expressly stated herein, will be deemed to be zero;

(c) the Principal Balance of any Eligible Investment or Collateral Debt Security that is a Principal Only Security shall be the Accreted Value of such Eligible Investment or Collateral Debt Security on the payment date pursuant to such Eligible Investment's or Collateral Debt Security's Underlying Instruments, as the case may be, closest to the date of determination;;

(d) solely for the purpose of calculating the Net Outstanding Portfolio Collateral Balance in connection with an Overcollateralization Test, (i) the Principal Balance of any Written Down Security will be its outstanding principal amount or certificate balance reduced by the Written Down Amount thereof (to the extent it has not already been taken into account in the calculation of its outstanding principal amount or certificate balance) and (ii) the Principal Balance of any Discount Security will be its principal amount or certificate balance minus the Discount Haircut Amount; *provided* that if (in the case of either clause (i) or (ii)) the principal amount or certificate balance of the applicable Collateral Debt Security is also subject to adjustment pursuant to clause (f) below, in the case of the Overcollateralization Tests, such Collateral Debt Security will be reduced only pursuant to the clause of this definition of "Principal Balance" that, as of the applicable Determination Date, results in the lowest Principal Balance for that Collateral Debt Security for purposes of the Overcollateralization Tests;

(e) the Principal Balance of any Step-Up Bond shall be the sum of (i) the original issue price thereof plus (ii) the aggregate amount of interest accreted thereon to but excluding such date of determination in accordance with the provisions of the related Underlying Instruments (or any other agreement between the issuer thereof and the original purchasers thereof) relating to the reporting of income by the holders of, and deductions by the issuer of, such Step-Up Bond for U.S. Federal income tax purposes; *provided* that the Principal Balance of any Step-Up Bond shall not exceed the par amount of such Step-Up Bond;;

(f) solely for purposes of calculating the Net Outstanding Portfolio Collateral Balance in connection with the Overcollateralization Tests, if a Moody's Rating or Standard & Poor's Rating set forth in the table below is applicable to a Collateral Debt Security (other than a Deferred Interest PIK Bond or a Defaulted Security), then the Principal Balance of such Collateral Debt Security will be equal to its outstanding principal amount or certificate balance multiplied by the lower "Discount Percentage" opposite the Moody's Rating or Standard & Poor's Rating applicable to such Collateral Debt Security in the following table:

For purposes of the Overcollateralization Tests:

Moody's Rating	Discount Percentage	Floor Percentage	Standard & Poor's Rating	Discount Percentage	Floor Percentage
Ba1, Ba2 or Ba3	90.0%	0.0%	BB+, BB or BB-	90.0%	5.0%
B1, B2 or B3	80.0%	0.0%	B+, B or B-	80.0%	0.0%
Below B3	50.0%	0.0%	Below B-	70.0%	0.0%

provided that:

(A) applicable Collateral Debt Securities having a Standard & Poor's Rating of below "BBB-" will be excluded from the operation of the foregoing provision so long as the Aggregate Principal Balance of all such Collateral Debt Securities (determined without regard to the foregoing provision) does not exceed the Floor Percentage of the Net Outstanding Portfolio Collateral Balance (this Floor Percentage being satisfied first by the highest-rated Collateral Debt Securities having a Standard & Poor's Rating below "BBB-") and thereafter the Discount Percentage will only be applied to the outstanding principal amount or certificate balance of such Collateral Debt Securities in excess of such Floor Percentage of the Net Outstanding Portfolio Collateral Balance;

(B) applicable Collateral Debt Securities having a Moody's Rating in any of the three rating categories shown in the table above will be excluded from the operation of the foregoing provision so long as the Aggregate Principal Balance of all such Collateral Debt Securities (determined without regard to the foregoing provision) does not exceed the Floor Percentage of the Net Outstanding Portfolio Collateral Balance for such rating category and thereafter the Discount Percentage will only be applied to the outstanding principal amount or certificate balance of the applicable Collateral Debt Securities in such rating category in excess of such Floor Percentage of the Net Outstanding Portfolio Collateral Balance; and

(C) the ratings and the amounts of the Discount Percentages and the Floor Percentage with respect to Moody's or Standard & Poor's in the tables above may be modified if the Rating Condition with respect to Moody's or Standard & Poor's, as applicable, has been satisfied; and

(g) the Principal Balance of a Negative Amortization Security will be (i) the original principal amount of such Negative Amortization Security on the date of issuance thereof (which amount shall in no event be adjusted to reflect any Negative Amortization Capitalization Amounts thereon) minus (ii) the aggregate amount of all payments made in respect of principal thereof (excluding (A) any payments made in respect of Negative Amortization Capitalization Amounts for any period and (B) any amount of the principal proceeds used to pay an interest shortfall pursuant to clause (b) to the definition of "Negative Amortization Security") from and including the date of issuance thereof to but excluding such date of determination.

"Principal Only Security" means any security that by its terms provides for the repayment of a stated principal amount and does not provide for periodic payments of interest.

"Principal Proceeds" means, with respect to any Due Period, the sum (without duplication) of:

(1) any Uninvested Proceeds on deposit in the Uninvested Proceeds Account on the Closing Date other than amounts transferred to the Payment Account for application as Interest Proceeds;

(2) all payments of principal of the Collateral Debt Securities received in Cash by the Issuer during such Due Period including amounts received by the Issuer on the Closing Date from the sellers of the Collateral Debt Securities in respect of principal payments on such Collateral Debt Securities prior to such Due Period, prepayments or mandatory sinking fund payments, or payments in respect of optional redemptions, exchange offers, tender offers, recoveries on Defaulted Securities, Deferred Interest PIK Bonds and Written Down Securities (but only to the extent of the greater of (x) par or face amount of such securities and (y) the respective Purchase Amount for such Securities), the proceeds of a sale of any Equity Security received in Cash by the Issuer during such Due Period;

(3) Sale Proceeds received in Cash by the Issuer during such Due Period (including those received as a result of the sale, termination or assignment of any Deferred Interest PIK Bond or Defaulted Security, but excluding those included in Interest Proceeds as defined above), but excluding any Sale Proceeds applied to purchase replacement Collateral Debt Securities during such Due Period;

(4) all payments of principal on Eligible Investments purchased with amounts from the Principal Collection Account (excluding any amount representing the accreted portion of a discount from the face amount of an Eligible Investment) received in Cash by the Issuer during such Due Period;

(5) all amendment, waiver, late payment fees and other fees and commissions, received in Cash by the Issuer during such Due Period in respect of any Collateral any Defaulted Securities, Deferred Interest PIK Bonds or Written Down Securities (but only to the extent of the par or face amount such securities);

(6) all payments received in cash by the Issuer during such Due Period that represent call, prepayment or redemption premiums;

(7) all yield maintenance payments received in Cash by the Issuer during such Due Period;

(8) any proceeds resulting from the termination and liquidation of any Hedge Agreement received in Cash by the Issuer during such Due Period, to the extent such proceeds exceed the cost of entering into a replacement Hedge Agreement in accordance with the requirements of the Indenture and such proceeds are not included in Interest Proceeds pursuant to clause (6) of the definition thereof;

(9) all payments of interest received during such Due Period to the extent that they represent accrued interest purchased with Principal Proceeds;

(10) any amounts received in respect of Negative Amortization Capitalization Amounts for such Due Period; and

(11) all other payments received in such Due Period in connection with the Collateral Debt Securities and Eligible Investments (other than those standing to the credit of any Hedge Counterparty Collateral Account) that are not included in Interest Proceeds; *provided* that in no event will Principal Proceeds include (x) any Excepted Property or (y) unless as otherwise stated in clause (1) of this definition, any payment received in such Due Period in connection with the Eligible Investments standing to the credit of the Uninvested Proceeds Account;

provided that, for purposes of clause (10) of this definition, at any time when any Negative Amortization Capitalization Amounts have accrued on a Negative Amortization Security, (x) first, unscheduled payments of principal in respect thereof and (y) second (but only if the related payment report delivered to investors indicates that the aggregate Negative Amortization Capitalization Amount (if any) in respect thereof has remained the same or decreased in the related reporting period), scheduled payments of principal in respect thereof will be deemed to be applied to the reduction of such aggregate Negative Amortization Capitalization Amount and will constitute "Principal Proceeds" for purposes of this definition until such aggregate Negative Amortization Capitalization Amount has been reduced to zero.

"Prohibited Securities" means the following Specified Types of securities: ABS REIT Debt Securities, Aerospace and Defense Securities, Aircraft Lease Securities, Bespoke CDO Securities, Cap Corridor Securities, Car Rental Receivable Securities, Chassis Leasing Securities, CMBS Single Property Securities, Combination Securities, Container Leasing Securities, Corporate Debt Securities, Equipment Leasing Securities, Floorplan Receivable Securities, Healthcare Securities, Index Synthetic Securities, Interest Only Securities, Inverse Floating Rate Securities, Lottery Receivable Securities, Manufactured Housing Securities, Market Value CDO Securities, Mutual Fund Securities, NIM Securities, Oil and Gas Securities, Project Finance Securities, Rated CDO Equity Securities, Shipping Securities, Structured Settlement Securities, Tax Lien Securities, Time Share Securities, Tobacco Litigation Securities, Toggle Floater Securities or Tranched ABX CDO Securities.

"Project Finance Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from (a) the sale of products, such as electricity, nuclear energy, steam or water, in the utility industry by a special purpose entity formed to own the assets generating or otherwise producing such products and such assets were or are being constructed or otherwise acquired primarily with the proceeds of debt financing made available to such entity on a limited-recourse basis (including recourse to such assets and the land on which they are located) or (b) fees or other usage charges, such as tolls collected on a highway, bridge, tunnel or other infrastructure project, collected by a special purpose entity formed to own one or more such projects that were constructed or otherwise acquired primarily with the proceeds of debt financing made available to such entity on a limited-recourse basis (including recourse to the project and the land on which it is located).

"Prospectus Directive" means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading.

"Purchase Agreements" means, collectively, the Cantor Purchase Agreement, the Commonwealth Purchase Agreement and the Waterfall Purchase Agreement.

"Pure Private Collateral Debt Security" means any Collateral Debt Security other than (a) a Collateral Debt Security that was issued pursuant to an effective registration statement under the Securities Act or (b) a privately placed Collateral Debt Security that is eligible for resale under Rule 144A under the Securities Act.

"Qualifying Foreign Obligor" means a corporation, partnership or other entity organized in any of Australia, Canada, France, Germany, Ireland, New Zealand, Sweden, Switzerland or the United Kingdom, so long as the unguaranteed, unsecured and otherwise unsupported long-term U.S. Dollar sovereign debt obligations of such country are rated "Aa2" or better by Moody's (and, if rated "Aa2", are not on watch for possible downgrade by Moody's) and "AA" or better by Standard & Poor's.

"Qualified Institutional Buyer" has the meaning given in Rule 144A under the Securities Act.

"Qualified Purchaser" means (i) a "qualified purchaser" as defined in the Investment Company Act, (ii) a company beneficially owned exclusively by one or more "qualified purchasers"; (iii) a "knowledgeable employee" with respect to the Issuer as specified in Rule 3c-5 promulgated under the Investment Company Act or (iv) a company owned exclusively by one or more "knowledgeable employees" with respect to the Issuer.

"Quarterly Asset Amount" means, with respect to any Distribution Date, the Net Outstanding Portfolio Collateral Balance on the first day of the related Due Period (as shown by the Monthly Reports prepared pursuant to the Indenture) (after giving effect to distributions under "Description of the Notes—Priority of Payments – Principal Proceeds").

"Rating Condition" means, with respect to any action taken or to be taken hereunder, a condition that is satisfied when each of Moody's and Standard & Poor's (or if this Indenture expressly so specifies in respect of such action, the specified Rating Agency) has confirmed in writing to the Trustee that such action will not result in the withdrawal, reduction or other adverse action with respect to any then-current rating (including any private or confidential rating) by such Rating Agency of the Notes issued on the Closing Date or, if any Additional Notes Closing Date shall have occurred, issued or reaffirmed on the most recent Additional Notes Closing Date.

"Recreational Vehicle Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from installment sale loans made to finance the acquisition of, or from leases of, recreational vehicles, 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 very diversified pool of obligor credit risk; (3) the borrowers or lessees under the loans or leases generally do not 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 recreational vehicle for its stated residual value, subject to payments at the end of lease term for excess mileage or use.

"Redemption Price" means, with respect to any Note to be redeemed pursuant to an Auction Call Redemption, Tax Redemption or Optional Redemption, an amount (determined without duplication) equal to (i) in the case of the Class A Notes, Class B Notes or the Class C Notes (1) the Aggregate Outstanding Amount of such Note (including any Deferred Interest, if applicable) being redeemed plus (2) accrued interest thereon (including Defaulted Interest and accrued, unpaid and uncapitalized interest on Defaulted Interest, if any), and (ii) in the case of the Class D Notes, the Class D Redemption Price.

"Reference Obligation" means (i) any CDO Obligation, (ii) Other ABS, (iii) Corporate Debt Security (or Reference Obligor thereon) or (iv) a specified pool of financial assets (including credit default swaps) or Reference Obligors, either static or revolving.

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

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Notes" means Notes offered and sold pursuant to Regulation S of the Securities Act.

"Repack Security" means a security that represents, or is part of a class that represents, the sole material obligation of (or beneficial or equity interest in) a special purpose entity formed to hold and all of the assets of which are Asset-Backed Securities except that such assets are purchased or entered into by the issuer of the Repack Security and that would, in each case, if purchased by the Issuer, satisfy paragraphs (7) through (10) of the Eligibility Criteria.

"Requisite Percentage" means (i) if the Class A Notes (voting together as a single class) are the Controlling Class, the Holders of more than 66 2/3% of the Aggregate Outstanding Amount of the Controlling Class and (ii) if the Class B Notes, the Class C Notes, the Class D Notes or the Subordinate Securities are the Controlling Class, the Holders of a Majority of the Controlling Class.

"Residential A Mortgage Securities" means Asset-Backed Securities (other than Residential B/C Mortgage Securities) that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from 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: (a) the mortgage loans have generally been underwritten to the standards of the Federal National

Mortgage Association and the Federal Home Loan Mortgage Corporation (without regard to the size of the loan); (b) the mortgage loans have standardized payment terms and require minimum monthly payments; (c) the mortgage loans are obligations of numerous borrowers and accordingly represent a very diversified pool of obligor credit risk; and (d) 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.

"Residential B/C Mortgage Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from residential mortgage loans secured (on a first priority basis, subject to permitted liens, easements and other encumbrances) by subprime 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: (a) the mortgage loans have generally not been underwritten to the standards of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation (without regard to the size of the loan); (b) the mortgage loans have standardized payment terms and require minimum monthly payments; (c) the mortgage loans are obligations of numerous borrowers and accordingly represent a very diversified pool of obligor credit risk; and (d) 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.

"Restaurant and Food Services Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from (a) a pool of franchise loans made to operators of franchises that provide goods and services relating to the restaurant and food services industries and (b) leases or subleases of equipment to such operators for use in the provision of such goods and services. They generally have the following characteristics: (1) the loans, leases or subleases have varying contractual maturities; (2) 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); (3) 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; (4) 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; (5) 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; (6) 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; (7) such leases and 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 a lease term for excess usage or wear and tear; and (8) the ownership of a franchise right or other similar license and the creditworthiness of such franchise operators is the primary factor in any decision to invest in these securities.

"Restricted Notes" means Notes offered and sold in the United States pursuant to an exemption from the registration requirements of the Securities Act.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Sale Proceeds" means all proceeds received as a result of any Optional Redemption, Tax Redemption, Auction Call Redemption or any sales of Pledged Securities pursuant to the Indenture or otherwise which shall be calculated net of any reasonable out-of-pocket expenses of the Issuer, the Collateral Manager or the Trustee in connection with any such sale.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Management Fee" means, collectively, (a) the fees payable in an amount equal to 0.06% per annum of the Quarterly Asset Amount for such Distribution Date to the Collateral Manager in arrears on each Distribution Date pursuant to the Collateral Management Agreement and in accordance with the Priority of Payments, and (b) the fees payable in an amount equal to 0.04% per annum of the Quarterly Asset Amount for such Distribution Date to (x) the Surveillance Agent, if such Surveillance Agent has been appointed and such Surveillance Agent has not resigned or been terminated or removed, in each case, pursuant to the Surveillance Agency Agreement, (y) if no Surveillance Agent has been appointed after the resignation, termination or removal of the prior Surveillance Agent pursuant to the Surveillance Agency Agreement, Waterfall Eden Master Fund, Ltd., for so long as the Surveillance Agency Agreement is not terminated or (z) if the Surveillance Agency Agreement is terminated, the Collateral Manager, in arrears on each Distribution Date and in accordance with the Priority of Payments; *provided* that the Senior Management Fee will be payable on each Distribution Date only to the extent of funds available for such purpose in accordance with the Priority of Payments. Any accrued but unpaid Senior Management Fee will be deferred. Any unpaid Senior Management Fee that is deferred (whether as a result of the operation of the Priority of Payments, at the option of the Collateral Manager pursuant to Section 11.1(f) or as required pursuant to the Collateral Management Agreement) shall be paid on the next succeeding Distribution Date to the extent funds are available for such purpose in accordance with the Priority of Payments and shall not accrue interest. Any Senior Management Fees accrued but not paid prior to the resignation or removal of a Collateral Manager or Surveillance Agent (as applicable) will continue to be payable to such Collateral Manager or Surveillance Agent (as applicable) on the Distribution Date immediately following the effectiveness of such resignation or removal (and, if not paid on such immediately following Distribution Date, on one or more Distribution Dates thereafter).

"Servicer" means, with respect to any Collateral Debt Security, the entity that, absent any default, event of default or similar condition (however described), is primarily responsible for managing, servicing, monitoring and otherwise administering the cash flows from which payments to investors in such Collateral Debt Security are made.

"Small Business Loan Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets

designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from general purpose corporate loans made to "small business concerns" (generally within the meaning given to such term by regulations of the United States Small Business Administration), including 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. Small Business Loan Securities generally have the following characteristics: (1) the loans have payment terms that comply with any applicable requirements of the Small Business Act, as amended; (2) the loans are obligations of a relatively limited number of borrowers and accordingly represent an undiversified pool of obligor credit risk; and (3) 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.

"Special Purpose Vehicle Jurisdiction" means (a) the Cayman Islands, the Bahamas, Bermuda, the British Virgin Islands, Guernsey, Jersey, Luxembourg, the Netherlands Antilles or the Channel Islands and (b) any other jurisdiction that (x) is commonly used as the place of organization of special or limited purpose vehicles that issue Asset-Backed Securities, (y) that generally imposes no or nominal tax on the income of special purpose vehicles and (z) the designation of which as a Special Purpose Vehicle Jurisdiction satisfies the Rating Condition.

"Specified Type" means, for purposes of determining compliance with the Eligibility Criteria, each type of security (and category thereof) into which any Asset-Backed Security pledged to the Trustee on or after the Closing Date is divided. Each Specified Type of Asset-Backed Security is defined in this glossary or in Schedule N to the Indenture, as the case may be. The following are certain Specified Types (as further divided into the following categories) as more fully set forth herein and in Schedule N to the Indenture:

(a) "ABS Type Diversified Securities" means (1) Prime Automobile Securities; (2) Credit Card Securities; (3) Student Loan Securities; and (4) any other type of Asset-Backed Securities that becomes a Specified Type after the Effective Date or any Additional Notes Closing Date in accordance with the definition thereof and are designated as "ABS Type Diversified Securities" in connection therewith.

(b) "ABS Type Residential Securities" means (1) Home Equity Loan Securities; (2) Manufactured Housing Securities; (3) Prime Residential A Mortgage Securities; (4) Subprime Residential B/C Mortgage Securities; (5) Residential Alt-A Mortgage-Backed Securities and (6) any other type of Asset-Backed Securities that becomes a Specified Type after the Effective Date or any Additional Notes Closing Date in accordance with the definition thereof and is designated as "ABS Type Residential Securities" in connection therewith.

(c) "ABS Type Undiversified Securities" means (1) Franchise Securities; (2) Recreational Vehicle Securities; and (3) each Specified Type of Asset-Backed Securities whose designation as an "ABS Types Undiversified

Security" satisfies the Rating Condition and that is either (x) not a ABS Type Diversified Securities or ABS Type Residential Securities, or (y) is any other type of Asset-Backed Securities that becomes a Specified Type after any Additional Notes Closing Date in accordance with the definition thereof and is designated as "ABS Type Undiversified Securities" in connection therewith.

(d) "CMBS Securities" means CMBS Conduit Securities, CMBS Credit Tenant Lease Securities, CMBS Large Loan Securities and CMBS Single Property Securities.

(e) "Commercial ABS Securities" includes, without limitation, Aerospace and Defense Securities, Equipment Leasing Securities, Oil and Gas Securities and Small Business Loan Securities.

(f) "Consumer ABS Securities" includes, without limitation, Prime Automobile Securities, Car Rental Receivable Securities, Credit Card Securities, Recreational Vehicle Securities, Student Loan Securities and Time Share Securities.

(g) "RMBS Securities" means Prime Residential Securities, Mid-Prime and Subprime Residential Mortgage Securities.

"Stated Maturity" means, with respect to (a) any security (other than any of the Offered Securities), the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, (b) any repurchase obligation, the repurchase date thereunder on which the final repurchase obligation thereunder is due and payable and (c) any of the Offered Securities, December 9, 2047 or, in each case, if such date is not a Business Day, the next following Business Day.

"Step-Down Bond" means a security which by the terms of the related Underlying Instrument provides for a decrease, in the case of a Fixed Rate Security, in the per annum interest rate on such security or, in the case of a Floating Rate Security, in the spread over the applicable index or benchmark rate, solely as a function of the passage of time; *provided* that a Step-Down Bond shall not include any such security providing for payment of a constant rate of interest, or constant spread over the applicable index or benchmark rate, at all times after the date of acquisition by the Issuer. In calculating any Collateral Quality Test defined herein by reference to the spread (in the case of a floating rate Step-Down Bond) or coupon (in the case of a fixed rate Step-Down Bond) of a Step-Down Bond, the spread or coupon on any date shall be deemed to be the lowest spread or coupon, respectively, scheduled to apply to such Step-Down Bond on or after such date.

"Step-Up Bond" means a security which by the terms of the related Underlying Instrument provides for an increase, in the case of a Fixed Rate Security, in the per annum interest rate on such security or, in the case of a Floating Rate Security, in the spread over the applicable index or benchmark rate, solely as a function of the passage of time; *provided* that a Step-Up Bond shall not include any security that provides for such increase in the interest rate or

spread as a result of a ratings downgrade or a failure by the issuer thereof to exercise a clean-up call or any security providing for payment of a constant rate of interest, or constant spread over the applicable index or benchmark rate, at all times after the date of acquisition thereof by the Issuer. In calculating any Overcollateralization Test or Collateral Quality Test defined herein by reference to the spread (in the case of a floating rate Step-Up Bond) or coupon (in the case of a fixed rate Step-Up Bond) of a Step-Up Bond, the spread or coupon on any date shall be deemed to be the spread or coupon stated to be payable in Cash and in effect on such date.

"Stock Exchange or Trading System" means a stock exchange or other trading system on which securities are traded and that establishes rules and directives for (a) the issue size, (b) the minimum holding of securities by the public after the issuance with respect to the number of holders, the holding period and the value of such holding and (c) conditions for the termination of the trading in the securities, the "de-listing" of the securities from trading and the resumption of trading in the securities; *provided* that a security will not be deemed to trade on any Stock Exchange or Trading System if such security is part of a tranche of securities eligible for resale to "qualified institutional buyers" under Rule 144A under the Securities Act, notwithstanding the listing of a tranche that has identical economic features but is not eligible for trading within the United States or transfer to U.S. Persons on an exchange outside the United States (such as the Irish or Luxembourg stock exchange).

"Structured Settlement Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from receivables representing the right of litigation claimants to receive future scheduled payments under settlement agreements that are funded by annuity contracts, which receivables may have varying maturities.

"Student Loan Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from loans made to students (or their parents) to finance educational needs, generally having the following characteristics: (1) the loans have standardized terms; (2) the loans are obligations of numerous borrowers and accordingly represent a very diversified pool of obligor credit risk; (3) the repayment stream on such loans is primarily determined by a contractual payment schedule, with early repayment on such loans predominantly dependent upon interest rates and the income of borrowers following the commencement of amortization; and (4) such loans may be fully or partially insured or reinsured by the United States Department of Education.

"Subordinate Hedge Termination Payment" means any payment that becomes payable under any Hedge Agreement upon the early termination of such Hedge Agreement (or the transactions outstanding thereunder) by reason of an "Event of Default" with respect to which the relevant Hedge Counterparty is the "Defaulting Party" or a "Termination Event" (other than an "Illegality" or a "Tax Event") with respect to which such Hedge Counterparty is the sole "Affected Party". Terms in quotation marks used in this definition have the respective meanings given to such terms in the relevant Hedge Agreement.

"Subordinate Management Fee" means the fee payable in an amount equal to 0.02% per annum of the Quarterly Asset Amount for such Distribution Date to (x) the Surveillance Agent, if such Surveillance Agent has been appointed and such Surveillance Agent has not resigned or been terminated or removed, in each case, pursuant to the Surveillance Agency Agreement, (y) if no Surveillance Agent has been appointed after the resignation, termination or removal of the prior Surveillance Agent pursuant to the Surveillance Agency Agreement, Waterfall Eden Master Fund, Ltd., for so long as the Surveillance Agency Agreement is not terminated or (z) if the Surveillance Agency Agreement is terminated, the Collateral Manager, in arrears on each Distribution Date and in accordance with the Priority of Payments; *provided* that the Subordinate Management Fee will be payable on each Distribution Date only to the extent of funds available for such purpose in accordance with the Priority of Payments. Any unpaid Subordinate Management Fee that is deferred due to the operation of the Priority of Payments will not accrue interest. Any Subordinate Management Fee accrued but not paid prior to the resignation or removal of the Surveillance Agent shall continue to be payable to the Surveillance Agent on the Distribution Date immediately following the effectiveness of such resignation or removal (and, if not paid on such immediately following Distribution Date, on one or more Distribution Dates thereafter).

"Subordinate Security Redemption Date Amount" means the amount required (after taking into account any distributions made or to be made to the Subordinate Securityholders on the applicable Distribution Date and all prior Distribution Dates in accordance with the Priority of Payments) to ensure that, after distribution of such amount to the Fiscal Agent for distribution to the Subordinate Securityholders in accordance with the Fiscal Agency Agreement, the IRR on the Subordinate Securities (as a Class) is not less than (i) 3.5% on the initial Aggregate Principal Balance of the Subordinate Securities with respect to any Distribution Date on or after the Distribution Date in December 2011 and prior to the Distribution Date in December 2012 and (ii) 2% on the initial Aggregate Principal Balance of the Subordinate Securities with respect to any Distribution Date on or after the Distribution Date in December 2012. For the avoidance of doubt, the calculation of the IRR will take into account all of the distributions made on the Subordinate Securities from the Closing Date to (and including) the Redemption Date, regardless of when a Subordinate Securityholder first purchased its Subordinate Securities.

"Subordinate Security Registrar" means Wells Fargo Bank, N.A. (on behalf of the Issuer) and any successor thereto.

"Subordinate Securityholders" means Persons in whose names the Subordinate Securities are registered in the ownership register relating to the Subordinate Securities maintained by the Subordinate Security Registrar.

"Subprime Automobile Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from subprime installment sale loans made to finance the acquisition of, or from leases of, automobiles, generally having the following characteristics: (a) the loans or leases may have varying contractual maturities; (b) the loans or leases are obligations of numerous borrowers or lessors and accordingly represent a very diversified pool of obligor credit risk; (c) the borrowers or lessors under the loans or leases have a poor credit rating; (d) 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 (e) such leases typically provide for the right of the lessee to purchase the vehicle for its stated residual value, subject to payments at the end of lease term for excess mileage or use.

"Synthetic Security" means any credit default swap, credit linked security, a total return swap, credit-linked note, credit derivative, structured bond investment or other investment (or any combination of the foregoing) which investment contains a probability of default, recovery upon default and expected loss characteristics closely correlated to one or more Reference Obligations or Reference Obligors (or expected loss characteristics corresponding to losses incurred above and/or below specified thresholds with respect to an entire pool of Reference Obligations) or an index of Reference Obligations or Reference Obligors, but which may provide for a different maturity, interest rate or other non-credit characteristics than such Reference Obligation(s) (if any).

"Tax Event" means an event that occurs if any obligor is, or on the next scheduled payment date under any Collateral Debt Security, will be, required to deduct or withhold from any payment under any Collateral Debt Security to the Issuer for or on account of any tax for whatever reason, and such obligor is not, or will not be, required to make additional payments so that the net amount received by the Issuer after satisfaction of such tax is the amount due to the Issuer before the imposition of any withholding tax or (b) any jurisdiction imposes net income, profits or a similar tax on the Issuer or (c) the Issuer or any Hedge Counterparty is required to deduct or withhold from any payment under any Hedge Agreement for or on account of any tax and the Issuer is obligated, or any Hedge Counterparty is not obligated, to make additional payments so that the net amount received after satisfaction of such tax is the amount due before the imposition of any withholding tax.

"Tax Lien Securities" means Asset-Backed Securities that entitle the holders thereof to receive payments that depend primarily (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from a pool of tax obligations owed by businesses and individuals to state and municipal governmental taxing authorities, generally having the following characteristics: (a) the obligations have standardized payment terms and require minimum payments; (b) the tax obligations are obligations of numerous borrowers and accordingly represent a very diversified pool of obligor credit risk; and (c) 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.

"Tax Materiality Condition" means a condition which will be satisfied during any 12-month period if the sum of the following exceeds U.S.$4,000,000: (i) the aggregate amount deducted or withheld for or on account of any tax by all obligors from any payment under any Collateral Debt Security (net of any additional amounts paid by such obligor to the Issuer) and (ii) the aggregate amount of any net income, profits or similar tax imposed on the Issuer and (iii) the aggregate amount of any amounts required to be paid by the Issuer and the deficiencies in the amounts received by the Issuer as a result of any deduction or withholding for or on account of

any tax with respect to any payment by the Issuer or any Hedge Counterparty under any Hedge Agreement.

"Time Share Securities" means Asset-Backed Securities (other than Residential A Mortgage Securities, Residential B/C Mortgage Securities and Home Equity Loan Securities) that entitle the holders thereof to receive payments that depend primarily 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 the proceeds of which were used to purchase fee simple interests in timeshare estates in units in a condominium, generally having the following characteristics: (a) the mortgage loans have standardized payment terms and require minimum monthly payments; (b) the mortgage loans are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk; (c) repayment of such securities can vary substantially from their contractual payment schedules and depends entirely upon the rate at which the mortgage loans are repaid; and (d) the repayment of such mortgage loans is subject to a 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 with early repayment depending primarily on interest rates and the sale of the mortgaged real estate and related dwelling and generally no penalties for early repayment.

"Total Redemption Amount" means, as of any Distribution Date, the aggregate amount required (a) to make all payments of accrued and unpaid amounts referred to in clauses (1) through (18) of the "Description of the Notes—Priority of Payments — Interest Proceeds" and "Description of the Notes-Priority of Payments — Principal Proceeds" as of such date (excluding any payments to the Subordinate Securityholders and including any termination payments payable by the Issuer pursuant to any Hedge Agreement and any fees and expenses incurred by the Trustee or the Collateral Manager in connection with the Sale of Collateral Debt Securities) and to pay any accrued and unpaid Management Fees, (b) to redeem all the Notes on the scheduled Redemption Date at the applicable Redemption Prices, together with all accrued and unpaid interest to the date of redemption and (c) solely in the case of an Auction Call Redemption, to make a payment to the Fiscal Agent for distribution to the Subordinate Securityholders in an amount equal to the Subordinate Security Redemption Date Amount (or such greater or lesser amount as is agreed by all of the Subordinate Securityholders).

"Transaction Documents" means, collectively, the Indenture, Collateral Management Agreement, Account Control Agreement, Administration Agreement, Purchase Agreements and Fiscal Agency Agreement.

"Trustee" means Wells Fargo Bank, N.A., a national banking association, solely in its capacity as trustee under the Indenture, 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.

"USA PATRIOT Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001.

"Underlying Instruments" means the indenture or other agreement pursuant to which a Pledged Security has been issued or created and each other agreement that governs the terms of or secures the obligations represented by such Pledged Security or of which the holders of such Pledged Security are the beneficiaries.

"Uninvested Proceeds" means, at any time, the net proceeds received by the Issuer on or after the Effective Date, from the initial issuance of the Notes and the Subordinate Securities to the extent such proceeds have not been deposited in the Expense Account or the Interest Reserve Account in accordance with the Indenture or, otherwise, invested in Collateral Debt Securities in accordance with the terms of the Indenture.

"United States" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

"U.S. Agency Securities" means Registered obligations of (i) the U.S. Treasury, (ii) any Federal agency or instrumentality of the United States of America or (iii)(a) the Federal National Mortgage Association, (b) the Student Loan Marketing Association or (c) the Federal Home Loan Mortgage Corporation, in each case with a Stated Maturity that does not exceed the Stated Maturity of the Notes.

"U.S.$ " means United States dollars.

"U.S. Person" has the meaning given in Regulation S.

"UCC" means the Uniform Commercial Code as in effect in the State of New York.

"Written Down Security" means as of any date of determination, any Collateral Debt Security as to which the aggregate par amount of such Collateral Debt Security and all other securities secured by the same pool of collateral that rank pari passu with or senior in priority of payment to such Collateral Debt Security exceeds the aggregate par mount (including reserved interest or other amounts available for overcollateralization) of all collateral securing such securities (excluding defaulted collateral that has been charged off), as determined by the Collateral Manager using customary procedures and information available in the servicer reports received by the Trustee relating to such Written Down Security. For the avoidance of any doubt, none of the Collateral Debt Securities purchased on the Closing Date will be a Written Down Security as of the Closing Date.

INDEX OF CERTAIN DEFINED TERMS

Following is an index of certain defined terms used in this *Offering Circular* and the page number where each such definition appears. Defined terms not appearing in this index are defined in the Glossary of Certain Defined Terms.

SCHEDULE A

RECOVERY RATE MATRICES

PART I

MOODY'S RECOVERY RATE MATRIX

(see definition of "Applicable Recovery Rate")

A. ABS Type Diversified Securities*

Percentage of Total Capitalization**	Moody's Rating***						
	Aaa	Aa	A	Baa	Ba	B	Below B
Greater than 70%	85%	80%	70%	60%	50%	40%	0%
Less than or equal to 70%, but greater than 10%	75%	70%	60%	50%	40%	30%	0%
Less than or equal to 10%	70%	65%	55%	45%	35%	25%	0%

B. ABS Type Residential Securities*

Percentage of Total Capitalization**	Moody's Rating***						
	Aaa	Aa	A	Baa	Ba	B	Below B
Greater than 70%	85%	80%	65%	55%	45%	30%	0%
Less than or equal to 70%, but greater than 10%	75%	70%	55%	45%	35%	25%	0%
Less than or equal to 10%, but greater than 5%	65%	55%	45%	40%	30%	20%	0%
Less than or equal to 5%, but greater than 2%	55%	45%	40%	35%	25%	15%	0%

Less than or equal to 2%	45%	35%	30%	25%	15%	10%	0%

C. ABS Type Undiversified Securities*

Percentage of Total Capitalization**	Moody's Rating***						
	Aaa	Aa	A	Baa	Ba	B	Below B
Greater than 70%	85%	80%	65%	55%	45%	30%	0%
Less than or equal to 70%, but greater than 10%	75%	70%	55%	45%	35%	25%	0%
Less than or equal to 10%, but greater than 5%	65%	55%	45%	35%	25%	15%	0%
Less than or equal to 5%, but greater than 2%	55%	45%	35%	30%	20%	10%	0%
Less than or equal to 2%	45%	35%	25%	20%	10%	5%	0%

D. Low-Diversity CDO Securities*

Percentage of Total Capitalization**	Moody's Rating***						
	Aaa	Aa	A	Baa	Ba	B	Below B
Greater than 70%	80%	75%	60%	50%	45%	30%	0%
Less than or equal to 70%, but greater than 10%	70%	60%	55%	45%	35%	25%	0%
Less than or equal to 10%, but greater than 5%	60%	50%	45%	35%	25%	15%	0%
Less than or equal to 5%, but greater than 2%	50%	40%	35%	30%	20%	10%	0%

Less than or equal to 2%	30%	25%	20%	15%	7%	4%	0%

E. High-Diversity CDO Securities*

Percentage of Total Capitalization**	Moody's Rating***						
	Aaa	Aa	A	Baa	Ba	B	Below B
Greater than 70%	85%	80%	65%	55%	45%	30%	0%
Less than or equal to 70%, but greater than 10%	75%	70%	60%	50%	40%	25%	0%
Less than or equal to 10%, but greater than 5%	65%	55%	50%	40%	30%	20%	0%
Less than or equal to 5%, but greater than 2%	55%	45%	40%	35%	25%	10%	0%
Less than or equal to 2%	45%	35%	30%	25%	10%	5%	0%

*If the Collateral Debt Security is a Guaranteed Corporate Debt Security, the recovery rate will be 30%. If the Collateral Debt Security is a NIM Security, the recovery rate will be 10%.

** Total Capitalization shall include all funded and unfunded tranches.

*** The Moody's Rating on the date of issuance for such Collateral Debt Security.

PART II

STANDARD & POOR'S RECOVERY RATE MATRIX

A. If the Collateral Debt Security (other than a Synthetic Security, REIT Debt Security or a Collateral Debt Security guaranteed by a corporate guarantor) is the senior-most tranche of securities issued by the issuer of such Collateral Debt Security the recovery rate is as follows*:

Standard & Poor's Rating of Collateral Debt Security	**Recovery Rate by Ratings of Notes**						
	AAA	**AA**	**A**	**BBB**	**BB**	**B**	**CCC**
"AAA"	80.0%	85.0%	90.0%	90.0%	90.0%	90.0%	90.0%
"AA-", "AA" or "AA+"	70.0%	75.0%	85.0%	90.0%	90.0%	90.0%	90.0%
"A-", "A" or "A+"	60.0%	65.0%	75.0%	85.0%	90.0%	90.0%	90.0%
"BBB-", "BBB" or "BBB+"	50.0%	55.0%	65.0%	75.0%	85.0%	85.0%	85.0%

B. If the Collateral Debt Security (other than a Synthetic Security, REIT Debt Security or a Collateral Debt Security guaranteed by a corporate guarantor) is not the senior-most tranche of securities issued by the issuer of such Collateral Debt Security the recovery rate is as follows*:

Standard & Poor's Rating of Collateral Debt Security	**Recovery Rate by Ratings of Notes**						
	AAA	**AA**	**A**	**BBB**	**BB**	**B**	**CCC**
"AAA"	65.0%	70.0%	80.0%	85.0%	85.0%	85.0%	85.0%
"AA-", "AA" or "AA+"	55.0%	65.0%	75.0%	80.0%	80.0%	80.0%	80.0%
"A-", "A" or "A+"	40.0%	45.0%	55.0%	65.0%	80.0%	80.0%	80.0%
"BBB-", "BBB" or "BBB+"	30.0%	35.0%	40.0%	45.0%	50.0%	60.0%	70.0%
"BB-", "BB" or "BB+"	10.0%	10.0%	10.0%	25.0%	35.0%	40.0%	50.0%

"B-", "B" or "B+"	2.5%	5.0%	5.0%	10.0%	10.0%	20.0%	25.0%
"CCC+" and below	0.0%	0.0%	0.0%	0.0%	2.5%	5.0%	5.0%

C. If the Collateral Debt Security is a Commercial Mortgage Backed Security, the recovery rate is as follows*:

Standard & Poor's Rating of Collateral Debt Security	**Recovery Rate by Ratings of Notes**						
	AAA	**AA**	**A**	**BBB**	**BB**	**B**	**CCC**
"AAA"	80%	85%	90%	90%	90%	90%	90%
"AA-", "AA" or "AA+"	70%	75%	85%	90%	90%	90%	90%
"A-", "A" or "A+"	60%	65%	75%	85%	90%	90%	90%
"BBB-", "BBB" or "BBB+"	45%	50%	55%	60%	65%	70%	75%
"BB-", "BB" or "BB+"	35%	40%	45%	45%	50%	50%	50%
"B-", "B" or "B+"	20%	25%	30%	35%	35%	40%	40%
"CCC+" and below	5%	5%	5%	5%	5%	5%	5%
NR	0%	0%	0%	0%	0%	0%	0%

D. If the Collateral Debt Security is a Synthetic Security, REIT Debt Security or a Collateral Debt Security guaranteed by a corporate guarantor, the recovery rate will be assigned by Standard & Poor's upon the acquisition of such Security by the Issuer.

SCHEDULE B

STANDARD & POOR'S TYPES OF ASSET-BACKED SECURITIES INELIGIBLE FOR NOTCHING

The following types of Asset-Backed Securities are not eligible to be notched in accordance with Schedule C unless otherwise agreed to by Standard & Poor's. Accordingly, the Standard & Poor's Rating of such Asset-Backed Securities must be determined pursuant to clause (i) or (ii) of paragraph (b) of the definition of "Rating" in Section 1.1 of the Indenture. This Schedule may be modified from time to time by Standard & Poor's and its applicability should be confirmed with Standard & Poor's prior to use.

1. Non-U.S. Structured Finance Securities
2. Guaranteed Securities
3. CDOs of Structured Finance and Real Estate Securities
4. CBOs of CDOs
5. CLOs of Distressed Debt
6. Mutual Fund Fee Securities
7. Catastrophe Bonds
8. First Loss Tranches of any Securitization
9. Synthetics
10. Synthetic CBOs
11. Combination Securities
12. Re-REMICs
13. Market Value CDOs
14. Net Interest Margin Securities (NIMs)
15. Any asset class not listed on Schedule C

SCHEDULE C

STANDARD & POOR'S NOTCHING OF ASSET-BACKED SECURITIES

The Standard & Poor's Rating of any Collateral Debt Security that is not of a type specified on Schedule C and that has not been assigned a rating by Standard & Poor's may be determined as set forth below.

A. If such Collateral Debt Security is rated by Moody's and Fitch, the Standard & Poor's Rating of such Collateral Debt Security shall be the Standard & Poor's equivalent of the rating that is the number of subcategories specified in Table A below the lowest of the ratings assigned by Moody's and Fitch.

B. If the Collateral Debt Security is rated by Moody's or Fitch, the Standard & Poor's Rating of such Collateral Debt Security shall be the Standard & Poor's equivalent of the rating that is one subcategory below the rating that is the number of subcategories specified in Table A below the rating assigned by Moody's or Fitch.

This Schedule may be modified from time to time by Standard & Poor's and its applicability should be confirmed with Standard & Poor's prior to use.

TABLE A

	Asset-Backed Securities issued prior to August 1, 2001		**Asset-Backed Securities issued on or after August 1, 2001**	
	(Lowest) current rating is:		(Lowest) current rating is:	
	"BBB-" or its equivalent or higher	Below "BBB-" or its equivalent	"BBB-" or its equivalent or higher	Below "BBB-" or its equivalent
1. Consumer ABS	-1	-2	-2	-3
Automobile Loan Receivable Securities				
Automobile Lease Receivable Securities				
Car Rental Receivables Securities				
Credit Card Securities				
Healthcare Securities				
Student Loan Securities				
2. Commercial ABS	-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. Non-Re-REMIC RMBS	-1	-2	-2	-3
Manufactured Housing Loan Securities				
4. Non-Re-REMIC CMBS	-1	-2	-2	-3
CMBS – Conduit				
CMBS - Credit Tenant Lease				
CMBS – Large Loan				
CMBS – Single Borrower				
CMBS – Single Property				
5. REITs	-1	-2	-2	-3
REIT – Multifamily & Mobile Home Park				
REIT – Retail				
REIT – Hospitality				
REIT – Office				
REIT – Industrial				
REIT – Healthcare				
REIT – Warehouse				
REIT – Self Storage				
REIT – Mixed Use				
6. Specialty Structured	-3	-4	-3	-4
Stadium Financings				
Project Finance				
Future flows				
7. Residential Mortgages	-1	-2	-2	-3
Residential "A"				
Residential "B/C"				
Home equity loans				
8. Real Estate Operating Companies	-1	-2	-2	-3

SCHEDULE D

MOODY'S NOTCHING CONVENTIONS FOR MULTISECTOR CDOS

The following notching conventions are appropriate for Standard & Poor's-only rated tranches. The figures represent the number of notches to be subtracted from the Standard & Poor's rating. For example, a "1" applied to an Standard & Poor's rating of "BBB" implies a Moody's rating of "Baa3".

ASSET CLASS	AAA to AA-	A+ to BBB-	Below BBB-
	Asset Backed		
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
Floorplan	1	3	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

Residential Mortgage Related (note that rating category groups differ here from above)

	AAA	**AA+ to BBB-**	**Below BBB-**
Jumbo A	1	2	3
Alt-A or mixed pools	1	3	4
HEL (including Residential B&C)	1	2	3

The following notching conventions are with respect to Fitch:

Residential Mortgage Related

Jumbo A	1	2	4
Alt-A or mixed pools	1	3	5
HEL (including Residential B&C)	No notching	No notching	No notching

For dual-rated Jumbo A or Alt-A transactions, take the lower of the two ratings on the security, apply the appropriate single-rated notching guidelines from above, then go up by 1/2 notch.

The following CMBS notching conventions are with respect to Standard & Poor's and Fitch:

ASSET CLASS	Tranche Rated by Fitch **and** Standard & Poor's; no tranche in deal rated by Moody's	Tranche Rated by Fitch **and/or** Standard & Poor's; at least one other tranche in deal rated by Moody's
Commercial Mortgage Backed Securities		
Conduit#	2 notches from lower of Fitch/Standard & Poor's	1.5* notches from lower of Fitch/Standard & Poor's
Credit Tenant Lease	Follow corporate notching practice	Follow corporate notching practice
Large Loan	No Notching Permitted	

#For this purpose, 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 (conduit loans, A notes, large loans, CTLs and any other real estate collateral) factored in.

*A 1.5 notch haircut implies, for example, that if Standard & Poor's/Fitch rating were "BBB", then the Moody's rating factor would be halfway between the "Baa3" and "Ba1" rating factors.

CDOs—No notching permitted. (Moody's must in all cases assign a rating or a rating estimate to the CDO tranche to be included in a resecuritization transaction.)

SCHEDULE E

MOODY'S SECTOR CODES

Moody's Sector Code	Sector Name
1	CORP - Corporate related - Corporate - Aerospace and Defense
2	CORP - Corporate related - Corporate - Automobile
3	CORP - Corporate related - Corporate - Banking
4	CORP - Corporate related - Corporate – Beverage, Food and Tobacco
5	CORP - Corporate related - Corporate – Buildings and Real Estate
6	CORP - Corporate related - Corporate - Chemicals, Plastics and Rubber
7	CORP - Corporate related - Corporate - Containers, Packaging and Glass
8	CORP - Corporate related - Corporate - Personal and Non-Durable Consumer Products (Manufacturing Only)
9	CORP - Corporate related - Corporate - Diversified/Conglomerate Manufacturing
10	CORP - Corporate related - Corporate - Diversified/Conglomerate Service
11	CORP - Corporate related - Corporate - Diversified Natural Resources, Precious Metals and Minerals
12	CORP - Corporate related - Corporate - Ecological
13	CORP - Corporate related - Corporate - Electronics
14	CORP - Corporate related - Corporate - Finance
15	CORP - Corporate related - Corporate - Farming and Agriculture
16	CORP - Corporate related - Corporate - Grocery
17	CORP - Corporate related - Corporate - Healthcare, Education and Childcare
18	CORP - Corporate related - Corporate - Home and Office Furnishings, Housewares and Durable Consumer Products
19	CORP - Corporate related - Corporate - Hotels, Motels, Inns and Gaming

Moody's Sector Code	Sector Name
20	CORP - Corporate related - Corporate - Insurance
21	CORP - Corporate related - Corporate - Leisure, Amusement and Entertainment
22	CORP - Corporate related - Corporate - Machinery (Non-Agriculture, Non-Construction and Non-Electronic)
23	CORP - Corporate related - Corporate - Mining, Steel, Iron and Non-Precious Metals
24	CORP - Corporate related - Corporate - Oil and Gas
25	CORP - Corporate related - Corporate - Personal, Food and Miscellaneous Services
26	CORP - Corporate related - Corporate - Printing and Publishing
27	CORP - Corporate related - Corporate - Cargo Transport
28	CORP - Corporate related - Corporate - Retail Stores
29	CORP - Corporate related - Corporate - Telecommunications
30	CORP - Corporate related - Corporate - Textiles and Leather
31	CORP - Corporate related - Corporate - Personal Transportation
32	CORP - Corporate related - Corporate - Utilities
33	CORP - Corporate related - Corporate - Broadcasting and Entertainment
34	CORP - Corporate related - Corporate - Sovereign and Supranational
36	ABS - Consumer - Consumer ABS - Auto and Personal Lease
37	ABS - Consumer - Consumer ABS - Credit Card
38	ABS - Consumer - Consumer ABS - Student Loans
39	ABS - Consumer - RMBS - First and Second Lien Prime
40	ABS - Consumer - RMBS - Midprime
41	ABS - Consumer - RMBS - Subprime

Moody's Sector Code	Sector Name
42	ABS - Consumer - RMBS - Manufactured Housing
43	ABS - Consumer - ABS CDOs
44	ABS - Specific - Specific - Tax Lien
45	ABS - Specific - Specific - Mutual Fund Fees
46	ABS - Specific - Specific - Structured Settlement
47	ABS - Specific - Specific - Utility Stranded Cost
48	ABS - Specific - Specific - Big Ticket Lease
49	ABS - Specific - Specific - IP (including Entertainment Royalties)
50	ABS - Specific - Specific – Dealer's Floorplan
51	ABS - Specific - Specific - Tobacco Bonds
52	ABS - Commercial Real Estate - CMBS - Conduit
53	ABS - Commercial Real Estate - CMBS - Credit Tenant Lease
54	ABS - Commercial Real Estate - CMBS - Large Loans
55	ABS - Commercial Real Estate - REITs - Hotel
56	ABS - Commercial Real Estate - REITs - Multi family
57	ABS - Commercial Real Estate - REITs - Office
58	ABS - Commercial Real Estate - REITs - Retail
59	ABS - Commercial Real Estate - REITs - Industrial
60	ABS - Commercial Real Estate - REITs - Healthcare
61	ABS - Commercial Real Estate - REITs - Self-storage
62	ABS - Commercial Real Estate - REITs - Diversified
63	ABS - Commercial Real Estate - Real Estate CDOs
64	ABS - Corporate related - CDO - CDOAn exposed to IG
65	ABS - Corporate related - CDO - CDOAn exposed to HY

Moody's Sector Code	Sector Name
66	ABS - Corporate related - CDO - CDOAn exposed to EM
67	ABS - Corporate related - CDO - CDOAn exposed to SME and SME Lease
68	ABS - Corporate related - CDO - Franchise Loans

SCHEDULE F

SCHEDULE OF COLLATERAL DEBT SECURITIES

	Security	CUSIP	Current Par ($)	Stated Maturity	Coupon Type	Fixed Coupon (%)	Floating Spread Over Index (%)	Moody's Rating	S&P Rating
1	AABST 2003-2 B	00764MAK3	2,328,341	11/25/2033	FLOATING		4.50	B2	CCC
2	AABST 2005-5 B1	00764MHL4	4,000,000	12/25/2035	FLOATING		1.15	Baa1	BB
3	AABST 2005-5 M5	00764MHJ9	6,000,000	12/25/2035	FLOATING		0.64	A2	A+
4	AABST 2005-5 M6	00764MHK6	8,000,000	12/25/2035	FLOATING		0.70	A3	BBB
5	ABSHE 2003-HE7 M2	04541GGT3	13,500,000	12/15/2033	FLOATING		1.75	A2	A
6	ABSHE 2004-HE2 M4	04541GHZ8	3,764,127	4/25/2034	FLOATING		1.70	Baa1	BBB+
7	ACE 2003-NC1 M3	004421CS0	1,023,780	7/25/2033	FLOATING		2.05	A3	A-
8	ACE 2004-FM1 M5	004421DP5	1,014,112	9/25/2033	FLOATING		1.95	Ba1	BB
9	ACE 2004-HE1 M3	004421EN9	1,000,000	3/25/2034	FLOATING		1.35	A3	A
10	ACE 2004-HE2 M3	004421GV9	479,883	10/25/2034	FLOATING		1.40	A3	A+
11	ACE 2004-HS1 M2	004421EB5	7,860,874	2/25/2034	FLOATING		1.20	A2	AA-
12	AMAC 2003-9 M	000780LL8	1,761,531	8/25/2018	FIXED	4.516439000		A1	AA
13	AMIT 2004-1 B2	00252FAR2	386,000	1/25/2035	FLOATING		3.00	Ba1	BBB
14	AMIT 2005-2 M5	126673L42	5,909,000	7/25/2035	FLOATING		0.66	A2	AA
15	AMSI 2003-1 MV3	03072SFA8	997,742	2/25/2033	FLOATING		3.70	B3	CCC
16	AMSI 2003-10 M2	03072SKS3	2,972,068	12/25/2033	FLOATING		1.70	A2	A
17	AMSI 2003-11 M2	03072SLW3	141,460	1/25/2034	FLOATING		1.65	A2	A
18	AMSI 2003-8 M4	03072SJK2	4,758,116	10/25/2033	FLOATING		3.25	Baa1	BB
19	AMSI 2004-IA1 M7	03072SVH5	2,100,000	9/25/2034	FLOATING		3.50	Ba1	BBB
20	AMSI 2004-R10 M5	03072SVV4	20,000,000	11/25/2034	FLOATING		1.15	A2	A
21	AMSI 2004-R5 M5	03072SSB2	3,026,537	7/25/2034	FLOATING		2.45	B1	BBB
22	AMSI 2004-R9 M4	03072SUR4	9,000,000	10/25/2034	FLOATING		1.17	A2	A
23	AMSI 2005-R7 M11	03072SL29	608,000	9/25/2035	FLOATING		2.50	B2	BB

24	AMT 2001-4 M2	00253CHL4	2,356,098	1/25/2032	FIXED	7.250000000		Baa2	BB
25	AMT 2002-1 A3	00253CHQ3	250,727	6/25/2032	FIXED	6.896000000		Aaa	AAA
26	ARC 2004-1 M3	031733AH1	5,982,000	10/25/2034	FLOATING		1.00	A2	AA-
27	ARC 2004-1 M4	031733AJ7	2,665,000	10/25/2034	FLOATING		1.05	A2	A+
28	ARSI 2003-W8 M3	040104DS7	2,242,878	12/25/2033	FLOATING		2.08	A3	A-
29	ARSI 2003-W8 M4	040104DT5	641,973	12/25/2033	FLOATING		3.35	Baa1	BBB+
30	ARSI 2003-W9 M2	040104EB3	4,936,494	3/25/2034	FLOATING		1.72	A2	AA
31	ARSI 2003-W9 M3B	040104EF4	4,389,993	3/25/2034	FLOATING		2.08	A3	AA-
32	ARSI 2004-W1 M2	040104FB2	5,000,000	3/25/2034	FLOATING		1.28	A2	A
33	ARSI 2004-W8 M6	040104JT9	5,490,000	5/25/2034	FLOATING		1.60	A3	A-
34	ARSI 2004-W9 M3	040104LD1	5,250,000	6/26/2034	FLOATING		1.60	A3	A-
35	ARSI 2005-W2 M11	040104NP2	3,207,000	10/25/2035	FLOATING		2.50	Caa2	B
36	ARSI 2006-W1 M6	040104RN3	5,000,000	3/25/2036	FLOATING		0.71	Baa1	A+
37	BALTA 2005-3 B6	07386HSK8	6,823,253	4/25/2035	FIXED	5.296560000		B3	BB
38	BALTA 2005-7 1B3	07386HWB3	5,000,000	8/25/2035	FLOATING		2.10	Ba2	BB
39	BSABS 2003-1 B	07384YHC3	1,909,717	11/25/2042	FLOATING		2.25	Baa2	BBB
40	BSABS 2003-AC7 B	07384YPQ3	2,245,193	1/25/2034	FLOATING		2.50	A3	BBB
41	BSABS 2004-FR3 M7	073879KW7	2,000,000	9/25/2034	FLOATING		4.00	Ba1	BBB
42	BSABS 2004-HE11 M3	073879PA0	5,000,000	12/25/2034	FLOATING		1.25	A3	A-
43	BSABS 2005-3 M1	073877DN9	8,000,000	9/25/2035	FLOATING		0.75	A1	AA
44	BSABS 2005-AQ1 M8	073879UV8	3,958,000	3/25/2035	FLOATING		3.00	Ba2	CCC+
45	BSABS 2005-CL1 M10	073879W53	2,791,000	9/25/2034	FLOATING		3.50	Caa2	B
46	BSABS 2005-HE7 M7	073879ZN1	1,154,000	7/25/2035	FLOATING		3.00	Ba2	BBB-
47	BSABS 2005-HE8 M7	073879K49	206,000	8/25/2035	FLOATING		3.00	Ba2	BBB-
48	BSSLT 2007-SV1A B2	07401UAK9	11,963,000	12/25/2036	FLOATING		2.50	Baa2	B-
49	BSSLT 2007-SV1A B3	07401UAL7	4,393,000	12/25/2036	FLOATING		2.50	Ba3	B-
50	BSSLT 2007-SV1A B4	07401UAM5	7,273,000	12/25/2036	FLOATING		2.50	B1	CCC

51	BSSLT 2007-SV1A M5	07401UAG8	2,000,000	12/25/2036	FLOATING		2.50	A2	B
52	BSSLT 2007-SV1A M6	07401UAH6	13,210,000	12/25/2036	FLOATING		2.50	A3	B-
53	CBASS 2003-CB1 M2	79549ARY7	1,701,449	1/25/2033	FLOATING		1.90	A2	AA
54	CBASS 2006-CB4 AV1	12498QAA4	422,800	5/25/2036	FLOATING		0.04	Aaa	AAA
55	CDCMC 2003-HE3 B2	12506YBS7	813,832	11/25/2033	FLOATING		3.75	B3	B
56	CDCMC 2004-HE1 M3	12506YCN7	939,004	6/25/2034	FLOATING		1.35	A3	A-
57	CDCMC 2004-HE2 M2	12506YCX5	3,417,190	7/25/2034	FLOATING		1.20	A2	BB
58	CITHE 2002-2 BV	12558MBE1	2,445,808	6/25/2033	FLOATING		1.95	Ba2	BBB
59	CITRV 1998-A B	172850AU3	1,575,000	1/15/2017	FIXED	6.290000000		Baa3	BB-
60	CMLTI 2005-HE1 M3	17307GQR2	600,000	5/25/2035	FLOATING		0.65	A2	A
61	CNLF 1999-1 A2	12613QAB2	400,000	6/18/2014	FIXED	7.645000000		Aaa	AA+
62	CSFB 2001-HE8 B	22540AB80	382,736	2/25/2031	FLOATING		2.40	Ba2	CCC+
63	CSFB 2004-7 DB2	2254W0KK0	644,712	11/25/2034	FIXED	5.827001000		Baa2	A
64	CSMC 2006-CF1 B3	225470UD3	2,565,000	11/25/2035	FIXED	5.000000000		Baa3	BBB-
65	CWALT 2003-12CB B4	12669EKR6	1,594,802	7/25/2033	FIXED	5.406307000		Caa3	B
66	CWALT 2006-45T1 M4	02149JBN5	5,601,014	2/25/2037	FIXED	6.000000000		A1	A+
67	CWHL 2003-56 B4	12669FAM5	1,481,624	12/25/2033	FIXED	4.916162000		Caa2	B
68	CWHL 2005-J3 1A1	12669G4J7	2,300,569	9/25/2035	FIXED	5.500000000		AAA/Aa1	AAA
69	CWHL 2006-J2 1A3	126694H35	1,580,232	4/25/2036	FIXED	6.000000000		AAA/Aa1	AAA
70	CWL 2003-1 M1	126671XT8	2,881,108	4/25/2033	FLOATING		0.75	Aa2	AA+
71	CWL 2003-SD2 M2	126671ZG4	1,253,773	3/25/2032	FLOATING		2.25	Baa2	A
72	CWL 2004-10 MV5	126673JX1	15,040,000	11/25/2034	FLOATING		1.10	A2	AA-
73	CWL 2004-12 MV6	126673NY4	6,500,000	2/25/2035	FLOATING		1.20	A3	A-
74	CWL 2004-3 M4	1266714W3	5,194,178	4/25/2034	FLOATING		0.97	A2	AA
75	CWL 2004-3 M5	1266714X1	3,417,988	3/25/2034	FLOATING		1.30	A3	A+
76	CWL 2004-8 M5	126673EZ1	4,312,500	10/25/2034	FLOATING		1.35	A1	AA
77	CWL 2004-9 MV5	126673GT3	8,400,000	11/25/2034	FLOATING		1.10	A2	AA+

78	CWL 2004-AB2 B	126673QM7	3,000,000	5/25/2036	FLOATING		1.70	Baa2	B
79	CWL 2004-BC1 M2	1266712V7	10,000,000	1/25/2034	FLOATING		1.07	A2	AA
80	CWL 2004-BC4 M6	126673LD2	10,000,000	7/25/2034	FLOATING		1.50	Baa1	A
81	CWL 2004-ECC2 M4	126673CT7	1,550,000	11/25/2034	FLOATING		1.20	Aa2	AA
82	CWL 2005-AB1 M2	126673XT4	5,000,000	8/25/2035	FLOATING		0.44	Aa2	AA
83	CWL 2006-3 M7	126670WJ3	3,000,000	6/25/2036	FLOATING		1.25	Ba1	BBB+
84	CWL 2006-SPS1 M2	12666MAC5	5,000,000	12/25/2025	FIXED	6.495000000		Baa1	AA
85	CWL 2006-SPS1 M3	12666MAD3	2,800,000	12/25/2025	FIXED	6.543000000		Ba1	A
86	CWL 2006-SPS1 M5	12666MAF8	2,900,000	12/25/2025	FIXED	6.890000000		B1	B+
87	CWL 2006-SPS2 M6	12667BAG9	11,650,000	5/25/2026	FIXED	7.000000000		Ba1	A-
88	CXHE 2004-A M2	152314JE1	1,250,000	1/25/2034	FLOATING		1.05	A1	A+
89	CXHE 2004-B M5	152314JZ4	4,816,641	3/25/2034	FLOATING		1.05	A2	A
90	DEKA 2004-2A B	24488RAC5	20,000,000	8/23/2034	FLOATING		1.35	A1	AA
91	FBRSI 2005-3 M7	30246QBJ1	3,690,000	10/25/2035	FLOATING		1.20	Baa1	BBB
92	FFML 2002-FF3 M3	32027NBN0	819,236	8/25/2032	FLOATING		2.40	B1	A-
93	FFML 2004-FF11 M6	32027NNC1	12,188,000	1/25/2035	FLOATING		1.25	Baa1	A
94	FFML 2004-FFH1 M6	32027NGV7	2,244,868	3/25/2034	FLOATING		1.35	Ba1	BBB-
95	FHLT 2004-3 M5	35729PFQ8	7,000,000	11/25/2034	FLOATING		1.25	A1	AA
96	FINA 2004-2 M5	317350BH8	2,721,102	8/25/2034	FLOATING		1.20	A2	A
97	FMIC 2004-5 M2	31659TCQ6	20,000,000	2/25/2035	FLOATING		1.15	A2	A+
98	FMIC 2005-1 M4	31659TDD4	11,500,000	3/25/2035	FLOATING		0.72	A1	A+
99	FMIC 2005-1 M5	31659TDE2	5,000,000	3/25/2035	FLOATING		0.75	A2	A
100	GSAMP 2004-AHL M2	36242DHR7	5,000,000	8/25/2034	FLOATING		1.15	A2	A+
101	GSAMP 2004-AR1 B4	36228F6Y7	3,964,059	6/25/2034	FIXED	5.000000000		Ba3	B
102	GSAMP 2004-WF M2	36242DKL6	7,005,329	10/25/2034	FLOATING		1.10	A2	A
103	GSAMP 2005-HE2 B4	36242DB36	2,985,000	3/25/2035	FIXED	6.000000000		Ba1	BBB-
104	GSAMP 2005-S2 B3	36242D3L5	487,480	11/25/2034	FIXED	6.500000000		Caa1	CCC-

105	GSAMP 2005-SEA2 A1	362341TM1	4,543,157	1/25/2045	FLOATING		0.35	Aaa	AAA
106	HEAT 2003-4 B1	22541QDY5	884,589	10/25/2033	FLOATING		4.00	Baa1	BBB-
107	HEAT 2003-6 M2	22541QTT9	4,618,432	2/25/2034	FLOATING		1.67	A2	A
108	HEAT 2003-7 M3	437084AG1	2,223,047	3/25/2034	FLOATING		1.90	A3	A-
109	HEAT 2004-2 M2	437084BM7	20,000,000	7/25/2034	FLOATING		1.20	A2	A
110	HEAT 2004-3 B1	437084CH7	2,983,581	8/25/2034	FLOATING		2.10	Baa3	A-
111	HEAT 2004-3 M2	437084CF1	7,000,000	8/25/2034	FLOATING		1.20	A2	A
112	HEMT 2005-2 M2	225458HZ4	2,206,758	7/25/2035	FLOATING		0.45	Aa1	A+
113	HEMT 2007-2 M2	43710DAH5	9,000,000	6/25/2037	FLOATING		2.50	Baa3	BB-
114	HEMT 2007-2 M4	43710DAK8	9,950,000	6/25/2037	FLOATING		2.50	Caa3	B
115	IMM 2004-9 M2	45254NLC9	143,255	1/25/2035	FLOATING		0.65	Aa2	AA+
116	IMM 2004-9 M3	45254NLD7	106,951	1/25/2035	FLOATING		0.70	Aa3	AA
117	IMM 2004-9 M5	45254NLF2	5,494,708	1/25/2035	FLOATING		1.20	A2	A+
118	IMSA 2006-1 1B	45254TUB8	3,914,000	5/25/2036	FLOATING		1.25	Ba2	B
119	INDYL 2006-L4 B	45660AAD5	2,000,000	8/25/2012	FLOATING		1.50	Ba2	BB
120	INDYL 2006-L4 M	45660AAC7	1,120,000	8/25/2012	FLOATING		1.50	Baa3	BBB-
121	INHEL 2000-C MV2	456606BP6	188,677	12/25/2031	FLOATING		1.07	Caa2	B
122	INHEL 2004-C M4	456606FX5	2,000,000	3/25/2035	FLOATING		0.95	A1	A+
123	IXIS 2005-HE1 B2	45071KAY0	689,143	6/25/2035	FLOATING		1.33	Ba1	BB
124	LBMLT 2001-2 M2	542514AT1	1,758,702	7/25/2031	FLOATING		0.95	B1	B-
125	LBMLT 2002-2 M2	542514CK8	7,690,734	7/25/2032	FLOATING		1.20	A2	A
126	LBMLT 2003-2 M4	542514DX9	1,301,644	6/25/2033	FLOATING		2.75	Ba1	BB
127	LBMLT 2004-1 M5	542514EY6	10,250,000	2/25/2034	FLOATING		1.10	A2	AAA
128	LBMLT 2004-2 M2	542514FY5	6,100,000	6/25/2034	FLOATING		1.08	A1	A+
129	LBMLT 2004-4 M10	542514JC9	4,985,000	10/25/2034	FLOATING		3.00	Baa3	BBB+
130	LBMLT 2004-4 M12	542514JE5	8,480,000	10/25/2034	FLOATING		3.00	Ba2	BBB-
131	LBMLT 2004-5 M7	542514HK3	3,252,902	9/25/2034	FLOATING		2.50	Ba1	BBB

132	LBMLT 2005-2 M2	542514KS2	20,000,000	4/25/2035	FLOATING		0.46	Aa2	AA
133	LBMLT 2005-2 M9	542514KZ6	6,500,000	4/25/2035	FLOATING		1.90	Baa3	BBB-
134	LBMLT 2005-WL2 M10	542514NL4	4,750,000	8/25/2035	FLOATING		2.50	Ba1	BB+
135	LBMLT 2006-2 M3	542514TX2	17,700,000	3/25/2036	FLOATING		0.42	A2	AA
136	LBMLT 2006-8 M6	54251UAL0	3,300,000	9/25/2036	FLOATING		0.46	B2	B
137	MABS 2004-WMC3 M5	57643LFS0	4,920,000	10/25/2034	FLOATING		1.02	A2	A
138	MABS 2005-HE1 M10	57643LJP2	1,654,000	5/25/2035	FLOATING		3.50	Caa2	B
139	MABS 2005-OPT1 M10	57643LHY5	100,000	3/25/2035	FLOATING		2.50	Caa2	B
140	MARM 2006-OA2 M7	55275NBE0	6,074,000	12/25/2046	FLOATING		6.50	Baa3	BB
141	MARS 2005-4CI N4	57644JAD2	4,072,000	4/26/2045	FLOATING		8.00	Baa2	BB
142	MARS 2005-4CI N5	57644KAA5	1,750,000	4/26/2045	FLOATING		10.50	Baa3	BB-
143	MARS 2005-4CI N6	57644KAB3	2,500,000	4/26/2045	FLOATING		12.00	Ba2	B-
144	MASD 2005-3 B	576436CU1	1,566,316	11/25/2035	FIXED	5.750000000		B2	BB
145	MASD 2006-2 B2	57643AAM2	1,337,110	2/25/2036	FIXED	5.750000000		B2	BB
146	MASD 2006-3 B2	57643BAM0	973,184	6/25/2046	FIXED	5.500000000		B2	BB
147	MASD 2007-1 B3	57645KAN6	4,375,914	1/25/2037	FIXED	5.250000000		B1	BB+
148	MASD 2007-1 M7	57645KAH9	4,353,000	1/25/2037	FLOATING		1.50	Baa1	BBB+
149	MASD 2007-1 M8	57645KAJ5	3,482,000	1/25/2037	FLOATING		1.50	Baa2	BBB
150	MASD 2007-1 M9	57645KAK2	1,990,000	1/25/2037	FLOATING		1.50	Baa3	BBB
151	MASD 2007-2 M8	55291QAJ3	3,716,000	5/25/2037	FLOATING		1.35	Baa2	BBB+
152	MASD 2007-2 M9	55291QAK0	3,279,000	5/25/2037	FLOATING		1.35	Baa3	BBB
153	MESA 2002-3 M2	55274LAD8	3,899,824	10/18/2032	FLOATING		3.25	A3	AAA
154	MLCC 2003-C B2	589929S90	743,208	6/25/2028	FLOATING		1.50	Aa2	AA-
155	MLCC 2003-C B3	589929T24	1,710,514	6/25/2028	FLOATING		1.50	A2	BBB+
156	MLCC 2003-D B2	589929V70	767,472	8/25/2028	FLOATING		1.50	Aa3	AA+
157	MLCC 2003-D B3	589929V88	1,935,893	8/25/2028	FLOATING		1.50	A3	A+
158	MLCC 2005-B B3	59020UXB6	645,099	7/25/2030	FLOATING		1.10	A3	A-

159	MLMI 2004-WMC5 B5	59020UMR3	2,500,000	7/25/2035	FLOATING		3.50	Ba1	BB
160	MLMI 2005-FM1 B2	59020UC94	2,523,000	5/25/2036	FLOATING		2.00	Ca	CCC
161	MLMI 2005-SD1 M2	59020UJ48	5,249,000	5/25/2046	FLOATING		1.30	Baa1	A
162	MLMI 2005-SL3 B4	59020UK95	2,000,000	7/25/2036	FLOATING		4.25	B3	B
163	MLMI 2006-SD1 B	59023JAE7	4,933,000	1/25/2047	FIXED	7.000000000		Ba2	BBB-
164	MLMI 2006-SD1 M2	59023JAC1	8,061,000	1/25/2047	FLOATING		0.70	A2	AA-
165	MLMI 2007-SD1 B	590232AE4	20,000,000	2/25/2047	FIXED	7.500000000		B2	BB
166	MLMI 2007-SD1 M3	590232AD6	19,344,000	2/25/2047	FIXED	7.500000000		Ba1	BBB
167	MMLT 2004-2 M10	59001FBP5	1,219,624	1/25/2035	FLOATING		3.50	Ba3	B
168	MMLT 2005-1 M6	59001FCC3	11,390,000	5/25/2035	FLOATING		0.82	A3	A+
169	MSAC 2002-HE3 B1	61746RAD3	1,655,985	12/27/2032	FLOATING		3.25	B3	BB
170	MSAC 2002-NC6 B1	61746RAJ0	647,742	11/25/2032	FLOATING		3.25	Ba2	BBB
171	MSAC 2003-NC10 B1	61746REA5	512,121	10/25/2033	FLOATING		3.30	Baa1	BBB+
172	MSAC 2004-HE4 M2	61746RGL9	6,000,000	5/25/2034	FLOATING		1.30	A2	A
173	NCHET 2004-2 M5	64352VGE5	7,593,000	8/25/2034	FLOATING		1.35	A2	A
174	NCHET 2004-4 M5	64352VJN2	10,000,000	2/25/2035	FLOATING		0.95	A2	A
175	NCHET 2005-A M8	64352VMJ7	3,759,000	8/25/2035	FIXED	5.700000000		Ba1	BBB
176	NCHET 2005-A M9	64352VMK4	4,946,000	8/25/2035	FIXED	5.700000000		Ba2	BBB-
177	OOMLT 2004-1 M4	68389FEV2	1,237,908	1/25/2034	FLOATING		1.65	Baa1	A-
178	PPSI 2004-MCW1 M8	70069FCP0	1,000,000	10/25/2034	FLOATING		1.95	Ba1	BBB+
179	PPSI 2004-MHQ1 M8	70069FDC8	2,000,000	12/25/2034	FLOATING		2.10	Baa2	BBB
180	PPSI 2004-WHQ2 M9	70069FER4	9,980,000	2/25/2035	FLOATING		3.30	Baa3	BBB-
181	PPSI 2004-WWF1 M11	70069FEA1	1,985,000	12/25/2034	FLOATING		2.50	Ba3	BB+
182	PPSI 2004-WWF1 M5	70069FDN4	20,000,000	12/25/2034	FLOATING		1.20	A2	A
183	PPSI 2004-WWF1 M6	70069FDP9	5,000,000	12/25/2034	FLOATING		1.35	A2	A-
184	PPSI 2004-WWF1 M9	70069FDS3	18,270,000	12/25/2034	FLOATING		3.40	Baa2	BBB-
185	PPSI 2005-WCH1 M6	70069FFN2	3,000,000	1/25/2035	FLOATING		0.98	A3	A-

186	PPSI 2005-WCW1 M11	70069FKQ9	4,995,000	9/25/2035	FLOATING		2.50	B1	BB
187	QUEST 2005-X2 M6	748351AM5	1,498,916	12/25/2035	FIXED	6.000000000		Ba3	D
188	RAAC 2006-RP2 M5	74919MAF3	1,703,893	2/25/2037	FLOATING		2.50	Baa2	BBB-
189	RAAC 2007-RP1 M4	74977YAE9	102,778	5/25/2046	FLOATING		2.00	Baa2	BBB
190	RAAC 2007-RP2 M4	74919WAE4	459,409	2/25/2046	FLOATING		2.00	Baa2	BBB
191	RAMC 2003-3 M6	759950BN7	9,261	12/25/2033	FIXED	6.250000000		Baa3	BBB-
192	RAMC 2004-4 MV2	759950EE4	1,800,000	2/25/2035	FLOATING		1.10	A2	A
193	RAMP 2003-RS10 MII2	760985D81	18,074,773	11/25/2033	FLOATING		1.70	A2	A
194	RAMP 2003-RS7 MII2	760985YD7	6,433,750	8/25/2033	FLOATING		1.80	A2	A
195	RAMP 2004-RS1 MII3	760985P21	1,284,863	1/25/2034	FLOATING		1.60	A3	A-
196	RAMP 2004-RS1 MII5	760985P47	1,244,238	1/25/2034	FLOATING		2.15	Ba1	BBB
197	RAMP 2004-RS10 MII2	76112BED8	8,000,000	10/25/2034	FLOATING		1.25	A2	A
198	RAMP 2004-RS2 MII2	760985R45	8,384,671	2/25/2034	FLOATING		1.27	Baa1	A
199	RAMP 2004-RS4 MII2	7609853J8	15,000,000	4/25/2034	FLOATING		1.35	A2	A
200	RAMP 2004-RS5 MII2	7609854H1	8,000,000	5/25/2034	FLOATING		1.25	A2	A
201	RAMP 2005-RS5 B2	76112BQG8	1,235,000	5/25/2035	FLOATING		3.00	Ba2	CCC
202	RAMP 2005-RZ3 M10	76112BB33	1,750,000	9/25/2035	FLOATING		3.00	Ba1	BBB+
203	RASC 2003-KS11 MII2	76110WVW3	1,994,932	1/25/2034	FLOATING		1.20	A2	A+
204	RASC 2004-KS1 MII2	74924PAN2	2,876,432	2/25/2034	FLOATING		1.05	A2	A+
205	RASC 2004-KS10 M4	76110WG67	4,500,000	11/25/2034	FLOATING		1.65	Baa1	A-
206	RASC 2004-KS11 M2	76110WJ49	5,000,000	12/25/2034	FLOATING		1.00	A2	A+
207	RASC 2004-KS2 M22	76110WWP7	961,458	3/25/2034	FLOATING		1.00	A2	A+
208	RASC 2004-KS8 MII2	76110WD60	1,881,344	9/25/2034	FLOATING		1.08	A2	A+
209	SABR 2005-FR3 B1	81375WEX0	2,000,000	4/25/2035	FLOATING		1.18	Baa1	BB
210	SABR 2005-OP2 B2	81375WGY6	3,569,000	10/25/2035	FLOATING		2.00	Baa2	BBB+
211	SACO 2005-5 2B1	785778GU9	546,000	5/25/2035	FLOATING		3.00	Ba1	CCC+
212	SAIL 2003-BC12 M2	86358EFP6	1,523,028	11/25/2033	FLOATING		1.75	Baa1	A

213	SAIL 2004-7 M6	86358EKR6	2,000,000	8/25/2034	FLOATING		2.10	Baa2	BBB+
214	SAIL 2004-8 B2	86358EMK9	413,855	9/25/2034	FIXED	5.000000000		Ba2	BBB-
215	SAIL 2004-9 M3	86358EMV5	3,000,000	10/25/2034	FLOATING		1.15	A2	A+
216	SAIL 2005-10 M8	86358EZF6	5,457,000	12/25/2035	FLOATING		1.60	Ba1	B
217	SAIL 2005-2 M3	86358ERC2	14,024,000	3/25/2035	FLOATING		0.52	Aa3	AA-
218	SAMI 2004-AR3 B3	86359LCJ6	2,309,697	7/19/2034	FLOATING		1.50	Baa2	BB
219	SARM 2005-4 B52	863579NM6	462,744	3/25/2035	FIXED	7.384234000		Ba1	BBB
220	SASC 1999-SP1 B	863572B85	1,665,622	5/25/2029	FIXED	9.000000000		B1/B2	BBB
221	SASC 2003-AM1 M3	86359ATN3	910,612	4/25/2033	FLOATING		2.20	A3	A-
222	SASC 2003-BC3 B	86359A3S0	437,576	4/25/2033	FLOATING		3.00	Caa2	B
223	SASC 2004-3 B1	86359BMK4	2,697,045	3/25/2034	FIXED	5.739960000		A1	AA
224	SASC 2004-GEL2 M3	80382UAM5	4,372,478	5/25/2034	FIXED	5.500000000		Baa2	BBB+
225	SASC 2005-S7 M5	863576DY7	1,000,000	12/25/2035	FLOATING		0.65	A2	A
226	SASC 2007-GEL1 B1	86362QAM5	4,963,000	1/25/2037	FIXED	6.250000000		Ba1	BB+
227	SASC 2007-GEL1 B2	86362QAN3	4,512,000	1/25/2037	FIXED	6.250000000		B2	BB
228	SASC 2007-GEL2 B1	86363MAM3	6,985,000	5/25/2037	FIXED	6.250000000		Ba1	BB+
229	SASC 2007-GEL2 M7	86363MAK7	4,490,000	5/25/2037	FLOATING		1.85	Baa2	BBB
230	SASC 2007-GEL2 M8	86363MAL5	6,487,000	5/25/2037	FLOATING		1.85	Baa3	BBB-
231	SASC 2007-MN1A B2	863613AR6	3,720,527	1/25/2037	FLOATING		2.50	Caa3	B-
232	SASC 2007-TC1 M5	86364GAG8	2,772,000	4/25/2031	FLOATING		2.25	Baa3	BBB
233	SEMT 2003-2 M2	81743PAS5	82,459	6/20/2033	FLOATING		1.43	A2	A
234	SEMT 2004-4 B2	81744FBL0	1,894,894	5/20/2034	FLOATING		0.90	A2	AA-
235	SGMS 2006-FRE1 A2B	81879MAV1	2,000,000	2/25/2036	FLOATING		0.18	Aaa	AAA
236	SHOME 2006-1A B1	83170GAS3	7,000,000	5/25/2013	FLOATING		6.50	Ba1	BB+
237	SNMLT 2007-1A B1	81441XAG9	1,611,000	4/25/2037	FIXED	7.000000000		Baa2	BBB
238	SNMLT 2007-1A B2	81441XAH7	1,238,731	4/25/2037	FIXED	7.000000000		Ba2	BB
239	SURF 2004-BC1 M2	84751PCA5	10,000,000	2/25/2035	FLOATING		1.07	A2	A

240	SURF 2005-AB1 B2	84751PFK0	1,688,000	3/25/2036	FLOATING		1.70	Baa3	BB-
241	SVHE 2005-OPT4 M9	83611MJU3	2,985,000	12/25/2035	FLOATING		2.50	B2	BB
242	SVHE 2006-1 A2	83611MKW7	355,608	2/25/2036	FLOATING		0.14	Aaa	AAA

SCHEDULE G

INELIGIBLE COLLATERAL DEBT SECURITIES

Security	Cusip	Current Par ($)
HEMT 2007-2 B1	43710DAL6	13,950,000

EXHIBIT A

Part II of Commonwealth Advisor, Inc.'s Form ADV

[Attached]

FORM ADV

Uniform Application for Investment Adviser Registration

Part II - Page 1

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	January 1, 2008
Estimated average burden hours per response	9.402

Name of Investment Adviser:						
Commonwealth Advisors, Inc.						
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
247 Florida Street		**Baton Rouge**	**LA**	**70801**	**(225)**	**343-9342**

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

Table of Contents

1. A. Advisory Services and Fees. (For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

check the applicable boxes)

Applicant:

☒	(1)	Provides investment supervisory services	**90** %
☐	(2)	Manages investment advisory accounts not involving investment supervisory services	____ %
☒	(3)	Furnishes investment advice through consultations not included in either service described above	**5** %
☐	(4)	Issues periodicals about securities by subscription	____ %
☐	(5)	Issues special reports about securities not included in any service described above	____ %
☐	(6)	Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities	____ %
☒	(7)	On more than an occasional basis, furnishes advice to clients on matters not involving securities	**5** %
☐	(8)	Provides a timing service	____ %
☐	(9)	Furnishes advice about securities in any manner not described above	____ %

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

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

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

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

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

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

2. Types of clients — Applicant generally provides investment advice to: (check those that apply)

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

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

- ☒ A. Equity securities
  - ☒ (1) exchange-listed securities
  - ☒ (2) securities traded over-the-counter
  - ☒ (3) foreign issuers
- ☒ B. Warrants
- ☒ C. Corporate debt securities (other than commercial paper)
- ☒ D. Commercial paper
- ☒ E. Certificates of deposit
- ☒ F. Municipal securities
- G. Investment company securities:
  - ☒ (1) variable life insurance
  - ☒ (2) variable annuities
  - ☒ (3) mutual fund shares
- ☒ H. United States government securities
- I. Options contracts on:
  - ☒ (1) Securities
  - ☐ (2) Commodities
- J. Futures contracts on:
  - ☒ (1) Tangibles
  - ☒ (2) Intangibles
- K. Interests in partnerships investing in:
  - ☒ (1) real estate
  - ☒ (2) oil and gas interests
  - ☒ (3) other (explain on Schedule F)
- ☒ L. Other (explain on Schedule F)

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

A. Applicant's security analysis methods include: (check those that apply)

- (1) ☐ Charting
- (2) ☒ Fundamental
- (3) ☒ Technical
- (4) ☐ Cyclical
- (5) ☐ Other (explain on Schedule F)

B. The main sources of information applicant uses include: (check those that apply)

- (1) ☒ Financial newspapers and magazines
- (2) ☒ Inspections of corporate activities
- (3) ☒ Research materials prepared by others
- (4) ☒ Corporate rating services
- (5) ☐ Timing services
- (6) ☒ Annual reports, prospectuses, filings with the Securities and Exchange Commission
- (7) ☒ Company press releases
- (8) ☐ Other (explain on Schedule F)

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- (1) ☒ Long term purchases (securities held at least a year)
- (2) ☒ Short term purchases (securities sold within a year)
- (3) ☒ Trading (securities sold within 30 days)
- (4) ☒ Short sales
- (5) ☒ Margin transactions
- (6) ☒ Option writing, including covered options, uncovered options or spreading strategies
- (7) ☐ Other (explain on Schedule F)

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

5. Education and Business Standards.

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

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

6. Education and Business Background.

For:

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

On Schedule F, give the:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9. Participation or Interest in Client Transactions.

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

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

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

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

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

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

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

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes ☒ No ☐

(If yes, describe on Schedule F.)

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

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

Reviews: Clients' separately managed accounts and the fund accounts are reviewed weekly. Financial planning accounts are reviewed semi-annually. The calendar is the trigger factor for review. Accounts billed hourly are reviewed upon request of the client.

Reviewers: Accounts are reviewed by Walter A. Morales, or by one of the client servicing representatives, who are Eiad Asbahi, Noel Caldwell, Mike Perini, Jerry Rhodus and Jerry Warrington. Unexpected changes in account value, unpriced securities and other abnormalities are reported to the president, Walter Morales. The president reviews all accounts monthly to match portfolios' composition with the clients' investment objectives. Reviews are done on a portfolio analysis basis and the calendar is the triggering factor.

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

Separately Managed Account clients receive monthly statements from their custodian and quarterly performance reports from Commonwealth (CWA). Clients with taxable accounts additionally receive annual reports from CWA that are needed for income tax forms preparation.

Participants in pooled investment vehicles receive quarterly statements of net asset value as of the end of each calendar quarter and annual audited financial statements for their respective Fund and a report thereon of independent public accountants within one hundred twenty (120) days after the end of each Fiscal Year. They will also receive quarterly performance reports from Commonwealth. Clients with taxable accounts additionally receive annual reports from CWA that are needed for income tax forms preparation.

12. Investment or Brokerage Discretion.

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

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

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

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

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

13. Additional Compensation.

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

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

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

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

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

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

Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant: Commonwealth Advisors, Inc.	SEC File Number: 801-39749	Date: 09/05/07

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

1.	Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Commonwealth Advisors, Inc.	IRS Empl. Ident. No.: 72-1187377

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PART II No. 1-C(6)1-D, 2-G, 3-K(3) and L, 8-C(12), 8(D)	Commonwealth Advisors, Inc. ("CWA") is a Louisiana corporation founded in 1991. The primary business of CWA is to provide investment advice to individuals, businesses and institution ("Separately Managed Accounts"), as well as to private investment funds (CA Funds and the Sand Spring Funds described below). Separately Managed Accounts: CWA enters into an Investment Management Agreement ("IMA") with each Separately Managed Account. In the IMA, clients agree that CWA will be paid a fee for investment management services. The standard fee is a percentage of the market value of the assets under management at the end of the billing period; however, CWA charges a minimum fee. Fees are detailed in the IMA on Schedule A, a copy of which is attached hereto. Fees are subject to proration based on the number of days the assets were in the account during the billing period. CWA may charge a setup charge of $150 on new accounts. All fees are negotiable. Fees are payable monthly in arrears for most clients, but quarterly in arrears for some clients. CWA has entered into an Investment Advisory Agreement with GV Capital Management, Inc. ("GV"), a Registered Investment Adviser. CWA acts as a portfolio manager for a wrap program sponsored by GV. Fees paid by GV are variable and based on the accounts net asset values as of the last business day in the preceding quarter. GV determines client objective and suitability. GV pays CWA a set up fee for each of the new GV clients' accounts. CWA has similar Agreements with MV Financial Group, Inc. and Legacy Advisors, LLC. CA Funds: CWA provides investment advice to certain pooled investment vehicles known as CA Core Fixed Income Fund, LLC ("CA Core"), CA Strategic Equity Fund, LLC ("CA Equity") and CA High Yield Fund, LLC ("CA High Yield"), each a Delaware limited liability company and CA Core Fixed Income Offshore Fund, Ltd. ("CA Core Offshore"), CA Core Strategic Equities Fund, Ltd. ("CA Equity Offshore") and CA High Yield Offshore Fund, Ltd. ("CA High Yield Offshore"), each a Cayman Islands exempted company. Each of the above is known as a "CA Fund" or, collectively, as the "CA Funds." CA Core, CA Equity and CA High Yield are also referred to as "CA Domestic Funds." CA Core Offshore, CA Equity Offshore and CA High Yield Offshore are also referred to as "CA Offshore Funds." CWA is the managing member of each CA Domestic Fund. CWA is the investment adviser pursuant to an advisory agreement to each of the CA Offshore Funds. *Investment Objectives—CA Funds*. The investment objective of CA Core and CA Core Offshore is to provide investors with a return exceeding that of the Lehman Brothers Aggregate Bond Index, a broad-based investment grade bond index. CA Core and CA Core Offshore seek to achieve that objective primarily through investment in a diversified portfolio of fixed income securities, primarily investment grade. The investment objective of CA Equity and CA Equity Offshore is to provide investors with a return exceeding that of the Dow Jones Wilshire 5000 Composite Index, a broad-based equity index. CA Equity and CA Equity Offshore seek to achieve that objective primarily through investment in a diversified portfolio of equity securities. The investment objective of CA High Yield and CA High Yield Offshore is to provide investors with a return exceeding that of the Lehman Brothers High Yield Composite Bond Index, a broad-based high yield bond index. CA High Yield and CA Offshore seek to achieve that objective by investing in a diversified portfolio of fixed income securities, primarily non-investment grade. *Expenses--CA Funds*. Each CA Fund will pay its own start-up and organizational expenses and, on an ongoing basis, each CA Fund will bear its ongoing transaction, administrative, custody, legal, tax preparation, insurance and accounting and audit expenses as well as expenses of other service providers. CWA will be reimbursed any expenses for services that the non-managing members ("Non-Managing Members") of the CA Domestic Funds and shareholders ("Shareholders") of the CA Offshore Funds, as the case may be, require CWA to obtain. *Management Fees--CA Domestic Funds and CA Offshore Funds*. Each Non-Managing Member of a CA Domestic Fund or Shareholder of a CA Offshore Fund will pay CWA an asset management fee ("Management

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Fee") monthly in arrears, in an amount equal to a percentage of the net asset value of the respective Non-Managing Member's Capital Account or the Shareholder's Investment Account, as the case may be, as calculated on the last Business Day of that month. The applicable monthly percentage for CA Core and CA Core Offshore is 1/12 of 0.90%; the applicable monthly percentage for CA Equity and CA Equity Offshore is 1/12 of 1.30%, and the applicable monthly percentage for CA High Yield and CA High Yield Offshore is 1/12 of 1.30%. "Business Day" means a day on which banks are open for normal banking business in New York, except as may be otherwise specified by CWA with respect to a CA Domestic Fund or by the directors ("Directors") with respect to a CA Offshore Fund. CWA may waive the Management Fee with respect to any Non-Managing Member and the Directors, in consultation with CWA, may waive the Management Fee with respect to any Shareholder.

Incentive Allocation--CA Domestic Funds. Under the Limited Liability Company Agreements (each, an "LLC Agreement") for the CA Domestic Funds, CWA is primarily responsible for the general management of each CA Domestic Fund. CWA is entitled to receive, with respect to each Non-Managing Member who became a Non-Managing Member on or after July 1, 2007, an incentive allocation ("Incentive Allocation") that is computed by allocating, as of the end of a Fiscal Year (a "Fiscal Year" is a calendar year), a percentage of the net profits of that CA Domestic Fund, including unrealized gains, to the account of CWA, subject to a loss carryforward provision (or "high water mark"). The Incentive Allocation percentage for CA Core is 10%; the percentage for CA Equity and CA High Yield is 20%. CWA, in its discretion, may waive all or part of the Incentive Allocation, with respect to any Non-Managing Member.

Performance Fees--CA Offshore Funds. Each CA Offshore Fund will pay CWA each Fiscal Year a performance fee ("Performance Fee") for each Series established on or after July 1, 2007 equal to a percentage of the net profits of each such Series (subject to a loss carryforward provision or "high water mark"). Performance Fees will be pro-rated for partial periods, as upon redemption prior to the last Business Day of a Fiscal Year. The Performance Fee percentage for CA Core Offshore is 10%; the percentage for CA Equity Offshore and CA High Yield Offshore is 20%. No Performance Fee will be paid with respect to any shares ("Shares") held by any Shareholder who was a Shareholder prior to July 1, 2007. Performance Fees may be reduced or waived, with respect to any Shareholder, by the Directors in consultation with CWA.

Sand Spring Funds: CWA provides investment advice to Sand Spring Capital, LLC ("Sand Spring I"), Sand Spring Capital II, LLC ("Sand Spring II"), Sand Spring Capital III, LLC ("Sand Spring III") and to Sand Spring Capital III Master Fund, LLC ("Sand Spring Master Fund"), all Delaware limited liability companies (collectively, the "Sand Spring Domestic Funds"). CWA also provides investment advice to Sand Spring Capital Ltd., a Cayman Islands exempted company ("Sand Spring I Offshore,") and Sand Spring Capital III, Ltd., a Cayman Islands exempted company ("Sand Spring III Offshore" and, with Sand Spring I Offshore, the "Sand Spring Offshore Funds"). The Sand Spring Domestic Funds and the Sand Spring Offshore Funds are referred to herein collectively as the "Sand Spring Funds." The managing member of each of the Sand Spring Domestic Funds is Sand Spring Management, LLC, a Delaware limited liability company (the "Managing Member") and an affiliate of CWA. Each of the Sand Spring Domestic Funds, in connection with its Managing Member, has entered into an advisory agreement (collectively the "Domestic Advisory Agreements") with CWA. Each of the Sand Spring Offshore Funds is managed by a Board Of Directors and each has entered into an advisory agreement with CWA (collectively, the "Offshore Advisory Agreements" and with the Domestic Advisory Agreements, the "Advisory Agreements").

Investment Objectives—Sand Spring Funds. The investment objective of each of the Sand Spring Funds is to provide investors with positive absolute returns over the long term by seeking investments in a wide variety of opportunities in distressed and highly leveraged companies. Each of the Sand Spring Funds will seek to achieve its investment objective primarily through investment in the distressed financial instruments of North American

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companies and subordinated tranches of asset-backed securitizations. Sand Spring III and Sand Spring III Offshore expect to invest substantially all of their assets in Sand Spring III Master Fund. Sand Spring II is subject to certain investment restrictions relating to, among other things, permissible types of investment instruments, the characteristics of such instruments, risk exposure and industry concentration.

The Sand Spring Funds (with the exception of Sand Spring II) may participate in Special Investments or Special Circumstances Investments. A "Special Investment" is an investment in assets or securities that the Managing Member or the Directors, as appropriate, in its or their sole and absolute discretion, determine has no public market, is not freely tradable or is extremely illiquid. A "Special Circumstances Investment" is an investment in assets or securities that the Managing Member or the Directors, as appropriate, in its or their sole and absolute discretion, determine, after acquisition, has no public market, is not freely tradable or is extremely illiquid. A "Special Circumstances Capital Account" or "Special Capital Account" will be established in Sand Spring I or Sand Spring III with respect to Special Circumstances Investments and Special Investments.

Sand Spring will issue "Interests" in "Series"; Sand Spring II will issue "Units" in Series; and Sand Spring III will issue Interests in "Tranches." Sand Spring I Offshore will issue Shares in "Classes" and Series, and Sand Spring III Offshore will issue Shares in Tranches and Series.

Expenses. Each of the Sand Spring Funds will pay its own start-up, offering and organizational expenses. On an ongoing basis, each of the Sand Spring Funds will bear its own ongoing transaction, administrative, legal, tax preparation, insurance, audit and accounting expenses. CWA, the Managing Member and/or the Directors will be reimbursed for any expenses for services that the Non-Managing Members or the Shareholders, as the case may be, require CWA, the Managing Member or the Directors, as the case may be, to obtain. Each of the Sand Spring Funds will also pay the fees and expenses of its prime brokers and the administrator.

With respect to Sand Spring I, expenses or liabilities that are attributable or allocated to a Special Investment or a Special Circumstances Investment will be allocated to the Special Capital Accounts or Special Circumstances Capital Accounts, or, with respect to Sand Spring I Offshore, to the Series, representing such Special Investment or Special Circumstances Investment, that exist at the time of the acquisition of a Special Investment or determination that an investment is a Special Circumstances Investment. With respect to Sand Spring III, expenses or liabilities that are attributable or allocated to a Special Investment, a Special Circumstances Investment, or a particular Tranche will be allocated only to the Non-Managing Members participating in such Special Investment, Special Circumstances Investment or Tranche. In the case of Sand Spring III Offshore, expenses or liabilities that are attributable or allocated to a Special Investment or a Special Circumstances Investment will be allocated only to the Series representing such Special Investment or Special Circumstances Investment.

Sand Spring III and Sand Spring III Offshore will each also be allocated their *pro rata* portion of the expenses of Sand Spring Master Fund.

Management Fees--Sand Spring Domestic Funds and Sand Spring Offshore Fund. CWA provides investment management services to each Sand Spring Fund pursuant to an Advisory Agreement. CWA will be paid, pursuant to the respective Advisory Agreement, a Management Fee, with respect to Sand Spring I, Sand Spring I Offshore, Sand Spring III and Sand Spring III Offshore payable monthly in arrears, and with respect to Sand Spring II, payable weekly in arrears. The Management Fee is computed generally at a fixed percentage rate (prior to reduction for any accrued Incentive Allocations or Performance Fees, discussed below). The applicable monthly percentage rate is 1/12 of 2% for Sand Spring III and Sand Spring III Offshore; the applicable weekly percentage rate is 1/52 of 2% and for Sand Spring II; and the applicable monthly percentage rate is 1/12 of 2% for each Series of Sand Spring I other than Series II and for each Class of Sand Spring I Offshore other than

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Class II, for which the applicable monthly percentage rate is 1/12 of 1.0% and for which, in addition, a third - party solicitor will be paid each month a Solicitation Fee computed generally at a monthly rate of 1/12 of 1.0%.

No Management Fee is paid with respect to the Sand Spring Master Fund.

With respect to the Sand Spring Domestic Funds, if a Non-Managing Member's Capital Account balance is less than the Management Fee payable with respect to that Non-Managing Member (such as in the case of a Non-Managing Member that has redeemed Interests representing its Capital Account but has one or more Special Capital Accounts and/or Special Circumstances Capital Accounts), the unpaid portion of the Management Fees will be allocated to, and charged against, such Non-Managing Member's capital account when such capital account has sufficient assets to pay such unpaid Management Fees, such as upon the allocation of the proceeds of the disposition of the Special Investment(s and/or Special Circumstances Investments(s) comprising Special Capital Account(s) and/or Special Circumstances Capital Accounts(s), respectively. With respect to the Sand Spring Offshore Funds, on the redemption of Shares, if the balance of the relevant Investment Account, Special Investment Account or Special Circumstances Investment Account attributable to the Shares so redeemed is less than the Management Fee owed with respect to such Shares, then the unpaid portion of such Management Fee will accrue to any other Shares held by the redeeming Shareholder and will be paid in conjunction with the Management Fee that has otherwise accrued to such other Shares.

The Managing Member may, in consultation with CWA, waive the Management Fee with respect to any Non-Managing Member, and the Directors, in consultation with CWA, may waive the Management Fee with respect to any Shareholder.

Incentive Allocation—Sand Spring Domestic Funds. Under the LLC Agreements for the Sand Spring Domestic Funds, the Managing Member is primarily responsible for the general management of each Sand Spring Domestic Fund and is entitled to receive an Incentive Allocation with respect to each Sand Spring Domestic Fund that is computed by allocating, as of the end of a Fiscal Year, 20% of the net profits of that Sand Spring Domestic Fund, including unrealized gains, to the account of the Managing Member, subject to a loss carryforward provision (or "high water mark").

No Incentive Allocation is paid with respect to the Sand Spring Master Fund.

The Managing Member may, in its discretion, waive all or part of the Incentive Allocation with respect to any Non-Managing Member.

Performance Fees--Sand Spring Offshore Funds. CWA will be paid, pursuant to each Offshore Advisory Agreement, a Performance Fee equal to 20% of the net profits of each Series of each Sand Spring Offshore Fund (subject to a loss carryforward provision or "high water mark"). On a redemption of Shares by a Shareholder, if the balance of the relevant Investment Account, Special Investment Account or Special Circumstances Investment Account attributable to the Shares so redeemed is less than the Performance Fee owed with respect to such Shares, then the unpaid portion of such Performance Fee may accrue to any other Shares held by that Shareholder and may be paid in conjunction with the Performance Fee that has otherwise accrued to such other Shares. If an Advisory Agreement is terminated, the Relevant Sand Spring Offshore Fund will pay CWA the Performance Fee for each Series of each Class or Tranche, as the case may be, for the year in which the termination occurs as though the date of termination were the end of a Fiscal Year.

The Directors, in consultation of CWA, may waive all or part of the Performance Fee with respect to any Shareholder.

Additional Services: CWA advises clients' in financial planning matters and on pension record keeping issues. The fee ranges from $75 to $200 per hour depending on the complexity of the client's situations. These fees are

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	negotiable. These fees are payable after the consultation. The president of CWA serves as an expert witness in financial matters. The fees for this service are $75 to $450 per hour depending on the complexity of the suit and testimony. The fees and terms of payment are negotiated before the engagement begins. Employees of CWA have business interests other than that associated with CWA.
PART II No. 6	Walter Alexis Morales: 1962: BS, MBA, (Finance), CFP, CFA: Since 1991 he has been president of CWA. He is also the Chief Investment Officer and Managing Partner with CWA. Lauri Noel Caldwell: 1966: BS: Trading/Operations Manager since 5/1997 to present with CWA. James Francis O'Beirne: 1936: BS, MBA (Finance), CFP™ Financial Planner and Compliance Officer 12/1994 to present at CWA. Mr. O'Beirne is Mr. Morales' father in law. Mike Perini: 1978: BS (Finance) 5/2004: Student prior to 2004, 7/2004 to present with CWA. Kevin Miller: 1961: BA, JD: From 1998-2001, employed by Credit Research and Trading, 2001-2005, employed by BNY Capital Markets, Inc., a division of the Bank of New York. From 5/2005 to present Managing Member and Portfolio Manager with CWA. W. Gerald Warrington, Jr.1965: BA: 1998-9/2004, Investment Specialist Charles Schwab & Co. Inc.: 9/2004 to 6/2006 Branch Manager with CWA at the Mobile Alabama office. 6/2006 to present Chief Operating Officer of CWA. Eiad Asbahi: 1979: BS, MBA (Finance): Student prior to 5/2006. 6/2006 to present Analyst with CWA. Jerry L. Rhodus: 1980: BS (Finance), 1998-2004 Louisiana Army National Guard, 2004-2006 Assistant Portfolio Manager, Hancock Bank, 8/2006 to present Client Services with CWA.
PART II No. 7-A	The president of CWA is engaged in occupations other than giving investment advice. He teaches finance courses two days per week at Louisiana State University and serves on the board of directors of MD Technologies Inc. ("MD Technologies"). *See also* Additional Services above.
PART II No. 9-D, E	CWA may recommend to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest. The president of CWA is a member of the board of directors of MD Technologies. CWA has recommended, and may continue in the future to recommend, securities in MD Technologies to certain Separately Managed Accounts. Employees of CWA may also buy or sell for themselves a security that it also recommended by CWA to clients. CWA has a Code of Ethics/Employee Trading Policy governing personal securities transactions by employees. Employee fee paying accounts managed by Commonwealth will be allocated transactions in the same manner as other client accounts. The policy states that the employee may not purchase or sell a security (unless it is an exempted transaction) within three trading days before and one trading day after the execution of a trade in the same security bought or sold by CWA for one or more clients. The policy requires the pre-clearance by the Chief Compliance Officer before the employee can execute a transaction. There are some transactions that are exempted from the pre-clearance requirement. CWA employees report to the Chief Compliance Officer on a quarterly basis any transaction in a security over which the CWA employee had, or as a result of the transaction acquired, any direct or indirect beneficial ownership. CWA employees report to the Chief Compliance Officer brokerage accounts and holdings in securities in which

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	the employee has any direct or indirect beneficial ownership within 10 days of employment, with information current as of a date no more than 45 days prior to employment, and annually thereafter. Annual reports must be submitted by February 14 of each year and the information contained in an annual report must be current as of December 31 of the prior year. CWA will provide a copy of the Code of Ethics/Employee Trading Policy to clients and prospective clients upon written request. Generally, CWA does not engage in cross trades. However, as an advisor and investment manager, CWA will facilitate the crossing of a security from one separately managed client account to another, except as noted below, (i) one client must initiate and both clients must consent to the sale transaction, (ii) the price produced by the broker must be lower than our assessment of the value of the securities, (iii) the security must fit within the risk profile and investment policy of the client for whose account CWA plans to purchase the security, (iv) the price received by the selling client must be higher than the best price bid by the broker and the price paid by the client must be lower than the fair market value of the security, and (v) an independent pricing source will be used to obtain a reference of the fair market value of the security. CWA does not execute cross trades with any CA Fund or Sand Spring Fund. CWA does not execute transactions between ERISA clients (including "plan asset" funds) and any other investment advisory clients. When CWA engages in market transactions for an ERISA client, CWA does not have any arrangement or understanding with any broker, tacit or otherwise, to cross transactions between the ERISA client and any other advisory client or clients. The president of CWA is the trustee on a Testamentary Exemption Trust. All trust assets are at Schwab, a "qualified custodian." Schwab sends monthly statements to the "independent representative," who is the son of the deceased. CWA sends quarterly performance reports and annual reports required for the trust's tax forms preparation.
PART II No. 12-A, B	CWA has a fiduciary duty to obtain best price and execution of clients' transactions under the circumstances of the particular transactions. CWA has discretion to execute trades, select broker-dealers and negotiate commissions without obtaining client consent. In selecting broker-dealers, CWA seeks those broker-dealers that it reasonably believes can provide best execution of transactions under the circumstances. The principal factors determining this selection are: (1) a broker's ability to execute the types of transactions occurring in client accounts; (2) the net prices for such transactions; and (3) trading ideas generated by brokers. CWA may generate "soft dollars" with respect to the trades of the CA Funds and/or the Sand Spring Funds, and if it does so, CWA intends to comply with the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended. CWA makes a good faith determination that the amount of the commission paid is reasonable in relation to the value of the brokerage and research service provided by the broker/dealer. It is CWA's general policy to allocate purchase or sale opportunities on a *pro rata* basis to all appropriate clients. However, CWA recognizes that a *pro rata* allocation may not always be feasible or in the best interests of CWA's clients. In allocating a transaction, portfolio managers will consider not only the firm's guiding allocation objective, but may also consider specific circumstances related to an account or an investment, such as: (1) cash availability and/or leverage targets in particular client accounts; (2) investment guidelines and limitations imposed by the relevant governing documents for such accounts; (3) principles of diversification of assets; (4) partial fill or trade order; (5) small account size (allocation may be adjusted to minimize custodian

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	fees and transaction charges); (6) undesirable position size (allocation may be adjusted to remove an undesirably small or undesirably large position); (7) applicable investment transfer or assignment restrictions; (8) client tax status; (9) regulatory restrictions; (10) redemption/withdrawal requests from accounts; and (11) a determination by the portfolio manager ("PM") that the investment or sale opportunity is inappropriate in whole or in part for one or more of the accounts within the strategy. As such, account allocations become tailored as necessary to the needs, restrictions and circumstances of each client account. Block trades are used whenever possible. A block trade is a group of orders for more than one client entered as one order. Block trades will be allocated to client accounts in a systematic non-preferential manner. If the block trade does not fill at one price, resulting in partial fills, allocations to client accounts will be made on an average pricing basis. Average pricing amounts to adding up all the buys or sells at their particular price levels, multiplied by the number of contracts at each particular price level, and dividing by the total number of contracts to determine an average price for the whole block trade. If average pricing is unavailable, the high-low method will be used. This method applies the higher fill prices to the higher account numbered clients for both buys and sells, and the lower fill prices to the lower account numbered clients for both purchases and sales. Certain accounts with balances below the minimums cannot be aggregated for block trades. (See "Prime Brokerage Services" below.) Separately Managed Accounts: The client must choose and notify CWA of her/his choice of custodians for her/his assets. CWA will recommend that the client choose a firm, such as Charles Schwab & Co. Inc. (Schwab), that will electronically transmit, on a daily basis, the client's holdings and transactions to CWA. CWA believes that this feature benefits the client by allowing CWA to more readily monitor the activity in the account. Schwab has a solicitation agreement with CWA pursuant to which a large percentage of the securities transactions for the client is usually executed with the client's custodian, if the custodian is a broker/dealer. CWA limits its authority by not allowing itself to withdraw funds or securities from client accounts, and it limits itself as to what it may invest in. CWA will not invest in collectibles or non-securitized real estate. CWA will not invest in securities in which the client does not wish to invest, provided client notifies CWA in writing of the restriction. *Custodians--CA Funds*. Charles Schwab & Co., Inc. ("Schwab") will act as custodian for the CA Equity Funds under normal commercial terms pursuant to an account agreement ("Account Agreement") and Bear Stearns International Limited ("BSIL") may act as custodian for the CA Core Funds and the CA High Yield Funds. As custodian, Schwab will provide custody services for the CA Funds' assets. Schwab or BSIL, as the case may be, will provide custody services for the CA Funds' assets. *Custodians--Sand Spring Funds:* Bear, Stearns Securities Corp. ("BSSC") will act as custodian for Sand Spring I, Sand Spring I Offshore, Sand Spring III and Sand Spring III Offshore; and Bear Stearns & Co., Inc. (BSCI") will act as custodian for Sand Spring II under normal commercial terms pursuant to an Account Agreement for each, respectively. As custodian, BSSC or BSCI, as the case may be, will provide custody services for the Sand Spring Funds' assets.
Part II No. 10	Separately Managed Accounts: There is no minimum investment in a Separately Managed Account. CA Funds. *Minimum Investment.* Each CA Fund requires a minimum investment of $250,000 and $5,000 for each additional investment. The CA Funds may accept subscriptions for lesser amounts in the sole and absolute

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	discretion of CWA or the Directors, as appropriate. *Investor Qualifications—CA Domestic Funds.* Each investor in a CA Domestic Fund must be (i) an "accredited investor," as defined in Regulation D under the Securities Act of 1933, as amended ("1933 Act"), (ii) a "qualified client" under the Investment Advisers Act of 1940, as amended ("Advisers Act"); and (iii) a "United States Person (as defined in the Internal Revenue Code of 1986, as amended ("Code")). Unless otherwise agreed by CWA, non-U.S. investors and tax-exempt entities may not invest in the CA Domestic Funds but may invest in the CA Offshore Funds. *Investor Qualifications—CA Offshore Funds* Each investor in a CA Offshore Fund that is a "United States person" (as defined in the Code) must (i) be an "accredited investor" under the 1933 Act, (ii) be a "qualified client" under the Advisers Act; and (iii) be exempt from U.S. taxation under Section 501 of the Code or otherwise. Each other investor must not be a "U.S. person," as defined in Regulation S under the 1933 Act or a "United States person" as defined in the Code (a "Non-U.S. Shareholder") and must be a "Non-United States person" as defined in Rule 4.7 under the Commodities Exchange Act ("CEA"). Sand Spring Funds. *Minimum Investment.* Each Sand Spring Fund requires a minimum investment of $1,000,000 and $250,000 for each additional investment. The Sand Spring Funds may accept subscriptions for lesser amounts in the sole and absolute discretion of the Managing Member or the Directors, as appropriate. *Investor Qualifications—Sand Spring Domestic Funds.* Each investor in Sand Spring I must be (i) an "accredited investor" under the 1933 Act, (ii) a "qualified client" under the Advisers Act; and (iii) a "United States Person (as defined in the Code). Each investor in Sand Spring II and Sand Spring III must be (i) an "accredited investor" under the 1933 Act, (ii) a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "1940 Act") and (iii) a "United States Person (as defined in the Code). Unless otherwise agreed by the Managing Member, non-U.S. investors and tax-exempt entities may not invest in any of the Sand Spring Domestic Funds. *Investor Qualifications—Sand Spring Offshore Funds.* Each investor in a Sand Spring I Offshore that is a "United States person" (as defined in the Code) must (i) be an "accredited investor" under the 1933 Act, (ii) be a "qualified client" under the Advisers Act; and (iii) if such investor is an employee benefit plan within the meaning of and subject to ERISA, must have at least US $50 million in assets and not invest more than 10% of its total assets in such Fund; and (iv) be exempt from U.S. taxation under Section 501 of the Code or otherwise. Each other investor must not be a "U.S. person," as defined in Regulation S under the 1933 Act or a "United States person" as defined in the Code (a "Non-U.S. Shareholder") and must be a "Non-United States person" as defined in Rule 4.7 under the CEA. Each investor in a Sand Spring III Offshore must (i) be an "accredited investor" under the 1933 Act, (ii) be a "qualified purchaser" under the 1940 Act; and (iii) if a "United States Person" (as defined in the Code) be exempt from U.S. taxation under Section 501 of the Code or otherwise.
PART II No. 13-A	Separately Managed Accounts: With respect to Separately Managed Accounts, CWA receives compensation from Federated Investors for managing the client relationships and customer servicing of clients who use Federated Investors for custody and invest in Federated Mutual Funds. CWA receives non-research services from Charles Schwab. These include access to Schwab's institutional web site for investment advisors and Schwab's order entry system.
PART II No. 13-B	Upon occasion, CWA, pursuant to written agreements, may compensate persons and entities for soliciting for or referring clients to CWA for account management. All such arrangements comply with Rule 206(4)-3 under the Advisers Act.

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COMPLIANCE MANUAL	CWA has developed a policies and procedures Compliance Manual that ensures CWA's compliance with applicable securities laws and regulations when it engages in the business of providing investment management services to clients. CWA requires full compliance with all laws and regulations under the Advisers Act. It is also the policy of CWA to conduct its business in a manner which meets the highest standards of commercial honor, and just and equitable principles of trade. Inherent in all client relationships is the fundamental responsibility to deal fairly with clients.
ANTI-MONEY LAUNDERING	Separately Managed Accounts: CWA has developed an Anti-Money Laundering program to prevent CWA from facilitating money laundering or the funding of terrorists or criminal activity. CWA requires specific information about a new client before entering into the IMA. At a minimum, CWA will require the following information from a natural person: name, age, social security number, occupation, employer and beneficiaries if any. CWA will require for a corporation, partnership, foundation or other client that is an entity: documentary evidence of the due organization and existence of such entity, identification of the owner(s) of the entity's shares or beneficial interests and identification of who controls the entity and an understanding of the structure of the entity sufficiently to determine the source of the funds. CWA will require for a trust: evidence of its due formation and existence, along with the identity of its trustee(s) and an understanding of the structure of the trust sufficient to determine the source of the funds (*e.g.*, settler), person who controls the trust (*e.g.*, trustee), and persons who have the power to remove the trustee. CWA will require for a retirement plan: evidence of its due formation and existence, along with the identity of its trustee(s) or other fiduciary and an understanding of the plan document sufficient to determine how the plan is to be managed. CWA will verify this information through the review of either unexpired government-issued identification, such as a driver's license or passport for individuals or certified articles of incorporation, certificate of limited partnership, trust instrument or other organizational document or a government-issued business license for entities. This information is required on all joint owners, all partners, all trustees and all guardians that are party to an account. CWA will not accept cash for payment of securities purchased or for deposit to an account managed by CWA. CA Funds & Sand Spring Funds: The Subscription Agreement for each of the CA Funds and the Sand Spring Funds contains Anti-Money Laundering representations.
PROXY VOTING	Separately Managed Accounts: The IMA for separate accounts contains a section on Proxy Voting. There the client can check one box that authorizes CWA to vote proxies, or by checking the other box the client can retain authority to vote proxies. The basic CWA policy is to vote proxies in the interest of maximizing shareholder value. Clients have been notified of the CWA Proxy Voting Policy and Procedures. CWA maintains a Proxy Voting Record of votes cast. The Policy Statement is available to clients by request; the Voting Record is available to clients as votes apply to the clients' account(s). Where a client has delegated the power to vote portfolio securities in his or her account, CWA will vote the proxies in a manner that is in the best interests of the client. CWA recognizes that conflicts between itself and clients may arise in voting the proxies of public companies and that these conflicts must be addressed. The CCO is responsible for identifying potential conflicts of interest in regard to the proxy voting process. Where appropriate, CWA will use one of the following methods to resolve such conflicts, provided such method results in a decision to vote the proxies that is based on the clients' best interest and is not the product of the conflict: A) provide the client with sufficient information regarding the shareholder vote and CWA's potential conflict to the client and obtain the client's consent before voting; B) vote securities based on a pre-determined voting policy set forth herein; C) vote client securities based upon the recommendations of an independent third party; or D) request the client to engage another party to determine how the proxies should be voted. CA Funds. CWA will vote all proxies on behalf of the CA Domestic Funds. The Directors of the CA Offshore

Schedule F of Form ADV Continuation Sheet for Form ADV Part II	Applicant: Commonwealth Advisors, Inc.	SEC File Number: 801-39749	Date: 09/05/07

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

1.	Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Commonwealth Advisors, Inc.	IRS Empl. Ident. No.: 72-1187377

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	Funds may delegate to CWA the right to vote all proxies on behalf of the respective CA Offshore Funds. Sand Spring Funds: The Managing Member or the Directors may delegate to CWA the authority to vote all proxies on behalf of the Sand Spring Funds.
PRIME BROKERAGE SERVICES	Separately Managed Accounts: Prime Brokerage Services (PBS) gives CWA the ability to execute trades in an account with a broker/dealer other than the custodian of the account. Custodians require a minimum account balance before an account is eligible for PBS. The minimum is $100,000 at Schwab, $125,000 at Fidelity, and $1,000,000 at BSSC. Assets in accounts with balances below the minimums cannot be aggregated with trades of PBS eligible accounts. The non-eligible clients cannot be included in the allocations with the PBS eligible accounts. Aggregations and allocations of trades for non-eligible accounts are done separately from the PBS eligible trades. Non-eligible accounts may pay more when buying or receive less when selling than will the PBS eligible accounts. CA Funds. Bear Stearns Securities Corp. ("BSSC") is prime broker ("Prime Broker") for CA Core, CA Core Offshore, CA High Yield and CA High Yield Offshore. Schwab is Prime Broker to CA Equity and CA Equity Offshore. Any CA Funds may engage additional prime brokers from time to time. The respective Prime Broker will act as prime broker and custodian for the CA Funds under normal commercial terms pursuant to an Account Agreement. As Prime Broker and Custodian, Prime Broker will settle and clear securities transactions, engage in securities financing transactions, and provide custody services for the CA Funds' assets. Sand Spring Funds: BSSC is Prime Broker to Sand Spring I, Sand Spring I Offshore, Sand Spring III and Sand Spring III Offshore. Bear, Stearns and Company is Prime Broker to Sand Spring II. Any Sand Spring Fund may engage additional prime brokers from time to time. The respective Prime Broker will act as prime broker and custodian for the Sand Spring Funds under normal commercial terms pursuant to an Account Agreement. As Prime Broker and Custodian, Prime Broker will settle and clear securities transactions, engage in securities financing transactions, and provide custody services for the Sand Spring Funds' assets
PRIVACY POLICY	It is the policy of CWA to limit disclosure of non-public personal information about a client only to those who have a need to know the information. This information is protected by physical, electronic and procedural means. The client has the right to "Opt-Out" and prevent CWA from disclosing any non-public personal information to any third party. CWA will disclose such information if allowed or required by law, responding to a subpoena, to regulatory authorities and law enforcement agencies. With the client's permission, CWA will disclose the information to attorneys, accountants and lenders. A copy of the then current Notice of Privacy Policy is sent to clients in May of each year.

Commonwealth Advisors, Inc.
Schedule "A" Fees
Investment Management Agreement

Account Type			
Growth, Balanced	Minimum Annual Fee: $9,395.	Enhance/Total Return Fixed Income	Minimum Annual Fee: $7,500.
Assets:	**Fees:**	**Assets:**	**Fees:**
First $1,500,000	1.25 %	First $1,500,000	1.00 %
Next $1,500,000	1.00 %	Next $1,500,000	0.875 %
Next $3,000,000	0.75 %	Next $3,000,000	0.700 %
Over $6,000,000	*Negotiable*	Over $6,000,000	*Negotiable*
Investment Grade Fixed Income	Minimum Annual Fee: $6,562.	A setup fee of $150 will be charged for all new accounts.	
Assets:	**Fees:**		
First $1,500,000	0.875 %		
Next $1,500,000	0.700 %		
Next $3,000,000	0.550 %		
Over $6,000,000	*Negotiable*		

Revision Date: 11.15.04

PRINCIPAL OFFICES OF THE CO-ISSUERS

Collybus CDO I Ltd.
Boundary Hall, Cricket Square
P.O. Box 1093GT
George Town
Grand Cayman, Cayman Islands

Collybus CDO I Corp.
c/o Puglisi & Associates
850 Library Avenue
Suite 204
Newark, Delaware 19711

TRUSTEE, NOTE PAYING AGENT, COLLATERAL ADMINISTRATOR, NOTE REGISTRAR, TRANSFER AGENT AND FISCAL AGENT

Wells Fargo Bank, N.A.
9062 Old Annapolis Road
Columbia, Maryland 21045
Attention: CDO Trust Services — Collybus CDO I

SUBORDINATE SECURITY REGISTRAR

Maples Finance Limited
Boundary Hall, Cricket Square
P.O. Box 1093GT
George Town
Grand Cayman, Cayman Islands

IRISH LISTING AGENT

Maples and Calder Listing Services Limited
Maples Finance Limited
75 St. Stephen's Green
Dublin 2, Ireland

IRISH PAYING AGENT

Maples Finance Dublin
75 St. Stephen's Green
Dublin 2, Ireland

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