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PROSPECTUS

This prospectus constitutes a prospectus within the meaning of article 5 of Directive 2003/71/EC.

House of Europe Funding V PLC

EUR 200,000,000 Class A1 House of Europe Funding V PLC Delayed Draw Note due 2090

EUR 580,000,000 Class A1 House of Europe Funding V PLC Floating Rate Notes due 2090

EUR 70,000,000 Class A2 House of Europe Funding V PLC Floating Rate Notes due 2090

EUR 70,000,000 Class A3-a House of Europe Funding V PLC Floating Rate Notes due 2090

EUR 15,000,000 Class A3-b House of Europe Funding V PLC Fixed Rate Notes due 2090

EUR 21,000,000 Class B House of Europe Funding V PLC Floating Rate Notes due 2090

EUR 21,000,000 Class C House of Europe Funding V PLC Deferrable Floating Rate Notes due 2090

EUR 9,000,000 Class D House of Europe Funding V PLC Deferrable Floating Rate Notes due 2090

EUR 4,000,000 Class E1 House of Europe Funding V PLC Deferrable Floating Rate Notes due 2090

EUR 6,000,000 Class E2 House of Europe Funding V PLC Deferrable Floating Rate Notes due 2090

EUR 4,000,000 Class F House of Europe Funding V PLC Annuity Notes due by 2016

House of Europe Funding V PLC (the "**Issuer**") has issued a EUR 200,000,000 Class A1 House of Europe V PLC Delayed Draw Note, due 2090 (optional redemption 2013) (the "**Class A1 Delayed Draw Note**), EUR 580,000,000 Class A1 House of Europe Funding V PLC Floating Rate Notes, due 2090 (optional redemption 2013) (the "**Class A1 Floating Rate Notes**", and together with the Class A1 Delayed Draw Note, the "**Class A1 Notes**"), EUR 70,000,000 Class A2 House of Europe Funding V PLC Floating Rate Notes, due 2090 (optional redemption 2013) (the "**Class A2 Notes**"), EUR 70,000,000 Class A3-a House of Europe Funding V PLC Floating Rate Notes, due 2090 (optional redemption 2013) (the "**Class A3-a Notes**"), EUR 15,000,000 Class A3-b House of Europe Funding V PLC Fixed Rate Notes, due 2090 (optional redemption 2013) (the "**Class A3-b Notes**" and together with the Class A3-a Notes, the "**Class A3 Notes**"), EUR 21,000,000 Class B House of Europe Funding V PLC Floating Rate Notes, due 2090 (optional redemption 2013) (the "**Class B Notes**"), EUR 21,000,000 Class C House of Europe Funding V PLC Deferrable Floating Rate Notes, due 2090 (optional redemption 2013) (the "**Class C Notes**"), EUR 9,000,000 Class D House of Europe Funding V PLC Deferrable Floating Rate Notes, due 2090 (optional redemption 2013) (the "**Class D Notes**"), EUR 4,000,000 Class E1 House of Europe Funding V PLC Deferrable Floating Rate Notes, due 2090 (optional redemption 2013) (the "**Class E1 Notes**"), EUR 6,000,000 Class E2 House of Europe Funding V PLC Deferrable Floating Rate Notes, due 2090 (optional redemption 2013) (the "**Class E2 Notes**" and EUR 4,000,000 Class F House of Europe Funding V PLC Annuity Notes, due by 2016 (optional redemption 2013) (the "**Class F Notes**"), which are described in this Prospectus. The Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes, the Class E2 Notes and the Class F Notes are herein referred to as the "**Notes**".

The Notes are secured by the Collateral Assets consisting of a diversified portfolio of Underlying Assets composed primarily of Structured Finance Securities, certain Eligible Investments and other assets described herein (such terms as defined below). Collineo Asset Management GmbH, Dortmund ("**Collineo**" or the "**Collateral Manager**") will render collateral management advice to the Issuer and perform certain related advisory functions, in particular with respect to the Underlying Assets. The decision to purchase and sell Underlying Assets and certain other decisions will be taken on behalf of the Issuer by an investment board appointed by Hypo Public Finance Bank ("**HPF**" or the "**Investment Board Provider**"), which will base its decisions on advice rendered by the Collateral Manager.

The Notes represent limited recourse obligations of the Issuer payable solely from the Collateral Assets in accordance with the Priority of Payments (such terms as defined below), and do not represent interests or obligations of, and are not insured or guaranteed by, or secured by the assets of the Placement Agent, BNP Paribas Trust Corporation UK Limited (the "**Trustee**"), the Collateral Manager, the Investment Board Provider, the Collateral Administrator, the Account Bank or any of their respective affiliates, officers or directors or any other person or entity.

The Notes are not insured or guaranteed by any governmental agency. The Issuer will have no substantial assets other than the Collateral Assets, in respect of which security interests have been granted to the Trustee in order to secure the Notes and the other secured obligations of the Issuer.

Interest with respect to the Class A1 Notes (other than the Class A1 Delayed Draw Note up to (but excluding) the Class A1 Consolidation Date), the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes as well as the Class F Note Annuity Amounts with respect to the Class F Notes will be payable in respect of such Notes on the 8th day of each February, May, August and November (or if any such day is not a Business Day, the immediately succeeding Business Day unless such day would thereby fall into the next calendar month, in which case the payment will be made on the immediately preceding Business Day), commencing in May 2007 or in case of the Class A1 Delayed Draw Note, August 2007, until principal has been paid in full (each such date, a "**Payment Date**"), if and to the extent funds are available for

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such purpose in accordance with the Priority of Payments. Principal on the Notes will be payable in accordance with the terms and conditions of the Notes (the "**Terms and Conditions**"), if and to the extent funds are available for such purpose in accordance with the Priority of Payments on each Payment Date. Payments on the Notes will be made in Euros. Except as specified herein, the Class A2 Notes are subordinated in right of payment to the Class A1 Notes. The Class A3-a Notes and the Class A3-b Notes are *pari passu* with each other but are subordinated in right of payment to the Class A1 Notes and the Class A2 Notes. The Class B Notes are subordinated in right of payment to the Class A1 Notes, the Class A2 Notes and the Class A3 Notes. The Class C Notes are subordinated in right of payment to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class B Notes. The Class D Notes are subordinated in right of payment to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes and the Class C Notes. The Class E1 Notes are subordinated in right of payment to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes and the Class D Notes. The Class E2 Notes are subordinated in right of payment to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E1 Notes. The Class F Notes are subordinated in right of payment to all the other Classes of Notes.

The Notes are rated by Moody's Investors Service, Inc. ("**Moody's**") and by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., "**Standard & Poor's**" or "**S&P**" as indicated in the table below.

Class	**Moody's**	**S&P**
Class A1	Aaa	AAA
Class A2	Aaa	AAA
Class A3-a	Aaa	AAA
Class A3-b	Aaa	AAA
Class B	Aa2	AA
Class C	A2	A
Class D	Baa2	BBB
Class E1	Baa3	BBB–
Class E2	Ba2	BB
Class F	Not Rated	Not Rated

See "Rating of the Notes".

Application has been made to list the Notes on the Luxembourg Stock Exchange and for admission to trade on the regulated market of the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission on the Closing Date (other than the Class A1 Delayed Draw Note until the Class A1 Consolidation Date). The Notes may also be listed on an alternative stock exchange.

See "Risk Factors" in this Prospectus for a description of certain factors that should be considered in connection with an investment in the Notes.

The Notes have not and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), under applicable state securities laws or under the laws of any other relevant jurisdiction, and have been issued in bearer form which are subject to U.S. tax law requirements. The Issuer is not and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Notes are to be purchased for investment only and may not be offered or sold, directly or indirectly, within the United States or to or for the account of U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in a transaction exempt from the registration requirements of the Securities Act. The Notes have been and will be offered only outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S and in accordance with applicable laws.

Class	Initial Aggregate Principal Amount	Interest Rate	Issue Price	Maturity Date
A1 Floating Rate	EUR 580,000,000	EURIBOR interpolated between six and seven months *plus* 0.17% p.a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 0.17% p.a.	100%	The Payment Date falling in November 2090
A2	EUR 70,000,000	EURIBOR interpolated between six and seven months *plus* 0.28% p.a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 0.28% p.a.	100%	The Payment Date falling in November 2090

Class	Initial Aggregate Principal Amount	Interest Rate	Issue Price	Maturity Date
A3-a	EUR 70,000,000	EURIBOR interpolated between six and seven months *plus* 0.34% p.a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 0.34% p.a.	100%	The Payment Date falling in November 2090
A3-b	EUR 15,000,000	4.30% p.a.	100%	The Payment Date falling in November 2090
B	EUR 21,000,000	EURIBOR interpolated between six and seven months *plus* 0.50% p.a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 0.50% p.a.	100%	The Payment Date falling in November 2090
C	EUR 21,000,000	EURIBOR interpolated between six and seven months *plus* 0.75% p.a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 0.75% p.a.	100%	The Payment Date falling in November 2090
D	EUR 9,000,000	EURIBOR interpolated between six and seven months *plus* 1.50% p.a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 1.50% p.a.	100%	The Payment Date falling in November 2090
E1	EUR 4,000,000	EURIBOR interpolated between six and seven months *plus* 2.10% p.a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 2.10% p.a.	100%	The Payment Date falling in November 2090
E2	EUR 6,000,000	EURIBOR interpolated between six and seven months *plus* 3.00% p.a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 3.00% p.a.	100%	The Payment Date falling in November 2090
F	EUR 4,000,000	No stated rate of interest. Annuity (combined payment of principal and interest) equal to 17% p.a. of the initial principal amount of the Class F Note as of the Closing Date.	100%	No stated maturity. Due by the Payment Date falling in November 2016

The Notes have initially been offered by WestLB AG, Düsseldorf ("**WestLB AG**") (in such capacity, the "**Placement Agent**"). The Placement Agent has reserved the right to withdraw, cancel or modify such offer and to reject orders for the Notes in whole or in part. All of the Notes were issued on 31 October 2006 (the "**Closing Date**"). Each Class of Notes (other than the Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date) is represented initially by a temporary global note in bearer form without interest coupons which will be exchangeable for a permanent global note as described herein and have been deposited with BNP Paribas Securities Services, Luxembourg Branch as Common Depositary of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream Luxembourg**"), in each case against payment therefor in immediately available funds. The Class A1 Delayed Draw Note will be issued in definitive registered form. The Notes (other than the Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date) will not be exchangeable for definitive securities.

WESTLB AG
as Lead Manager and Arranger

WESTLB AG
Placement Agent

The date of this Prospectus is 26 October 2006.

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 Placement Agent, the Trustee, the Collateral Manager, the Investment Board Provider, the Collateral Administrator, the Account Bank, the Paying Agent or any of their respective affiliates. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes offered hereby in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Placement Agent to inform themselves about, and to observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus, and the offer, sale and delivery of the Notes, in Ireland, the Federal Republic of Germany, the United Kingdom and the United States. See "Subscription and Sale". Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances imply that there has been no change in the affairs of the Issuer or that the information herein is correct as of any date subsequent to the date hereof. The Issuer and the Placement Agent, as the case may be, reserve the right, for any reason, to reject any offer to purchase in whole or in part, or to sell less than the stated initial principal amount of the Notes.

This Prospectus is used for the purposes of listing and trading the Notes on the Luxembourg Stock Exchange or on an alternative stock exchange. As long as the Notes are listed on the Luxembourg Stock Exchange or an alternative stock exchange, this Prospectus (following its completion, and supplement (if any)) may be obtained, upon request, from the Luxembourg Intermediary and Listing Agent (or such intermediary or listing agent for such alternative stock exchange) or the Placement Agent.

House of Europe Funding V PLC is responsible for the information contained in this Prospectus except that Collineo only is responsible for the information set forth under the heading "The Collateral Manager".

Having taken all reasonable care to ensure that such is the case, to the best of the knowledge of House of Europe Funding V PLC, the information contained in this Prospectus for which House of Europe V PLC is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information. House of Europe Funding V PLC disclaims any obligation to update such information and does not intend to do so.

Having taken all reasonable care to ensure that such is the case, the information contained in that part of the Prospectus for which Collineo is responsible is, to the best of the knowledge of Collineo, in accordance with the facts and contains no omission likely to affect its import.

Where information has been sourced from Collineo, such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such information published by Collineo, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Where information has been sourced from BNP Paribas Trust Corporation UK Limited, BNP Paribas Securities Services, London Branch or BNP Paribas Securities Services, Luxembourg Branch such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such information published by BNP Paribas Trust Corporation UK Limited, BNP Paribas Securities Services, London Branch or BNP Paribas Securities Services, Luxembourg Branch, as applicable, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Where information under the heading "Description of the Investment Board Agreement and the Initial Investment Board Members" has been sourced from Hypo Public Finance Bank, such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such

information published by Hypo Public Finance Bank, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Where information has been sourced from Deutsche International Corporate Services (Ireland) Limited, such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from such information published by Deutsche International Corporate Services (Ireland) Limited, no facts have been omitted which would render the reproduced information inaccurate or misleading.

None of the Placement Agent, the Trustee, the Collateral Manager (except to the extent described above), the Investment Board Provider, the Collateral Administrator, the Account Bank, Paying Agent or any of their respective affiliates makes any representation or warranty as to, or assumes any responsibility for, the accuracy or completeness of the information contained herein.

None of the Placement Agent, the Collateral Manager (except to the extent described above), the Trustee, the Investment Board Provider, the Collateral Administrator, the Account Bank, Paying Agent or any of their respective affiliates have independently verified any such information and do not assume any responsibility for its accuracy or completeness. Nothing contained in this Prospectus 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 Prospectus and assumes no responsibility for its contents.

This Prospectus is for informational purposes only and is not intended to be relied upon alone as the basis for an investment decision. In making an investment decision, prospective investors must rely on their own examination of the investment objectives of the Issuer and the terms of the offering of the Notes described herein (the "**Offering**"), including the merits and risks involved, and must not rely exclusively upon information provided by or statements made by the Placement Agent, the Collateral Manager or any of their respective affiliates. Investors should be aware that they may be required to bear the financial risks of an investment in the Notes until the maturity of the Notes.

None of the Placement Agent, the Trustee, the Collateral Manager, the Investment Board Provider, the Collateral Administrator, the Account Bank, Paying Agent or any of their respective affiliates assumes any responsibility for the performance by the Issuer of its obligations described herein or for the due execution, validity or enforceability of the Notes, instruments or documents delivered in connection with the Notes or for the value, validity or priority of any collateral or security interests pledged in connection therewith.

This Prospectus 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 upon request. Requests and inquiries regarding this Prospectus or such documents should be directed to the Issuer, in care of WestLB AG, Herzogstrasse 15, 40217 Düsseldorf, Attention: Mr. Jan Wilmanns or Mr. Joachim Erhardt.

Each prospective investor should carefully consider this Prospectus and the Transaction Documents before investing in the Notes.

Although the Placement Agent may from time to time make a market in the Notes, the Placement Agent is under no obligation to do so. In the event that the Placement Agent commences any market-making, the Placement Agent may discontinue the same at any time. Application has been made to list the Notes on the Luxembourg Stock Exchange and for admission to trade on the regulated market of the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission on the Closing Date (other than the Class A1 Delayed Draw Note until the Class A1 Consolidation Date). Further, the Notes may also be listed on an alternative stock exchange. However, there can be no assurances that a secondary market for any of the Notes will develop, or if a secondary market does develop, that it will provide the Holders of the Notes with liquidity of investment or that it will continue for the life of the Notes.

The contents of this Prospectus 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. None of the Issuer, the Placement Agent, the Trustee, the Collateral Manager, the Investment Board Provider, the Collateral Administrator, the Account Bank, the Paying Agent or any of their respective affiliates makes any representation to any offeree or purchaser of Notes 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.

Prospective purchasers of the Notes may have previously 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 Notes as contemplated at the time of preparation of such presentation in connection with preliminary discussions with potential purchasers of the Notes. However, as indicated therein, no such presentation was an offering of securities for sale, and any offering is being made only pursuant to this Prospectus. Given the foregoing and the fact that information contained in any such presentation was preliminary in nature and has been superseded by information contained in this Prospectus, neither any such presentation nor any information contained therein should be relied upon in connection with a prospective investment in the Notes.

Any projections, forecasts and estimates contained herein are not purely historical in nature but are forward looking statements and are based upon information furnished by House of Europe Funding V PLC and certain assumptions that House of Europe Funding V PLC considers reasonable, subject to uncertainties as to circumstances and events that have not yet taken place. Hence any such projections, forecasts and estimates are subject to material variation. Moreover, 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, there can be no assurance that any projected or forecasted results will be attained and actual results may materially vary from the projections.

Some important factors that could cause actual results to differ materially from those in any forward looking statements include, among others, changes in interest rates or currency exchange rates, market, financial or legal uncertainties, the general availability of liquidity, differences in the actual allocation of the Underlying Assets among asset categories from those assumed, the timing of acquisitions of the Underlying Assets, the price at which the Underlying Assets are actually purchased by the Issuer, any defaults of the Underlying Assets, the timing of any such defaults and subsequent recoveries, mismatches between the timing of accrual and receipt of Interest Proceeds from the Underlying Assets and the effectiveness of any Hedge Agreements. Consequently, the inclusion of projections herein should not be regarded as a representation by House of Europe Funding V PLC or any other person or entity of the results that will actually be achieved by the Issuer.

None of the Issuer, the Placement Agent, the Trustee, the Collateral Manager, the Investment Board Provider, the Collateral Administrator, the Account Bank, the Paying Agent or their respective affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions are incorrect.

In connection with the Offering, the Placement Agent may conduct any activity to support the exchange or maintain the market price of the Notes in order to offset short-term price movements. Such activities, if any, may be conducted upon announcement of the Offering and must be terminated no later than on the 30th calendar day after the date on which the Issuer received the proceeds of the Offering or the 60th calendar day following the allotment of the Notes, whichever is the earlier. These activities may result in a price of the Notes higher than that which would otherwise prevail, at the risk that the price might be kept at an artificial level over too long a period. However there is no obligation to engage in any stabilising, which, if

commenced, may be discontinued at any time. Such stabilising shall be in compliance with all laws, regulations and rules of any relevant jurisdiction.

In this Prospectus, references to "**U.S. Dollar**", "**Dollars**" and "**$**" are to United States dollars, and references to "**EUR**", "**Euros**" and "**€**" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

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OUTLINE OF THE TRANSACTION

The following outline of the transaction is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Prospectus. The "Master Definitions Agreement", a glossary of definitions appears as Appendix A to this Prospectus. An "Index of Defined Terms" appears as Appendix B to this Prospectus.

THE PARTIES

The Issuer	House of Europe Funding V PLC is a public limited company incorporated under the laws of the Republic of Ireland primarily for the purposes of (i) issuing and selling the Notes, (ii) acquiring the Collateral Assets, (iii) entering into the Transaction Documents, and (iv) undertaking certain other activities incidental to the foregoing. The address of the registered office of the Issuer is 5 Harbourmaster Place, IFSC, Dublin 1, Ireland. The telephone number of the Issuer is +353 1 680 6000. The Issuer will not have any material assets other than the Collateral Assets.
Administrator	Deutsche International Corporate Services (Ireland) Limited.
The Trustee	BNP Paribas Trust Corporation UK Limited with its address at 55 Moorgate, London EC2R 6PA, United Kingdom.
Collateral Manager	Collineo Asset Management GmbH, Dortmund will render management advice to the Investment Board by making proposals for the purchase and sale of assets, hedging arrangements and other decisions to be taken by the Investment Board on behalf of the Issuer. The Collateral Manager has been appointed by the Issuer under the Collateral Management Agreement entered into between the Issuer and the Collateral Manager. See "The Collateral Manager" and "The Collateral Management Agreement".
Collateral Administrator	BNP Paribas Securities Services, London Branch with its address at 55 Moorgate, London EC2R 6PA, United Kingdom (in such capacity, the "**Collateral Administrator**") will perform certain administrative duties with respect to the Collateral Assets, including the performance of certain calculations with respect to the Collateral Quality Tests and the Coverage Tests. The Collateral Administrator will also provide account management services to the Issuer.
Investment Board	The Investment Board will make decisions on behalf of the Issuer with regard to proposals to purchase and sell assets, hedging arrangements as well as certain other proposals made by the Collateral Manager. The Investment Board shall be comprised of two members appointed by Hypo Public Finance Bank in its capacity as Investment Board Provider in

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	accordance with the provisions of the Investment Board Agreement with the Issuer.
Custodian	BNP Paribas Securities Services, Luxembourg Branch, with its address at 33, rue de Gasperich, Howald - Hesperange, 2085 Luxembourg, Luxembourg.
Account Bank	BNP Paribas Securities Services, London Branch, with its address at 55 Moorgate, London EC2R 6PA, United Kingdom.
Registrar	BNP Paribas Securities Services, Luxembourg Branch, with its address at 33, rue de Gasperich, Howald - Hesperange, 2085 Luxembourg, Luxembourg and any additional or successor or substitute registrar appointed pursuant to the terms of the Agency Agreement.
Initial Hedge Counterparty	HSBC Bank PLC, with its address at 8 Canada Square, London E14 5HQ, United Kingdom.

THE NOTES

The Notes	The Issuer has issued the following Notes:
	EUR 200,000,000 aggregate principal amount of Class A1 House of Europe Funding V PLC Delayed Draw Note, optional redemption 2013;
	EUR 580,000,000 aggregate principal amount of Class A1 House of Europe Funding V PLC Floating Rate Notes, optional redemption 2013;
	EUR 70,000,000 aggregate principal amount of Class A2 House of Europe Funding V PLC Floating Rate Notes, optional redemption 2013;
	EUR 70,000,000 aggregate principal amount of Class A3-a House of Europe Funding V PLC Floating Rate Notes, optional redemption 2013;
	EUR 15,000,000 aggregate principal amount of Class A3-b House of Europe Funding V PLC Fixed Rate Notes, optional redemption 2013;
	EUR 21,000,000 aggregate principal amount of Class B House of Europe Funding V PLC Floating Rate Notes, optional redemption 2013;
	EUR 21,000,000 aggregate principal amount of Class C House of Europe Funding V PLC Deferrable Floating Rate Notes, optional redemption 2013;
	EUR 9,000,000 aggregate principal amount of Class D House of Europe Funding V PLC Deferrable Floating Rate Notes,

optional redemption 2013;

EUR 4,000,000 aggregate principal amount of Class E1 House of Europe Funding V PLC Deferrable Floating Rate Notes, optional redemption 2013;

EUR 6,000,000 aggregate principal amount of Class E2 House of Europe Funding V PLC Deferrable Floating Rate Notes, optional redemption 2013; and

EUR 4,000,000 aggregate principal amount of Class F House of Europe Funding V PLC Annuity Notes, optional redemption 2013.

Each of the Class A1 Notes, the Class A2 Notes, the Class A3-a Notes, the Class A3-b Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes, the Class E2 Notes and the Class F Notes is herein referred to as a "**Class**" of Notes. Each holder of a Note is herein referred to as a "**Holder**" or a "**Noteholder**".

The Notes are limited recourse debt obligations of the Issuer in respect of which a security interest has been granted in the Collateral Assets to the Trustee pursuant to the Security Agreements for the benefit of the Noteholders and the other secured creditors of the Issuer. The "**Security Agreements**" shall include the Trust Agreement, the Irish Security Deed, the English Security Deed, the Luxembourg Security Agreement and any security arrangements the Issuer may enter into from time to time.

Except under certain limited circumstances described herein, the Class A2 Notes are subordinate in right of payment to the Class A1 Notes; the Class A3-a Notes and the Class A3-b Notes are pari passu with each other but are subordinate in right of payment to the Class A1 Notes and the Class A2 Notes; the Class B Notes are subordinate in right of payment to the Class A1 Notes, the Class A2 Notes and the Class A3 Notes; the Class C Notes are subordinate in right of payment to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class B Notes; the Class D Notes are subordinate in right of payment to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes and the Class C Notes; the Class E1 Notes are subordinate in right of payment to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes and the Class D Notes; the Class E2 Notes are subordinate in right of payment to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E1 Notes; and the Class F Notes are subordinate in right of payment to all the other Classes of Notes (see "Terms and Conditions of the Notes – Section 3.3" and "The Trust Agreement – Clause 4.5").

Registered Note: Prior to the Class A1 Consolidation Date, the Class A1 Delayed Draw Note.

Use of Proceeds	The net proceeds (excluding proceeds from the Class A1 Delayed Draw Note) of the Offering hereunder and the Upfront Expense Payment are used by the Issuer (i) to purchase a diversified portfolio primarily of Structured Finance Securities, and also Synthetic Securities whose Reference Obligation is a Structured Finance Security (each, an "**Underlying Asset**"), (ii) to fund the Principal Collection Account and the Expense Account, (iii) to enter into the Master Agreement, and (iv) to undertake certain related activities. Any such proceeds not so used will be invested in Eligible Investments pending the use of such proceeds for the purchase of Underlying Assets as described herein. See "Use of Proceeds". The direct costs of the admission of the Notes to trading on the Luxembourg Stock Exchange amount to approximately EUR 45,000. Additionally, commitments to fund for an aggregate amount equal to approximately EUR 200,000,000 will be made available to the Issuer by the holder of the Class A1 Delayed Draw Note, the proceeds of which will be used to fund the purchase of additional Underlying Assets, and any such proceeds not so used will be invested in Eligible Investments pending the use of such proceeds for the purchase of Underlying Assets as described herein.
Security for the Notes	The Notes are secured by: (i) a diversified portfolio of Underlying Assets consisting primarily of Structured Finance Securities, Eligible Investments and all payments thereon or with respect thereto, and (ii) the rights and claims of the Issuer under the Transaction Documents (excluding the Notes and the Security Agreements) (such assets of the Issuer from time to time, the "**Collateral Assets**", and the security interests granted to the Trustee in respect thereto collectively, the "**Collateral**"). In the event of any realization of the Collateral, net proceeds from the Collateral Assets will be allocated in accordance with the Priority of Payments.
Interest Payments on the Notes	Payments of interest on the Notes (other than the Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date and the Class F Notes) to the Noteholders will become due and payable quarterly (except with respect to the first Payment Date) in arrear, on each 8th day of February, May, August and November (or if any such day is not a Business Day, the next succeeding day which is a Business Day unless such day would thereby fall into the next calendar month, in which case the payment will be made on the immediately preceding Business Day). The first Payment Date with respect to the Notes (other than the Class A1 Delayed Draw Note) will be the Payment Date falling in May 2007. The Interest Accrual Period will be, (i) for the Class A1 Notes (other than the Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date), the Class A2 Notes, the Class A3-a Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes in respect of the first

Payment Date, the period commencing on (and including) the Closing Date and ending on (but excluding) the first Payment Date and in respect of any subsequent Payment Date, the period commencing on (and including) the immediately preceding Payment Date and ending on (but excluding) such Payment Date and (ii) in relation to Class A3-b Notes, in respect of the first Payment Date, the period commencing on (and including) the Closing Date and ending on (but excluding) 30 April 2007 and in respect of any subsequent Payment Date, the three-month period commencing on (and including) the last day of the immediately preceding Interest Accrual Period and ending on (but excluding) the 30th day of the month immediately preceding the month in which such Payment Date occurs.

Up to (but excluding) the Class A1 Consolidation Date, each Funding in respect of the Class A1 Delayed Draw Note will bear interest from (and including) the Funding Date in respect of such Funding and such interest will be payable in arrear on each Payment Date in Euro. The first Payment Date with respect to the Class A1 Delayed Draw Note shall be the Payment Date falling in August 2007.

On the Class A1 Consolidation Date, the Class A1 Delayed Draw Note shall be consolidated with, and be treated by the Issuer as identical in all respects to, the Class A1 Floating Rate Notes and interest shall be payable in respect thereof as provided in Section 7 of the Terms and Conditions.

The amount of interest payable in respect of each Note (other than any Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date, and any Class F Note) on any Payment Date (each, an "**Interest Amount**") will be calculated by applying the Interest Rate for the relevant Interest Accrual Period, to its Note Principal Amount outstanding as of the immediately preceding Payment Date or the Closing Date (in the case of the first Payment Date), and multiplying the result by (i) in the case of the Class A1 Notes, the Class A2 Notes, the Class A3-a Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes the actual number of days in the relevant Interest Accrual Period, divided by 360 and (ii) in the case of the Class A3-b Notes, the actual number of days in the relevant Interest Accrual Period divided by 365 (or, if any portion of that Interest Accrual Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Accrual Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Accrual Period falling in a non-leap year divided by 365), and, in each case, rounding the result to the nearest EUR 0.01 (with EUR 0.005 being rounded upwards).

The amount of interest payable on in respect of each Funding in respect of the Class A1 Delayed Draw Note shall be calculated by applying the Interest Rate for the relevant Funding Period to the amount of Funding and multiplying the result by the actual number of days in the Funding Period divided by 360, and

rounding to the nearest EUR 0.01 (with EUR 0.005 being rounded upwards).

To the extent there are no Interest Proceeds or Principal Proceeds available to the Issuer for the payment of the Interest Amount due and payable in respect of the Class C Notes, an amount of interest equal to any such amount (the "**Class C Deferred Interest**") which has not been paid on any Payment Date shall be deferred. Any Class C Deferred Interest shall bear interest as set out in Section 7.6 of the Terms and Conditions.

To the extent there are no Interest Proceeds or Principal Proceeds available to the Issuer for the payment of the Interest Amount due and payable in respect of the Class D Notes, an amount of interest equal to any such amount (the "**Class D Deferred Interest**") which has not been paid on any Payment Date shall be deferred. Any Class D Deferred Interest shall bear interest as set out in Section 7.6 of the Terms and Conditions.

To the extent there are no Interest Proceeds or Principal Proceeds available to the Issuer for the payment of the Interest Amount due and payable in respect of the Class E1 Notes, an amount of interest equal to any such amount (the "**Class E1 Deferred Interest**") which has not been paid on any Payment Date shall be deferred. Any Class E1 Deferred Interest shall bear interest as set out in Section 7.6 of the Terms and Conditions.

To the extent there are no Interest Proceeds or Principal Proceeds available to the Issuer for the payment of the Interest Amount due and payable in respect of the Class E2 Notes, an amount of interest equal to any such amount (the "**Class E2 Deferred Interest**") which has not been paid on any Payment Date shall be deferred. Any Class E2 Deferred Interest shall bear interest as set out in Section 7.6 of the Terms and Conditions.

Class F Note Annuity Amounts

On each Payment Date up to and including the Payment Date falling in November 2016, the Issuer shall, pay an annuity (consisting of a combined payment of principal and interest) in respect of each Class F Note which shall be equal to the product of (i) 17% and (ii) the initial principal amount of such Class F Note as of the Closing Date, and multiplying the result by the number of days in the relevant Class F Annuity Accrual Period calculated on the basis of a year of 360 days with twelve 30-day months divided by 360 and rounding the result to the nearest EUR 0.01 (with EUR 0.005 being rounded upwards) (each such amount, a "**Class F Note Annuity Amount**").

Subject to Section 8.5(d) of the Terms and Conditions, if, on any Payment Date, a payment of a Class F Note Annuity Amount cannot be made in full, the unpaid portion of such Class F Note Annuity Amount shall be deferred and payable on the immediately following Payment Date.

Principal Repayments on the Notes

During the Reinvestment Period, payments of principal will be made on one or more Classes of the Notes in accordance with the Priority of Payments in the following circumstances:

(i) in the event that certain of the Coverage Tests are not satisfied;

(ii) following a notification of the Collateral Manager of certain circumstances, as a payment of the Special Amortization Amount;

(iii) pursuant to a redemption made in connection with a Withholding Tax Event; and

(iv) pursuant to payments in connection with the failure of either S&P or Moody's to confirm the ratings of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes or the Class E2 Notes within 30 days after the Ramp-Up Effective Date.

After the Reinvestment Period, in certain circumstances the Principal Proceeds will be applied on each Payment Date in accordance with the Priority of Payments to the payment of the Note Principal Amounts of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes on a pro-rata basis.

Moreover on each Payment Date certain Interest Proceeds will be applied in accordance with the Priority of Payments to reduce only the Note Principal Amount of the Class E1 Notes and the Class E2 Notes.

See "Terms and Conditions – Section 3.3".

Principal Leakage

On each Payment Date, Principal Proceeds shall only be used in accordance with the Pre-enforcement Priority of Payments to make payments regarding certain shortfalls relating to interest payments and expenses (but not principal payments) which are junior to the Class B Notes after the application of Interest Proceeds and the credit on the Incentive Account and the Residual Account on such Payment Date, if the Principal Leakage Amount pursuant to the application thereby does not exceed the Principal Leakage Cap.

"**Principal Leakage Cap**": means an amount equal to EUR 3,000,000.

"**Principal Leakage Amount**": means, at any time, an amount equal to excess of

(A) the aggregate amount of Principal Proceeds used for application in accordance with Section 3.3(b) for the payment of any shortfall of amounts due and payable under

Section 3.3(a) sub-paragraphs (6), (7), (8), (9), (12), (13), (15), (16), (17), (19) and (21)

over

(B) the aggregate amounts of Interest Proceeds applied in accordance with Section 3.3(a) for the payment of any amounts due and payable in respect of any Note Principal Amounts and for the payment of any amounts into the Incentive Account and/or the Residual Account,

provided that at such time, all Interest Proceeds and all Principal Proceeds applied on or prior to the last day on which (B) exceeded (A) shall be disregarded for the calculation of the Principal Leakage Amount.

See "Terms and Conditions – Section 3.3".

Effect of Ramp-Up Effective Date Ratings

The Issuer will request that each of S&P and Moody's confirms its ratings on the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes the Class E1 Notes and the Class E2 Notes within 30 days after the Ramp-Up Effective Date. If the rating assigned as of the Closing Date to such Notes has not been confirmed, or is reduced or withdrawn, by either S&P or Moody's within 30 days after the Ramp-Up Effective Date, certain funds will be diverted to pay principal of such Notes, as described in the Priority of Payments, until each such rating is confirmed or reinstated.

Redemption Due to Auction Call

On any Payment Date commencing in November 2013, the Notes of each Class will be redeemed in whole but not in part subject to the redemption procedures described herein, from the proceeds of the liquidation of the Underlying Assets and other Issuer assets, at the direction of a Majority of the Class E1 Notes and the Class E2 Notes together and a Majority of the Class F Notes (an "**Auction Call Redemption**").

Such redemption will only be made if the total net proceeds from the liquidation of the Issuer's assets will be equal to or exceed (aa) the Total Redemption Amount or (bb) if the Auction Call Redemption is approved by all Class F Noteholders in a notice to the Trustee, the Total Redemption Amount less the Class F Redemption Amount on the scheduled Redemption Date. The Total Redemption Amount will be equal to the sum of (i) the aggregate Class Principal Amounts of the Class A1 Notes, Class A2 Notes, Class A3 Notes, Class B Notes, Class C Notes, Class D Notes, the Class E1 Notes and the Class E2 Notes as on the scheduled Redemption Date, plus accrued but unpaid interest (including Class C Deferred Interest, Class D Deferred Interest, Class E1 Deferred Interest and Class E2 Deferred Interest) on each such Class of Notes that has become due (but for the application of Section 3.6 (*Limited Recourse*)) on or before the Scheduled Redemption Date, (ii) any unpaid Class F Note Annuity Amounts that have

become due (but for the application of Section 3.6 (*Limited Recourse*)) on or before the Scheduled Redemption Date, (iii) the Class F Redemption Amount as on the scheduled Redemption Date and (iv) the aggregate amount of all other claims pursuant to Section 3.3(b)(1) and Section 3.3(b)(15) (*Rights and Obligations under the Notes - Pre-Enforcement Priority of Payments*) as on the scheduled Redemption Date.

The Class F Redemption Amount will, on any relevant scheduled Redemption Date, be equal to the aggregate of the Class F Note Redemption Amounts (as specified in Section 8.1(c) of the Terms and Conditions) corresponding to such scheduled Redemption Date.

Subject to Section 8.5(d), the Notes will be redeemed on the relevant Redemption Date in an amount equal to the relevant Note Principal Amount plus accrued but unpaid interest (including Class C Deferred Interest, Class D Deferred Interest, Class E1 Deferred Interest and Class E2 Deferred Interest) thereon and in the case of the Class E1 Notes and the Class E2 Notes, any Excess Spread Amount and/or Residual Amount (if any) due in respect therewith, except that each Class F Note will be redeemed in an amount equal to the Class F Note Redemption Amount plus accrued but unpaid Class F Note Annuity Amounts.

Redemption Due to Withholding Tax Event

The Notes will be redeemed (in whole but not in part by the Issuer at the direction of the Majority of the Class F Notes) in connection with certain withholding tax events related to the Underlying Assets as described herein under "Terms and Conditions of the Notes – Section 8.3". Subject to Section 8.5(d), the Notes will be redeemed in an amount equal to the relevant Note Principal Amount plus accrued but unpaid interest (including Class C Deferred Interest, Class D Deferred Interest, Class E1 Deferred Interest and Class E2 Deferred Interest) thereon and in the case of the Class E1 Notes and the Class E2 Notes, any Excess Spread Amount and/or Residual Amount (if any) due in respect therewith, except that each Class F Note will be redeemed in an amount equal to the Class F Note Redemption Amount plus accrued but unpaid Class F Note Annuity Amounts.

Special Amortization

The Notes will be amortized in part by the Issuer if, at any time during the Reinvestment Period and after the Ramp-up Effective Date, the Collateral Manager has been unable, for a period of at least 60 consecutive days, to identify appropriate assets which comply with the Portfolio Provisions in sufficient amounts to permit the investment of funds available to the Issuer for such purpose in additional Underlying Assets, and the Collateral Manager notifies the Trustee and the Issuer of such event and of the total amount of such funds (such amount, the "**Special Amortization Amount**"). On the first Payment Date following the date on which such notice is given, the Special Amortization Amount will be applied as Principal Proceeds in accordance with the Pre-Enforcement Priority of Payments to

	redeem the Notes as described herein.
Redemption Due to Mandatory Auction	The Notes will be redeemed in whole but not in part on the Payment Date falling in November 2016, subject to the redemption procedures described herein. Such redemption will only be made if the total net proceeds from the liquidation of the Issuer's assets will exceed the Total Redemption Amount minus (i) the Class F Redemption Amount as on such Payment Date and (ii) any unpaid Class F Note Annuity Amounts that have become due (but for the application of Section 3.6 (*Limited Recourse*)) on or before such Payment Date.
Class A1 Delayed Draw Note Purchase Agreement:	Under the terms of the Class A1 Delayed Draw Note Purchase Agreement, the Issuer may, subject to certain conditions, at any time after the Issue Date and prior to the Delayed Draw Note Final Funding Date, instruct the Collateral Administrator to make one or more Funding Requests to the Class A1 Delayed Draw Noteholder. Each such Funding Request made to the Class A1 Delayed Draw Noteholder will be in respect of an amount not exceeding the Class A1 Delayed Draw Note Commitment Amount. The Class A1 Delayed Draw Noteholder will be required to make available to the Issuer the sum so requested in respect of such Class A1 Delayed Draw Note no later than on the fifth Business Day following such request by depositing such sum into the Principal Collections Account. On the Delayed Draw Note Final Funding Date, the Class A1 Delayed Draw Noteholder will pay to the Principal Collections Account the Class A1 Delayed Draw Note Commitment Amount. With respect to any Fundings, the Issuer will not enter into any binding commitment to purchase additional Underlying Assets therewith, until it has received such Fundings in its Principal Collections Account.
Class A1 Delayed Draw Note Commitment Fee:	In respect of a Funding Period during which no Delayed Draw Note Funding Event of Default has occurred or subsisted in respect of the relevant Class A1 Delayed Draw Noteholder, the higher of (A) EUR 50,000 and (B) the amount accrued in respect of that Funding Period at an annualised fixed rate of 0.10% calculated on the average daily Class A1 Delayed Draw Note Commitment Amount during that Funding Period on the basis of the actual number of days in that Funding Period and a year of 360 days and, in respect of a Funding Period during which a Delayed Draw Note Funding Event of Default has occurred or subsisted in respect of such Class A1 Delayed Draw Noteholder, zero.
Maturity	The Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes, the Class E2 Notes and the Class F Notes are expected to mature on the Payment Date falling in November 2013 pursuant to an Auction Call Redemption unless redeemed or repaid prior thereto.

	Immediately after the Payment Date falling in November 2016 all claims of the Class F Noteholders relating to amounts remaining unpaid on and including that Payment Date shall be extinguished, the Class F Notes shall cease to be outstanding and no Class F Noteholder shall have any further claims against the Issuer with respect to the Class F Notes. The Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes,the Class E1 Notes and the Class E2 Notes will have a final Stated Maturity on the Payment Date falling in November 2090. These Notes will be redeemed in an amount equal to the relevant Note Principal Amount plus accrued but unpaid interest thereon and in the case of the Class E1 Notes and the Class E2 Notes, any Excess Spread Amount and/or Residual Amount (if any) due in respect therewith.
The Offering	The Notes issued on the Closing Date are being offered for sale outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S and in accordance with any applicable securities laws of any relevant jurisdiction. See "Subscription and Sale".
Ratings	The Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes are rated by Moody's and S&P. The Class F Notes are not rated by Moody's and S&P. The ratings of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes the Class E1 Notes and the Class E2 Notes by Moody's address the ultimate return of interest and the ultimate return of principal by the Stated Maturity of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes respectively. The ratings of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class B Notes by S&P address the timely payment of interest and the ultimate repayment of principal by the Stated Maturity of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class B Notes respectively. The ratings of the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes by S&P address the ultimate (rather than timely) payment of interest and the ultimate repayment of principal by the Stated Maturity of the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes respectively. See "Ratings of the Notes".
Denominations	The Notes (other than the Class F Notes and the Class A1 Delayed Draw Note) have been issued in denominations of EUR 100,000. The Class F Notes will be issued in denominations of EUR 50,000. The Class A1 Delayed Draw Note will be issued in a single

	denomination of EUR 200,000,000. Following the Class A1 Consolidation Date, the Class A1 Delayed Draw Note will be subdivided into denominations of EUR 100,000 and will be treated by the Issuer as identical in all respects to the Class A1 Floating Rate Notes.
Form and Transfer of the Notes	Each Class of Notes (other than the Class A1 Delayed Draw Note before the Class A1 Consolidation Date) is initially represented by a temporary global note in bearer form, without interest coupons attached, and will be exchangeable into a permanent global note in bearer form. The Notes will be transferred in book-entry form only. The Notes (other than the Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date) will not be exchangeable for definitive securities. The Class A1 Delayed Draw Note will be issued in definitive registered form and on the Class A1 Consolidation Date exchanged into a Permanent Global Note subject to and in accordance with Section 2. Each Registered Note will have an identifying number which will be recorded in the Register. Each Note (other than the Class A1 Delayed Draw Note) will be issued on the Closing Date fully paid up. The Class A1 Delayed Draw Note will be issued on the Closing Date paid up as to EUR 1. The Class A1 Delayed Draw Note shall be fully paid up before the sixth Business Day after the Delayed Draw Note Final Funding Date. See "Terms and Conditions of the Notes – Section 2".
Listing	Application has been made to list the Notes on the Luxembourg Stock Exchange and for admission to trade on the regulated market of the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission on the Closing Date (other than the Class A1 Delayed Draw Note until the Class A1 Consolidation Date). See "General Information". The Notes may also be listed on an alternative stock exchange.
Tax Matters	All payments of principal of and interest on the Notes will be made free and clear of, and without any withholding or deduction for or on account of, tax (if any) applicable to the Notes under any applicable jurisdiction, unless such withholding or deduction is required by law. If any such withholding or deduction is imposed, the Issuer will not be obliged to pay any additional or further amounts as a result thereof. For a summary of certain tax issues relating to the Issuer and Noteholders, see "German Tax Considerations" and "Irish Tax Considerations".

Reporting to Holders

Not later than the 2nd Business Day preceding the related Payment Date, the Collateral Administrator will deliver a Note Valuation Report, *inter alios*, to the Luxembourg Intermediary and Listing Agent and, upon request therefor in writing, by e-mail or fax (together with evidence to the satisfaction of the Collateral Administrator regarding the Notes held by it), to any Holder of a Note free of charge. Not later than on the 5th Business Day after the 8th day of each month, commencing December 2006, the Collateral Administrator will deliver a Monthly Report, *inter alios*, to the Luxembourg Intermediary and Listing Agent and, upon written request therefor in writing, by e-mail or fax (together with evidence to the satisfaction of the Collateral Administrator regarding the Notes held by it), to any Holder of a Note free of charge.

ISIN/Common Codes/WKN

The International Securities Identification Numbers (ISIN), Common Codes and *Wertpapierkennummern* (WKN) assigned to the Notes are as follows:

	ISIN	Common Code	WKN
Class A1 Notes	XS0272910661	027291066	A0G0VK
Class A2 Notes	XS0272911479	027291147	A0G0VL
Class A3-a Notes	XS0272911552	027291155	A0G0VP
Class A3-b Notes	XS0272911982	027291198	A0G0VM
Class B Notes	XS0272912287	027291228	A0G0VN
Class C Notes	XS0272912873	027291287	A0G0VQ
Class D Notes	XS0272913095	027291309	A0G0VF
Class E1 Notes	XS0272913335	027291333	A0G0T3
Class E2 Notes	XS0272913764	027291376	A0G0VG
Class F Notes	XS0272914143	027291414	A0G0VR

THE PORTFOLIO

Portfolio Restrictions

The Underlying Assets purchased by the Issuer will be subject to the Eligibility Criteria, Collateral Quality Tests, Portfolio Criteria, Coverage Tests and other requirements, which are set forth under "The Portfolio Provisions" below. Such requirements will apply only with respect to and at the time of the purchase of additional Underlying Assets by the Issuer (*provided that* certain of such requirements will not apply during the Initial Investment Period) and will be the subject of reporting to Noteholders as of the relevant purchase dates and, in respect of certain requirements, the Measurement Dates and other specified dates. Certain of these portfolio restrictions are summarized below:

Eligibility Criteria(1)
Underlying Assets have Moody's Rating and S&P Rating of at least "Baa2"/"BBB"
All issuers of Underlying Assets governed under the laws of Qualifying Countries
All Underlying Assets are Euro-denominated

No Indirect Emerging Markets Exposure
No Aggregate Market Value CDO Securities
No Trust Preferred Securities
No Manufactured Housing Asset Backed Securities

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(1) To be met at the time of purchase of the Underlying Assets. For a description of each of the Eligibility Criteria, see "The Portfolio Provisions — Eligibility Criteria".

Failure to comply with such portfolio restrictions shall not constitute an Event of Default under the Terms and Conditions.

Collateral Quality Tests(2)	**Required as of any Measurement Date**
MAC Test	max 20, based on Number of Assets: 120
Weighted Average Life Test (initial value)	7
Weighted Average Life for Underlying Assets rated below "Aa3" and "AA-"	max 8.1
Weighted Average Life for Underlying Assets rated below "A3" and "A-"	max 8.1
Weighted Average Life for single Underlying Asset rated below "Aa3" and "AA-"	max 12.5
Weighted Average Life for CDO Securities	max 10
Weighted Average Rating Test (Moody's)	max 85
Weighted Average Recovery Rate Test (Moody's)	min 50%
Weighted Average Coupon Test	
(i) Required Weighted Average Coupon	min 4.75%
(ii) Required Weighted Average Spread	min 0.50%
Weighted Average S&P Recovery Rate Test	
(i) Notes rated "AAA"	≥ 55%
(ii) Notes rated "AA", "AA+" or "AA–"	≥ 60%
(iii) Notes rated "A", "A+" or "A–"	≥ 65%
(iv) Notes rated "BBB", "BBB+" or "BBB–"	≥ 70%
(v) Notes rated "BB", "BB+" or "BB–"	≥ 78%

(2) For a description of each of the Collateral Quality Tests, see "The Portfolio Provisions — The Collateral Quality Tests".

Failure to comply with such portfolio restrictions shall not constitute an Event of Default under the Terms and Conditions.

Portfolio Criteria[3]	**% of Maximum Investment Amount**
Underlying Assets rated below "Aaa" and "AAA"	max 75%
Underlying Assets rated below "Aa3" and "AA-"	max 45%
Underlying Assets rated below "A3" and "A-"	max 10%
Underlying Assets issued by an obligor in an EU country including Norway and Switzerland[4]	min 85%
Underlying Assets which are U.S. Securities	max 15%
Single issuer concentration of Underlying Assets	
(i) Rating of "Aaa" or "AAA"	max 3.1%
(ii) Rating of either less than "Aaa" and at least "Aa3" or less than "AAA" and at least "AA-"	max 2.1%
(iii) Rating of either less than "Aa3" and at least "A3" or less than "AA-" and at least "A-"	max 1.1%
(iv) Rating of either less than "A3" and at least "Baa2" or less than "A-" and at least "BBB"	max 0.52%
Single Servicer rating of Structured Finance Securities:	
(i) "Aaa/AAA" To "Aa3/AA-"	max 20%
(ii) "A1/A+" To "A3/A-"	max 15%
(iii) below "A3/A-"	max 10%
Synthetic Securities	max 20%
CSO Securities	max 10.1%
Zero Coupon Bonds	max 2.5%
Interest Only Securities	max 2.5%
Maturity of Underlying Assets subsequent to Stated Maturity	max 5%
Underlying Assets with interest payments less frequent than quarterly (unless swapped to provide for quarterly or more frequent payments)	max 5%
Fixed rate Underlying Assets[4][5]	max 10%

Portfolio Criteria[3]	**% of Maximum Investment Amount**
Floating rate Underlying Assets[4][5]	min 90%
Underlying Assets not rated by S&P but rated by Moody's and Fitch	max 20%
Moody's Rating of Underlying Assets derived from both S&P and Fitch	max 20%
Moody's Rating of Underlying Assets derived from either Standard & Poor's or Fitch but not both	max 10%
Aggregate RMBS or Covered Bonds[4]	min 25%
(i) Non-Conforming RMBS	max 15%
(ii) Non-Conforming RMBS (rated "Baa1/BBB+" to "Baa2/BBB")	max 5.2%
(iii) Non-Performing RMBS	max 7.5%
(iv) Non-Performing RMBS (rated "Baa1/BBB+" to "Baa2/BBB")	max 2.5%
(v) RMBS which is a U.S. Security (subject to Rating Agency Confirmation at the time of purchase)	max 2.5%
Aggregate Automobile Securities, Consumer ABS, Consumer Loan Securities, Shipping Loan Securities, Small Business Loan Securities, Student Loan Securities or Sub-prime Automobile Securities	max 10%
Aggregate Underlying Assets of each single type of such securities	max 5.2%
Aggregate CDO of ABS Underlying Assets (including U.S. Sub-Prime Exposed CDO Securities), CSO Securities and CLO Securities	max 35%
(i) CDO of ABS (including U.S. Sub-Prime Exposed CDO Securities) rated "Baa1/BBB+" to "Baa2/BBB	max 5.1%
(ii) CDO of ABS (including U.S. Sub-Prime Exposed CDO Securities) rated "A1/A+" to "Baa2/BBB"	max 20%
(iii) CDO of ABS rated (including U.S. Sub-Prime Exposed CDO Securities) "Aa1/AA+" to "Baa2/BBB"	max 35%
(iv) Aggregate CLO Securities	max 10.1%
CRE CDO Securities	max 7%
Aggregate CMBS and CRE CDO Securities	min 10%, max 45%

Portfolio Criteria[3]	% of Maximum Investment Amount
Single Property CMBS	max 7.5%
Aggregate Monoline Guaranteed Securities (rated at least "A3/A-")	max 10.1%
Aggregate Monoline Guaranteed Securities (rated below "Aaa/AAA")	max 5%
Aggregate Monoline Guaranteed Securities of single obligor	max 5%
Aggregate U.S. Sub-Prime Exposed CDO Securities	max 5%
Underlying Assets which are PIK Obligations	max 10%

Failure to comply with such portfolio restrictions shall not constitute an Event of Default under the Terms and Conditions.

[3] Refers to Moody's Ratings/S&P Ratings. For a description of the Portfolio Criteria, see "The Portfolio Provisions — Portfolio Criteria and other Requirements".

[4] Such minimum amounts will only be required to be met on or after the Ramp-Up Effective Date.

[5] May include floating/fixed rate Underlying Assets swapped into fixed/floating rate Underlying Assets (as applicable) subject to certain conditions, see "The Portfolio Provisions — Portfolio Criteria and other Requirements".

Initial Investment Period

On or about the Closing Date, the Issuer has or will have purchased (or entered into commitments to purchase, for settlement on or following the Closing Date) a significant portion of the Underlying Assets to be included in the anticipated portfolio as of the Ramp-Up Effective Date. The Issuer expects to acquire the remainder of the initial portfolio of Underlying Assets during the period from the Closing Date and continuing until the date (the "**Ramp-Up Effective Date**") which is the earlier of (i) the 180th day after the Closing Date and (ii) the date on which the Collateral Administrator determines that (a) the aggregate principal balance of all Underlying Assets as of such date *plus* purchased accrued interest thereon which has not been received by such date is not less than EUR 1,000,000,000 and (b) each of the Collateral Quality Tests and Coverage Tests is satisfied and the Portfolio Criteria are complied with.

During the period after the Closing Date and prior to the Ramp-Up Effective Date, the Collateral Manager will use commercially reasonably efforts to propose the acquisition of Underlying Assets in aggregate principal amounts meeting certain increasing threshold requirements. Compliance with

such threshold requirements during such period will be tested every 30 days following the Closing Date until the Ramp-Up Effective Date. The Collateral Manager will be required to give prompt notice to each Rating Agency of any failure to meet the required threshold on any such test date see "The Portfolio Provisions – Initial Investment Period and Acquisition of Underlying Assets."

Failure to meet such threshold requirements will not constitute an Event of Default under the Terms and Conditions.

Reinvestment Period

The "**Reinvestment Period**" is the period from the Closing Date and ending on the first of the following events or dates to occur: (i) the Payment Date falling in November 2011; (ii) the Payment Date immediately following the date on which the Collateral Manager notifies the Trustee that, in light of the composition of Underlying Assets, general market conditions and other factors, investments in additional Underlying Assets within the foreseeable future would be impractical; (iii) the end of the Due Period related to the date on which all of the Notes are redeemed in full; (iv) the termination of the Reinvestment Period pursuant to the Trust Agreement following the occurrence of an Event of Default which is neither cured nor waived; and (v) the 60th Business Day following delivery of a termination notice under the Collateral Management Agreement or Investment Board Agreement, *provided that* no successor collateral manager or investment board provider (as relevant) has been appointed by such date.

Investment in Underlying Assets

The Collateral Manager may propose the purchase of Underlying Assets *provided that* the Eligibility Criteria are satisfied and following such purchase, Provision 4 of the Portfolio Provisions dealing with the Portfolio Criteria and certain other requirements are complied with. No investment of Principal Proceeds will be made in Underlying Assets after the termination of the Reinvestment Period; *provided that* the Collateral Manager may, if permitted as described herein and if the reinvestment criteria set forth in Provision 4 of the Portfolio Provisions are satisfied, propose the reinvestment of Unscheduled Principal Payments in Underlying Assets after the termination of the Reinvestment Period.

Disposal of Assets

Subject to certain conditions, the Collateral Manager will be entitled to propose the disposal of Underlying Assets at any time during the Reinvestment Period in its free discretion up to, in a given calendar year, the aggregate principal amount of 15 % of the aggregate principal amount of the Underlying Assets at the beginning of that year or, in the case of the first calendar year as of the Ramp-up Effective Date, *provided that* before such date, such restrictions shall not apply. In addition to the above, under certain circumstances, the Issuer is entitled to dispose of Underlying Assets, which are Defaulted Obligations, Replacement Assets, Credit Risk Obligations and Credit Improved Obligations. Subject to certain conditions, the disposal proceeds may be reinvested by the Issuer in

Underlying Assets as described in the preceding paragraph.

However, none of the disposals referred to above may be made if, apart from the substitution of Underlying Assets for the purpose of ensuring the size, the maturity and the risk structure of the Pledged Obligations, the aggregate Principal Amount of Underlying Assets and Eligible Investments disposed of for any twelve months period (for the avoidance of doubt, including the proposed disposal) exceeds an amount of 20% of the Aggregate Principal Amount at the beginning of that twelve months period.

See "The Portfolio Provisions – Disposal of Underlying Assets and Reinvestment".

Governing Law

The Terms and Conditions of the Notes, the Trust Agreement, the Collateral Management Agreement, the Collateral Administration Agreement, the Master Agreement, the Agency Agreement, the Listing Agent Appointment Agreement, the Investment Board Agreement, the Class A1 Delayed Draw Note Purchase Agreement, the Custody Agreement, any Transfer Agreement, the Master Definitions Agreement and the Placement Agreement are governed by, and construed in accordance with, the laws of Federal Republic of Germany. The Administration Agreement and the Irish Security Deed are governed by, and construed in accordance with the laws of Ireland. The English Security Deed is governed by, and construed in accordance with English law. The Luxembourg Security Agreement is governed by, and construed in accordance with Luxembourg law. The Hedge Agreements (other than entered into under the Master Agreement), any future Security Agreements and any other agreements entered into by Issuer from time to time will be subject to the laws agreed by the Issuer and the respective contract counterparties.

RISK FACTORS

The following is a summary of certain factors, which prospective investors should carefully consider prior to purchasing the Notes. The following statements are not exhaustive: prospective investors should carefully consider all of the information provided in this Prospectus and consult with their own professional advisors.

THE NOTES

General. Investment in the Notes is only suitable for purchasers who are highly sophisticated investors, who understand the nature of such Notes and the extent of their exposure to risk and have sufficient knowledge, experience and access to professional advisors to make their own legal, tax, accounting and financial evaluation of the merits and risks of the investment in such Notes.

Subordination of the Notes. Payments of interest on and principal of each Class of Notes rank *pari passu* amongst themselves. Payments of interest on and principal of the Class A3-a Notes and the Class A3-b Notes rank *pari passu* with each other. As a general rule, payments on the Class F Notes are subordinated to payments of interest, and if applicable commitment fees, on and principal of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes payments of interest on and principal of the Class E2 Notes are subordinated to payments of interest, and if applicable commitment fees, on and principal of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E1 Notes; payments of interest on and principal of the Class E1 Notes are subordinated to payments of interest, and if applicable commitment fees, on and principal of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes and the Class D Notes; payments of interest on and principal of the Class D Notes are subordinated to payments of interest, and if applicable commitment fees, on and principal of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes and the Class C Notes; payments of interest on and principal of the Class C Notes are subordinated to payments of interest, and if applicable commitment fees, on and principal of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class B Notes; payments of interest on and principal of the Class B Notes are subordinated to payments of interest, and if applicable commitment fees, on and principal of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes; payments of interest on and principal of the Class A3 Notes are subordinated to payments of interest, and if applicable commitment fees, on and principal of the Class A1 Notes and the Class A2 Notes; payments of interest on and principal of the Class A2 Notes are subordinated to payments of interest, and if applicable commitment fees, on and principal of the Class A1 Notes and each of the Classes of Notes are subordinated to the payment of certain other amounts payable by the Issuer, as set out under the Priority of Payments.

The risk of delays in payments or ultimate non-payment of principal and/or interest will be borne disproportionately by the Class F Noteholders as compared to the Noteholders of each other Class, and as among the holders of the other Classes of Notes will be borne disproportionately by the holders of more junior Classes of Notes as compared to the more senior Classes of Notes.

In addition, to the extent described herein, payments of interest on the Class C Notes, the Class D Notes, Class E1 Notes and the Class E2 Notes may be deferred to the extent there are not sufficient funds available to pay such interest in accordance with the relevant Priorities of Payment and such deferral of interest will not constitute an Event of Default under the Notes at any time whilst any more senior Classes of Notes remain outstanding. Any such deferral would increase the effects of the subordination of the Subordinated Notes and of the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes.

Interest on Class C Deferred Interest, Class D Deferred Interest, Class E1 Deferred Interest and

Class E2 Deferred Interest. Under Section 248 of the German Civil Code, an agreement made in advance to the effect that due interest shall itself bear interest is void. However, there are good reasons to argue that this restriction does not apply to the provisions on interest payable on Class C Deferred Interest, Class D Deferred Interest, Class E1 Deferred Interest and Class E2 Deferred Interest as set forth in the Conditions because, as a result of the Priorities of Payment and the provisions on limited recourse included in the Conditions, as long as Class C Deferred Interest, Class D Deferred Interest, Class E1 Deferred Interest or Class E2 Deferred Interest is deferred, it is not due within the meaning of German law and, in addition, the legislative purpose of the said prohibition which lies in enabling an obligor to compute its debt in advance in order to protect such obligor from overindebtedness remains unaffected, as the Issuer as obligor under the Notes is a special purpose vehicle that makes payments only in accordance with the relevant Priorities of Payment to the extent funds are available therefor and does not retain any funds received and, consequently, does not incur any additional burden as a result of the requirement to pay interest on deferred interest. Due to the lack of judicial precedents and statements in legal literature specifically addressing this particular issue, it cannot entirely be ruled out that a German court could interpret Section 248 of the German Civil Code in a broader sense so as to also to make it applicable to the provisions on deferred interest set forth in the Conditions or that it could apply Section 248 of the German Civil Code *mutatis mutandis* and invalidate the provisions on the payment of interest on Class C Deferred Interest, Class D Deferred Interest, Class E1 Deferred Interest and Class E2 Deferred Interest set forth in the Conditions.

Extinction of claims under the Class F Notes after 2016. Immediately after the Payment Date falling in November 2016 all claims of the Class F Noteholders relating to amounts remaining unpaid on and including that Payment Date will be extinguished, the Class F Notes will cease to be outstanding and no Class F Noteholder will have any further claims against the Issuer with respect to the Class F Notes. This will affect any unpaid Class F Note Annuity Amounts.

Limited Liquidity. Application has been made to list the Notes on the Luxembourg Stock Exchange and for admission to trade on the regulated market of the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission on the Closing Date (other than the Class A1 Delayed Draw Note until the Class A1 Consolidation Date). Further, the Notes may also be listed on an alternative stock exchange. However, there is currently no market for the Notes. Although the Placement Agent may from time to time make a market in the Notes, it is under no obligation to do so. In the event that the Placement Agent commences any market-making, it may discontinue the same at any time. There can be no assurances that a secondary market for any of the Notes will develop, or if a secondary market does develop, that it will provide the Holders of such Notes with liquidity of investment or that it will continue. In addition, the Notes are subject to certain transfer restrictions and can only be transferred to certain transferees as described under "*Transfer Restrictions*" below. Consequently, an investor in the Notes must be prepared to hold the Notes until Stated Maturity.

Transfer Restrictions. The Notes have not been registered under the Securities Act, under any U.S. state securities or "Blue Sky" laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Note may be sold or transferred unless such sale or transfer is exempt from the registration requirements of the Securities Act (for example, in reliance on exemptions provided by Rule 144A or Regulation S under the Securities Act) and applicable state securities laws.

The Issuer. The Issuer is a newly formed entity and has no significant operating history. The Issuer will have no significant assets other than the Collateral Assets. The Issuer will not engage in any business activity other than the issuance of the Notes and ordinary shares of its capital stock as described herein, the acquisition of and investment and reinvestment in Underlying Assets as described herein, certain activities conducted in connection with the payment of amounts in respect of the Notes, and the management of the Collateral Assets and other activities incidental or related to the foregoing. Income derived from the Collateral Assets will be the Issuer's principal source of income. A description of the Issuer is set out under the heading "THE ISSUER" below.

Limited-Recourse Obligations. The Notes are limited-recourse debt obligations of the Issuer. The Notes are payable solely from the Underlying Assets and other Collateral Assets in respect of which the Issuer has granted a security interest to the Trustee in order to secure the Notes and the other secured obligations of the Issuer. None of the members, officers, directors or incorporators of the Issuer, the Collateral Manager, the Trustee, the Administrator, the Investment Board Provider, the Collateral Administrator, the Account Bank, any of their respective affiliates or any other person or entity will guarantee or be obligated to make payments on the Notes. There can be no assurance that the distributions on the Underlying Assets and other Collateral Assets will be sufficient to satisfy all obligations of the Issuer. The Issuer shall have no assets available for payment of its obligations hereunder other than the Underlying Assets and other Collateral Assets. The Issuer's ability to make interest payments, commitment fee payments and principal repayments in respect of the Notes will be constrained by the provisions of the Transaction Documents. Holders of the Notes must rely solely on amounts received in respect of the Underlying Assets and other Collateral Assets for the payment of principal, commitment fees and interest thereon. Payments on the Notes will be subordinated to the prior payment of certain fees and expenses of, or payable by, the Issuer and to payment of principal, interest and with respect to the Class A1 Delayed Draw Note, accrued commitment fees, on prior ranking Classes of Notes and certain other required amounts to other more senior ranking creditors. If distributions on the Collateral Assets 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 Assets, the obligations of the Issuer to pay such deficiencies will be extinguished.

Prepayment of the Notes. Under certain circumstances if certain Coverage Tests are not met, Interest Proceeds (and, if necessary, Principal Proceeds) will be paid, to the extent funds are available and to the extent necessary to restore such Coverage Tests to certain minimum required levels, to repay principal of the Notes in accordance with the Priority of Payments.

In addition, the Issuer will request that each of S&P and Moody's confirms its ratings as of the Closing Date with respect to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes within 30 days after the Ramp-Up Effective Date. In the event that the rating assigned to such a Class of Notes is not confirmed (in particular, is reduced or withdrawn) by either S&P or Moody's within 30 days after the Ramp-Up Effective Date, Interest Proceeds and Principal Proceeds will be diverted and used to pay principal of the senior ranking Classes of Notes in accordance with the Priority of Payments, until each such rating is confirmed or reinstated.

Subject to satisfaction of certain conditions, on any Payment Date commencing on the Payment Date falling in November 2013, the Holders of a majority in aggregate outstanding stated amount of either of the Class E1 Notes, the Class E2 Notes or the Class F Notes may require that the Notes be redeemed, in whole but not in part, as described under "Terms and Conditions of the Notes — Section 8.1". Moreover, in connection with a Withholding Tax Event, the Issuer, at the direction of the Holders of a majority in aggregate outstanding stated amount of the Class F Notes, may redeem the Notes, in whole but not in part, on any Payment Date with any available funds, as described under "Terms and Conditions of the Notes — Section 8.3".

Furthermore, upon the satisfaction of certain conditions, on the Payment Date falling in November 2016, the Notes will be redeemed, in whole but not in part pursuant to a mandatory auction as described under "Terms and Conditions of the Notes — Section 8.5". While such redemption is subject to a certain minimum amount of funds available to the Issuer on that date, such minimum amount will not take into account the Class F Redemption Amount nor any unpaid Class F Note Annuity Amounts.

Prepayment of any Class of Notes presents reinvestment risk to investors in such Class of Notes.

The Class A1 Delayed Draw Note. Under the terms of the Class A1 Delayed Draw Note Purchase Agreement to be entered into on or prior to the Closing Date, the Issuer may, subject to certain

conditions, at any time after the Issue Date and prior to the Delayed Draw Note Final Funding Date, make one or more Funding Requests to the Class A1 Delayed Draw Noteholder. On the Delayed Draw Note Final Funding Date, the Class A1 Delayed Draw Noteholder will be required to pay to the Principal Collections Account the Class A1 Delayed Draw Note Commitment Amount. With respect to any Fundings, the Issuer will not enter into any binding commitment to purchase additional Underlying Assets therewith, until it has received such Fundings in its Principal Collections Account. The Issuer will be exposed to credit risk in respect of the Class A1 Delayed Draw Noteholder with respect to any Funding required to be made to the Issuer by such Noteholder. The Issuer will depend upon the Class A1 Delayed Draw Noteholder to perform its respective obligations under the Class A1 Delayed Draw Note Purchase Agreement. If the Class A1 Delayed Draw Noteholder defaults or is unable to perform its obligations under the Class A1 Delayed Draw Note Purchase Agreement, due to insolvency or otherwise, the Issuer may not receive payments to which it would otherwise be entitled which may affect the ability of the Issuer to invest in Underlying Assets, and/or Eligible Investments, as the case may be. This effect is partly mitigated by the fact that the Issuer will not be required to pay commitment fees to the relevant Class A1 Delayed Draw Noteholder in respect of a Funding Period during which such default occurred or subsisted.

Upfront Payment Under the Closing Date Hedge Agreement. On the Closing Date, in order to provide an additional source of funds to pay closing fees and expenses, the Issuer will enter into a Hedge pursuant to which the Issuer will receive from the related Hedge Counterparty the Upfront Expense Payment. As a result of such Upfront Expense Payment, the amounts payable by the Issuer under the related Hedge Agreement on each Payment Date will be higher than such payments would have been had the Upfront Expense Payment not been made. Therefore, the funds available to pay interest on the Notes will be less on each Payment Date than they would have been had the Upfront Expense Payment not been made. Moreover, in the event of an early termination of such Hedge Agreement, the Issuer will be required to make a termination payment to the related Hedge Counterparty as a result of the Upfront Expense Payment. The related Hedge Counterparty's claim against the Issuer in respect of repayment of the Upfront Expense Payment, together with interest thereon, will be secured under the Trust Agreement and the relevant Security Agreements and will be senior in priority to the Issuer's obligations to pay interest on and principal of the Notes.

Event of Default. Following an Event of Default the Notes may be redeemable. In such an event it is likely that the net sums either derived from, or realised on enforcement of the Collateral will be insufficient to meet all amounts due to the Noteholders under the Notes.

Changes in Tax Law; No Gross-Up in Respect of Underlying Assets. At a time when they are acquired, Underlying Assets are not expected to be subject to any withholding tax or to the extent that any such withholding tax does apply, the relevant issuer (and the guarantor, if any) will be required to make "gross-up" payments that cover the full amount of any such withholding taxes. However, there can be no assurance that, as a result of any change in any applicable law, treaty, rule, regulation or interpretation thereof, the payments on the Underlying Assets would not in the future become subject to withholding taxes or increased withholding rates in respect of which the relevant obligors will not be obliged to gross-up. See also subsection "Taxation – Proposal for the introduction of a flat tax on investment income" below in this regard. In such cases, the amounts available to make payments on the Notes would accordingly be reduced. There can be no assurance that remaining payments on the Underlying Assets would be sufficient to make timely payments of interest and principal at the Stated Maturity and any other amounts payable in respect of each Class of the Notes.

Changes in Tax Law; No Gross-Up in Respect of Notes. Although no withholding tax is currently imposed on the payments of interest on the Notes, there can be no assurance that, as a result of any change in any applicable law, treaty, rule, regulation, or interpretation thereof, the payments on the Notes would not in the future become subject to withholding taxes. See also subsection "Taxation – Proposal for the introduction of a flat tax on investment income" below in this regard. In the event that any withholding tax is imposed on payments of interest on any Class of Notes, the Issuer will not "gross-up" payments to compensate the Holders of such Notes and no Event of Default shall occur as a

result of any such withholding tax.

Dependence on the Collateral Manager and the Investment Board. The Issuer has no employees and is dependent on the employees of the Collateral Manager to give investment advice to it with respect to the Underlying Assets and to the Investment Board to take decisions in respect of the advice given by the Collateral Manager. As a result, the success of the Issuer is highly dependent on the experience and ability of the Collateral Manager and the Investment Board.

Because the composition of the Underlying Assets will vary over time, the performance of the Underlying Assets depends heavily on the skills of the Collateral Manager in analyzing and giving advice on the selection and the management of the Underlying Assets as well as on the skills and experience of the members of the Investment Board which are responsible for taking investment decisions. As a result, the Issuer will be highly dependent on the financial and managerial experience of certain individuals associated with the Collateral Manager and the Investment Board. The loss of one or more of these individuals could have a material adverse effect on the performance of the Issuer. The Collateral Manager and the Investment Board are not required to devote all of their time to the affairs of this transaction and may continue to advise and manage other investments in the future. Moreover, the Collateral Management Agreement and the Investment Board Agreement may be terminated or the Collateral Manager as well as the Investment Board Provider may resign or be removed under certain circumstances described herein. The Collateral Manager may in its sole discretion transfer all its rights and obligations under the Collateral Management Agreement to any affiliate. See "The Collateral Management Agreement". The Issuer is under no obligation to ensure compliance by the Collateral Manager, the Investment Board Provider and the Collateral Administrator with their respective obligations under the Transaction Documents. Moreover, the Issuer is under no obligation to ensure compliance of the Pledged Obligations with the Portfolio Provisions and any such non-compliance will not constitute an Event of Default under the Terms and Conditions of the Notes.

Risks of Investment Management. The Issuer will be permitted to engage in purchase and sale transactions in respect of a significant portion of its assets in accordance with the provisions of the Transaction Documents. The relevant investment decisions will be taken on behalf of the Issuer by the Investment Board which will be advised by the Collateral Manager. In the context of giving investment advice and making investment decisions, the Collateral Manager and the Investment Board will have broad discretion. If any of the assumptions, projections, estimates and judgements made by the Collateral Manager and the Investment Board in connection with the provision of their services to the Issuer would be incorrect, the value of the Underlying Assets could be materially adversely affected and consequently, the Noteholders might suffer material loss. Moreover, the Collateral Administrator will verify and certify compliance with the Portfolio Provisions and the Transaction Documents in connection with the purchase by the Issuer of Underlying Assets. If any of the verifications and certifications of the Collateral Administrator would be incorrect, the value of the Underlying Assets could be materially adversely affected and consequently, the Noteholders might suffer material loss.

Projections, Forecasts and Estimates. Any projections, forecasts and estimates contained herein are not purely historical in nature, but are forward looking statements and are based upon information furnished by third parties to the Issuer and certain assumptions that the Issuer considers reasonable, subject to uncertainties as to circumstances and events that have not yet taken place. Hence, any such projections, forecasts and estimates are subject to material variation. Moreover, 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, there can be no assurance that any projected or forecasted results will be attained and the actual results may materially vary from the projections.

Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates or currency exchange rates, market, financial or

legal uncertainties, the general availability of liquidity, differences in the actual allocation of the Underlying Assets among asset categories from those assumed, the timing of acquisitions of the Underlying Assets, the price at which the Underlying Assets are actually purchased by the Issuer, any deterioration in credit quality or defaults of the Underlying Assets, differences in the actual interest proceeds received with respect to an Underlying Asset and the interest proceeds that were assumed would be received as a result of interest rate caps within the Underlying Assets, the timing of any such defaults and subsequent recoveries, mismatches between the timing of accrual and receipt of Interest Proceeds from the Underlying Assets and the effectiveness of any Hedge Agreements, among others. Consequently, the inclusion of projections herein should not be regarded as a representation by the Issuer, the Collateral Manager, the Trustee, 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 Placement Agent, the Trustee, the Collateral Manager, the Investment Board Provider, the Collateral Administrator, the Account Bank, the Paying Agent and their respective affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions are incorrect.

Security Interest in the Collateral Assets; Trustee Claim. The Issuer has granted a pledge (*Pfandrecht*) to the Trustee under the Trust Agreement in order to secure the Trustee Claim granted under the Trust Agreement for the benefit of the Transaction Creditors. The Trustee Claim entitles the Trustee to demand that all present and future obligations of the Issuer towards the Noteholders and towards certain other secured creditors be fulfilled. There is no authority to the effect that the Trustee Claim (*Treuhänderanspruch*) of the Trustee against the Issuer established by the Trust Agreement may not be validly secured by a pledge of the of the Issuer's claims as set forth in the Trust Agreement. However, as there is no specific authority confirming the validity of such pledge either, the validity of such pledge is subject to some degree of legal uncertainty.

Floating charges. It is of the essence of a fixed charge that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the moneys or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer, any pledge or charge constituted by the Trust Agreement, the Luxembourg Security Agreement or the English Security Deed may operate as a floating, rather than a fixed charge.

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

Floating charges have certain weaknesses, including the following:

(a) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;

(b) they rank after certain preferential creditors, such as claims of employees, certain taxes on winding-up and unsecured creditors up to certain prescribed amounts;

(c) they rank after certain insolvency remuneration expenses and liabilities;

(d) the examiner of a company has certain rights to deal with the property covered by the floating charge; and

(e) they rank after fixed charges.

Likewise, under English law, whilst all rights in respect of any cash amounts standing to the credit of each Issuer Account (and any renewal or re-designation thereof) and the debt represented by it are expressed to be subject to a fixed charge, whether this charge will be upheld as a fixed charge rather than a floating charge will depend, among other things, on whether an English court were to determine that the Trustee has (under the English Security Deed or the Trust Agreement) the requisite degree of control over the Issuer's ability to deal in the relevant assets and, if so, whether such control is exercised by the Trustee in practice.

In the event that an English court were to recategorise the charge as a floating charge, the claims of the Trustee would be subject to matters which are given priority over a floating charge by law, including prior charges, lien holders, any expenses of any winding-up and the claims of preferential creditors.

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

Preferred Creditors. Under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security which may have been realized in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) which have been approved by the Irish courts. (See *Examinership.* below.)

The holder of a fixed security over the book debts of an Irish incorporated company (which would include the Issuer) may be required by the Irish Revenue Commissioners, by notice in writing from the Irish Revenue Commissioners, to pay to them sums equivalent to those which the holder received in payment of debts due to it by the company.

Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issuance of the Irish Revenue Commissioners' notice to the holder of fixed security.

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of any Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

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

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of

the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after his appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to his appointment. Furthermore, he may sell assets the subject of a fixed charge. However, if such power is exercised he must account to the holders of the fixed charge for the amount realized and discharge the amount due to them out of the proceeds of sale.

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

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

(a) the potential for a scheme of arrangement being approved involving the writing down of the debt due by the Issuer to the Noteholders as secured by the Trust Agreement and the Security Agreements;

(b) the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and

(c) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over the amounts secured by the security granted pursuant to the Trust Agreement and the Security Agreements. See *Preferred Creditors* above.

Hedge Agreements

Risks Associated with Trading. The Collateral Manager will from time to time provide advice under the terms of the Collateral Management Agreement, and the Investment Board will make decisions on behalf of the Issuer, with respect to entering into Hedge Agreements. Whilst the Collateral Manager is required to provide its advice in accordance with the standard of care specified in the Collateral Management Agreement, there can be no assurance that the advice of the Collateral Manager, if accepted by the Investment Board on behalf of the Issuer, will ultimately lead to higher returns to the Issuer on the Underlying Assets to generate sufficient Interest Proceeds and/or will prove to be a suitable hedging strategy. Entering into Hedge Agreements may expose the Issuer to the risks generally associated with investments in derivatives and consequently, the Noteholders could suffer significant loss as a consequence thereof.

Credit Exposure to the Hedge Counterparties. The Issuer will be exposed to the credit risk of the Hedge Counterparties with respect to payments due under the Hedge Agreements. In the event of the insolvency of a Hedge Counterparty, the Issuer will be treated as a general creditor of such Hedge

Counterparty. Consequently, the Issuer will be subject to the credit risk of such Hedge Counterparty. As a result, any Hedge Agreement entered into from time to time with the relevant Hedge Counterparty will subject the Noteholders to a degree of risk with respect to defaults by such Hedge Counterparty.

Underlying Assets

Limited Information with respect to Obligors of the Underlying Assets. This Prospectus does not provide any information with respect to obligors of any Underlying Asset, their creditworthiness or the likelihood of the occurrence of default under such Underlying Asset.

Nature of Collateral. The Collateral Assets and the Collateral are subject to credit, liquidity and interest rate risk. The amount and nature of Collateral Assets securing the Notes have been established to withstand certain assumed deficiencies in payment occasioned by defaults in respect of the Underlying Assets. If, however, any deficiencies exceed such assumed levels, payment of the Notes could be adversely affected. To the extent that a default occurs with respect to any Underlying Asset securing the Notes and the Issuer (upon the advice of the Collateral Manager) sells or otherwise disposes of such Underlying Asset, 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 Underlying Asset.

The market value of the Underlying Assets will generally fluctuate with, among other things, the performance of the Underlying Assets or, with respect to Synthetic Securities, the performance of the Reference Obligations, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular market segment and changes in prevailing interest rates. A decrease in the market value of the Underlying Assets would adversely affect the proceeds that could be obtained upon the sale of such Underlying Assets and could consequently affect the ability of the Issuer to effect an optional or mandatory redemption of the Notes or pay the principal of the Notes upon a liquidation of the Underlying Assets following the occurrence of an Event of Default. Further, the ability of the Issuer to sell Underlying Assets prior to maturity is subject to certain restrictions under the Transaction Documents. Due to such restrictions, the Issuer may not be permitted to sell an Underlying Asset even when doing so would be believed to be prudent or advisable.

Structured Finance Securities. The Underlying Assets will consist primarily of Structured Finance Securities, which will include without limitation, asset-backed securities, commercial mortgage-backed securities, residential mortgage-backed securities, collateralized debt obligations or similar instruments. Structured Finance Securities are securities that entitle the holders thereof to receive payments that depend primarily on the cash flow from a specified pool of financial assets, either fixed or revolving, that by their terms convert into cash within a finite time period.

Among other risks, Structured Finance Securities may be subject to prepayment risk, credit risk, liquidity risk, market risk and interest rate risk, which may have a substantial impact on the timing of their cashflows.

Prepayment risk with respect to Structured Finance Securities arises due to the uncertainty of the timing of payments of principal in respect of the assets underlying a security. The assets underlying a particular Structured Finance Security may amortize more quickly than anticipated, resulting in payments of principal in respect of the related Structured Finance Security sooner than expected. Alternatively, amortization may take place more slowly than anticipated, resulting in payments of principal in respect of the related Structured Finance Security later than expected. In addition, a particular Structured Finance Security may, by its terms, allow it to be redeemed prior to its maturity, resulting in a full or partial payment of principal in respect of such Structured Finance Security. Similarly, defaults on the assets underlying a particular Structured Finance Security may lead to sales or liquidations and result in a prepayment in respect of such Structured Finance Security. If the Issuer purchases a Structured Finance 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 Structured Finance Security at a discount, slower than expected prepayments may result in a lower than expected yield to maturity on such security.

Because investors in Structured Finance Securities generally have recourse only to the assets underlying the related security, Structured Finance Securities are subject to the credit risks associated with such assets. While the underlying collateral may include certain credit enhancement features, including, without limitation, swaps and liquidity arrangements, it is anticipated that no Structured Finance Security will be guaranteed or insured by any governmental agency or instrumentality and thus distributions will depend solely upon the amount and timing of payments and other collections on the related collateral.

Liquidity risk arises when the volume of trading in the secondary market for a particular security begins to decline or the terms of sale of such security become less favourable to the seller thereof for reasons associated with the characteristics of such security or the asset class to which it belongs. Increased volatility and/or default rates in the mortgage-backed and asset-backed securities sectors may adversely affect the ability to quickly sell, or receive a favourable price upon sale of, such securities in the market. Liquidity risk can also arise from a perception of increased credit risk, like that which occurred in 1996 and 1997 with the rise in reported delinquencies and losses on securitized pools of assets. Liquidity can also become a major concern with respect to a Structured Finance Security if concerns about the risks associated with the holding of such assets lead investors to avoid certain types of Structured Finance Securities or the market for Structured Finance Securities altogether. Like most other types of financial instruments, Structured Finance Securities are also subject to market risk. A decline in general economic conditions or a slow-down in economic growth may necessarily result in a broad market reduction in the value investors place on financial instruments in general, which broad market reduction could lead to reduced market values for Structured Finance Securities.

The value of certain Structured Finance Securities are sensitive to movements in interest rates and, as such, are subject to interest rate risk. Asset-backed securities are similar to other fixed-income securities in that they generally decrease in value as a result of increases in interest rates and/or spreads. However, although other fixed-income securities generally increase in value during periods of falling interest rates, certain asset-backed securities, such as mortgage-backed securities, are generally vulnerable during periods of falling interest rates due to the risk that the obligors on the underlying obligations will prepay such obligations, thus shortening the effective life of the asset-backed securities and adversely affecting the reinvestment rate that will be available to investors. Accordingly, amounts available for reinvestment by the Issuer are likely to be greater during a period of declining interest rates and, as a result, likely to be reinvested at lower interest rates than during a period of rising interest rates.

In addition to the above, the Issuer will be subject to certain restrictions on the amount of any particular type of Structured Finance Securities it may own at any one time, as described herein.

Synthetic Securities. Some of the Underlying Assets may consist of Synthetic Securities, the Reference Obligations of which are Structured Finance Securities. Investments in such types of assets through the purchase of Synthetic Securities present risks in addition to those resulting from direct purchases of the Reference Obligations as Underlying Assets. With respect to Synthetic Securities, the Issuer will usually have a contractual relationship only with the counterparty of such Synthetic Security, and not the Reference Obligor on the Reference Obligation. The Issuer generally will have no right directly to enforce compliance by the Reference Obligor with the terms of the Reference Obligation nor any rights of setoff against the Reference Obligor, nor have any voting or other consensual rights of ownership with respect to the Reference Obligation. The Issuer will not directly benefit from any collateral supporting the Reference Obligation and will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. In addition, in the event of the insolvency of the counterparty, the Issuer will be treated as a general creditor of such counterparty and

will not have any claim of title with respect to the Reference Obligation. Consequently, the Issuer will be subject to the credit risk of the counterparty as well as that of the Reference Obligor. As a result, concentrations of Synthetic Securities entered into with any one counterparty will subject the Notes to an additional degree of risk with respect to defaults by such counterparty as well as by the Reference Obligor. In addition, one or more affiliates of the Placement Agent may act as counterparty with respect to all or a portion of the Synthetic Securities, which relationship may create certain conflicts of interest. See "*—Certain Conflicts of Interest—Conflicts of Interest Involving the Collateral Manager*" and "*—Conflicts of Interest Involving the Placement Agent*" below.

Even though the Issuer expects that the return on a Synthetic Security will generally reflect that of the related Reference Obligation, as a result of the terms of the Synthetic Security and the assumption of the credit risk of the applicable counterparty, a Synthetic Security may have a different expected return, a different (and potentially greater) probability of default, a different (and potentially greater) expected loss characteristic following a default and a different (and potentially lower) expected recovery following default. Additionally, the terms of the Synthetic Security may provide for different maturities, payment dates, interest rates, interest rate references and credit exposures than the Reference Obligation. Upon default on a Reference Obligation, the terms of the relevant Synthetic Security may permit the counterparty of such Synthetic Security to satisfy its obligations under the Synthetic Security by delivery to the holder of such Synthetic Security of a Reference Obligation or an amount equal to the then current market value of the Reference Obligation. Such amounts may be significantly less than the original principal amount of such Synthetic Security, or, in certain circumstances, even equal to zero. Moreover it may be possible that in case of any such delivered Reference Obligation not meeting the portfolio restrictions and the Eligibility Criteria, the Issuer will have to sell such Reference Obligation and expose itself to illiquidity risks mentioned below.

The Issuer will be subject to restrictions on the amount of Synthetic Securities it may own at any one time, as described herein.

Illiquidity of Underlying Assets. Many of the Underlying Assets purchased by the Issuer will have no, or only a limited, trading market. Trading in fixed income securities in general, including Structured Finance Securities and derivatives thereof, takes place primarily in over-the-counter markets consisting of groups of dealer firms that are typically major securities firms. Because the market for certain Structured Finance Securities and derivatives thereof is a dealer market, rather than an auction market, no single obtainable price for a given instrument prevails at any given time. Also, not all dealers maintain markets in all Structured Finance Securities at all times.

The Issuer's investment in illiquid Underlying Assets 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. Moreover the Issuer is generally prohibited by the Transaction Documents from selling Underlying Assets except under certain limited circumstances described under "Provision 5 of the Portfolio Provisions—Dispositions of Underlying Assets and Reinvestment". Illiquid Underlying Assets may trade at a discount from comparable, more liquid investments.

In addition, the Issuer may invest in privately placed Underlying Assets that may or may not be freely transferable under the laws of the applicable jurisdiction or as a result of contractual restrictions on resale. Even if such privately placed Underlying Assets 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.

Interest Rate Risk. The Notes (other than the Class A3-b Notes and the Class F Notes) bear interest at a rate based on EURIBOR as determined on the relevant EURIBOR Determination Date. As up to approximately 10% in aggregate principal balance of the Underlying Assets may consist of obligations that bear interest at fixed rates, the amount or proportion of the Underlying Assets securing the Notes that bear interest at floating rates based on EURIBOR do not correspond to the amount or proportion of the Notes that bear interest on such basis. Accordingly, the Notes that bear interest at floating rates

based on EURIBOR are subject to interest rate risk to the extent that there is an interest rate mismatch between the rates at which interest accrues on such Notes and the rates at which interest accrues on the Underlying Assets. Further, there is no requirement that Eligible Investments bear interest at EURIBOR or a EURIBOR-based rate, and the interest rates available for Eligible Investments are inherently uncertain. As a result of these mismatches, an increase or decrease in EURIBOR for the relevant maturity could adversely impact the ability of the Issuer to make payments on such Notes (including by reason of a rise or a decline in the value of previously issued fixed rated Underlying Assets as EURIBOR decreases or increases, as applicable). Such mismatch may be material and may change from time to time as the composition of the related Underlying Assets and Eligible Investments change and as the Notes of the various Classes are repaid. To mitigate the effect of such interest rate mismatch, the Issuer may on the Closing Date or thereafter enter into certain Hedge Agreements (other than the Hedge Agreement providing for the Upfront Expense Payment which will not hedge against such such interest rate mismatches). However, there can be no assurance that the Underlying Assets and Eligible Investments, together with the Hedge Agreements purchased by the Issuer, will in all circumstances generate sufficient Interest Proceeds to make timely payments of interest on the Notes. Moreover, the benefits of the Hedge Agreements may not be achieved in the event of an early termination of the Hedge Agreements, including termination upon the failure of the counterparties thereto to perform their respective obligations thereunder. Although each Hedge Agreement will require that, in the event the Hedge Counterparty's ratings fall below certain levels, such Hedge Counterparty must, depending upon the degree to which such ratings have fallen, either (i) assign its obligations under the applicable Hedge Agreement to a Hedge Counterparty with certain minimum ratings as described herein or (ii) post a certain amount of collateral, there can be no guarantee that in such circumstances such Hedge Counterparty will, or will be able to, assign its obligations or post such collateral or that the Issuer will be able to replace such Hedge Counterparty, which may result in a downgrade, qualification or withdrawal of the ratings assigned to the Notes. See "The Hedge Agreements".

Subject to confirmation from each Rating Agency that such reduction would not cause such Rating Agency's then current rating, if any, of any Class of Notes to be reduced or withdrawn, the Collateral Manager may advise the Issuer to adjust the terms of any Hedge Agreement outstanding at any time.

Portfolio Criteria. The Collateral Manager shall be obliged to observe the Portfolio Provisions and the other provisions of the Collateral Management Agreement when making proposals for the purchase and sale of Underlying Assets and rendering certain other services as described therein. Failure to comply with such provisions shall however not constitute an Event of Default under the Terms and Conditions.

Certain Conflicts of Interest

The activities of the Collateral Manager, the Investment Board Provider, the members of the Investment Board, the Placement Agent and their respective affiliates may result in certain conflicts of interest. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such potential conflicts.

Conflicts of Interest Involving the Collateral Manager and its affiliates. Various potential and actual conflicts of interest may arise from the overall investment activities of the Collateral Manager and its affiliates. The initial Underlying Assets might be purchased, and from time to time additional securities may be purchased as Underlying Assets, from the Collateral Manager, its affiliates and certain other funds managed by the Collateral Manager. As a result, there might be a conflict of interest on the part of the Collateral Manager in connection with the acquisition of such securities.

In addition, the Collateral Manager, its affiliates and other funds managed by the Collateral Manager may invest in securities that would be appropriate as security for the Notes. The Collateral Manager and its affiliates may also have ongoing relationships with companies whose securities are pledged to secure the Notes, and may own equity securities issued by, or may act as lender to, such companies or

their affiliates. In addition, the Collateral Manager and the affiliates and clients of the Collateral Manager may serve as a general partner, manager and/or investment advisor with respect to limited partnerships, trusts or other limited liability companies organized to issue commercial paper, collateralized debt obligations or other debt securities, in each case possibly secured by assets similar to the Underlying Assets. The Collateral Manager may at certain times be simultaneously seeking to advise the Issuer to purchase or sell investments while doing the same for itself, its affiliates, clients or a fund managed by it.

As of August 2006 the Collateral Manager managed approximately EUR 13.8 billion in fixed income securities for its affiliates as well as for off-balance sheet vehicles. The Collateral Manager may at certain times be engaged in seeking investments to purchase for the Issuer while, at the same time, seeking to purchase similar investments for any other entity for which it serves as manager or advisor, or for its clients or affiliates. See "The Collateral Manager".

In a vote to remove the Collateral Manager, the Notes of any Class held by the Collateral Manager will be included in any such vote. As a result, there will be a conflict of interest on the part of the Collateral Manager in connection with votes regarding its own removal.

Conflicts of Interest Involving the Placement Agent. Certain Underlying Assets may consist of obligations of issuers or obligors for which the Placement Agent or an affiliate of the Placement Agent has acted as underwriter, agent, placement agent or dealer or for which an affiliate of the Placement Agent has acted as lender or provided other commercial or investment banking services. The Collateral Manager may purchase a certain portion of the Underlying Assets from the Placement Agent and its respective affiliates for subsequent sale to the Issuer, but only to the extent the Collateral Manager determines that such purchases are consistent with the investment guidelines and objectives of the Issuer and the restrictions contained in the Transaction Documents. In any event, all purchases of Underlying Assets from such entities are required to be on an arm's-length basis.

The Placement Agent or any of its affiliates may also act as counterparty with respect to one or more Synthetic Securities. In addition, one or more affiliates of the Placement Agent may act as a Hedge Counterparty under one or more Hedge Agreements.

Taxation

Liability of the Issuer to German taxes on profits. Business profits derived by the Issuer would be subject to German corporate income tax if the Issuer had its place of effective management and control (*Geschäftsleitung*) or otherwise maintained a permanent establishment (*Betriebsstätte*), or appointed a permanent representative (*ständiger Vertreter*), for its business in Germany. Business profits derived by the Issuer would be subject to German trade tax if the Issuer had its place of effective management and control or otherwise maintained a permanent establishment for its business in Germany, and to the extent that any net income derived by the Issuer is attributable to such permanent establishment.

For German tax purposes, the place of effective management and control of the Issuer is defined as the place where the preponderance of managerial decisions is taken that are relevant in conducting the day-to-day business of the Issuer. The place of effective management and control constitutes a permanent establishment. A permanent establishment is otherwise constituted by any fixed place of business or facility which serves the purposes of the Issuer and over which the Issuer's management has effective power of disposal (*Verfügungsmacht*), such as an office or a branch.

A permanent representative of the Issuer is defined as a person who habitually acts in an agency capacity and – subject to the instructions of the Issuer in respect of business dealings of the Issuer – in particular concludes contracts in the name of the Issuer or acts as an intermediary with respect to contracts concluded by the Issuer. Pursuant to the German-Irish Double Taxation Treaty, persons acting in the capacity of a broker, general commission agent, or any other agent of independent status in the ordinary course of its business would not qualify as a permanent representative.

The only activity in Germany which could be attributable to the Issuer for tax purposes would be the functions performed by the Collateral Manager. Although these functions are economically significant for the Issuer, the Collateral Manager will act in an advisory capacity and perform certain administrative functions only. The Collateral Manager will furthermore not enter into contracts in the name of, and having a binding effect on, the Issuer. Given that the Collateral Manager will act as an agent of independent status in the ordinary course of its business, its contract intermediation services would not qualify it as a permanent representative of the Issuer pursuant to the relevant provisions of the German-Irish Double Taxation Treaty. All material management decisions regarding the investments or divestments proposed by the Collateral Manager will be taken outside Germany on behalf of the Issuer by the Investment Board whose members are non-German resident officers or employees of the capital markets division of Hypo Public Finance Bank or its non-German subsidiaries. Moreover, the Investment Board will enter into all agreements regarding the purchase and sale of securities on behalf of the Issuer. The Issuer has been advised that on this basis, its core management functions would not be performed in Germany, it would not have the power to dispose of business premises in Germany, it would not engage the activities of a person having the power to bind it contractually and consequently, the Issuer would not be subject to German corporate income tax or trade tax.

Investors should note however, that there can be no assurance that the German tax authorities would agree with this assessment. If the Issuer were treated as effectively managed and controlled or otherwise maintaining a permanent establishment, or as having appointed a permanent representative, in Germany, the Issuer would be subject to German corporate income tax. In calculating the corporate income tax base the Issuer would, however, be entitled to deduct all expenses accrued in a given tax year, including the interest currently payable on the Notes. The Issuer could therefore be expected to have a relatively small if not a flat corporate income tax base. By contrast, if the Issuer were viewed as maintaining a permanent establishment at its place of effective management and control, or otherwise, in Germany and the tax authorities were to take the position that the requirements of a non-German permanent establishment to which the indebtedness of the Issuer under the Notes may be attributed are not met, trade tax would arise with respect to taxable income of the Issuer attributable to its German permanent establishment. In that case, the net income subject to trade tax would be computed by including in such income half of the interest paid by the Issuer under the Notes.

Application of the German Investment Tax Act. The Issuer will be acquiring and disposing of a diversified and managed portfolio consisting mainly of structured finance securities. Due to this fact and to further circumstances, a German resident Noteholder could be viewed as having acquired in substance units of a foreign investment fund, i.e. an asset that represents units in respect of a portfolio of assets within the meaning of the German Investment Act (*Investmentgesetz;* "**IA**"), which portfolio consists of securities falling within the scope of the IA and is invested according to the principle of risk diversification as required by §§ 1, 2nd sentence, 2(8) IA.

There are good and valid reasons why the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes should not be treated as coming under the IA as the performance of such Note will not, in the ordinary course of the transaction, be contingent on the performance of the portfolio of assets held by the Issuer. According to a Federal Ministry of Finance circular dated June 2, 2005, CDOs do not constitute investment units if the investors do not effectively participate in the issuer's profits or losses. Such participation should not occur with respect to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes. However, there is a more evident risk that the relevant tax authorities would view the Class F Notes as profit or loss participating. Nevertheless, based on the said circular, the latter Notes would also not qualify as foreign investment units if, apart from the substitution of securities (*Schuldtitel*) for the purpose of ensuring the size, the maturity and the risk structure only up to 20% per annum of the assets (*Vermögen*) of the issuer may, pursuant to the contractual terms, be traded on a discretionary basis. As the Portfolio Provision 6.7 covers the 20% cap, the Notes should not qualify

as foreign investment units.

Generally, one may expect that the tax authorities follow their interpretation of the IA and the Investment Tax Act (*Investmentsteuergesetz*; "**InvTA**") as laid down in the Federal Ministry of Finance circular dated June 2, 2005 and that, if they decide to adopt a different position, they would - although this cannot be ruled out entirely - not do this with retroactive or retrospective effect. The tax authorities may, however, change their position with effect for the future. In addition, it needs to be noted that the circular has no binding effect on tax courts and that it cannot be ruled out that a tax court would take a different position and characterise such Notes as investment units. If this were the case, it cannot be ruled out that the entire issue of Notes could be qualified as investment units as a consequence. If one or more Classes of Notes were to be qualified as investment units within the IA, the tax rules of the InvTA would apply.

Prospective German purchasers of the Notes are strongly advised to consult their own tax advisors as to whether and to what extent the reporting pursuant the Transaction Documents meets the requirements stipulated in the InvTA for a fully transparent investment fund. If such requirements were not fully met and the Notes were to be characterized as investment units under the IA, a German Noteholder would, in principle, be taxed annually based on the distributions, interim earnings (*Zwischengewinn*) and, in addition, 70 % of the excess of the last over the first redemption price, market price or stock exchange price of the underlying units for the calendar year; in any case a minimum of 6 % of the redemption price, market price or stock exchange price computed last for the calendar year is taken into account in accordance with § 6 InvTA.

Proposal for the introduction of a flat tax on investment income. Based upon a 12 July 2006 Ministry of Finance press release, the coalition government has reached agreement on the introduction of a flat tax on investment income (so-called *Abgeltungssteuer*). While details have not been announced the flat tax would likely be collected by withholding from interest paid on the Notes after 2007 and would satisfy the income tax liability of a non-business investor. The flat tax could conceivably extend to gain realized upon the disposition of non-business financial assets, irrespective of any holding period. In this case the new tax regime would likely also apply to interest-bearing notes or bonds and could subject any gain realized upon the sale of redemption of a Note to personal income tax. The tax would most likely apply to gain realized after 2007 whether or not the Note was acquired prior to 2008. Steps to initiate the formal legislative procedure required to change the current tax regime described herein have not been taken, and no further details of the envisaged legislative changes are currently available.

EU Savings Tax Directive. On June 3, 2003 the Council of the European Union approved a directive regarding the taxation of interest income (the "**EU Savings Tax Directive**"). Accordingly, each EU Member State must require paying agents (within the meaning of the EU Savings Directive) established within its territory to provide its competent authority details of the payment of interest made to any individual resident in another EU Member State as the beneficial owner of such interest. The competent authority of the EU Member State of the paying agent (within the meaning of the EU Savings Directive) is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria, Belgium and Luxembourg may opt instead to withhold tax from interest payments within the meaning of the EU Savings Directive at a rate of 15% for the first three years from application of the provisions of such directive, of 20% for the subsequent three years, and of 35% from the seventh year after application of the provisions of such directive.

In conformity with the prerequisites for the application of the EU Savings Tax Directive, Switzerland, Liechtenstein, San Marino, Monaco and Andorra have confirmed that from July 1, 2005 they will apply measures equivalent to those contained in such directive, in accordance with agreements entered into by them with the European Community. It has also been confirmed that certain dependent or associated territories (the Channel Islands, the Isle of Man and certain dependent or associated territories in the Caribbean) will apply from that same date an automatic exchange of information or,

during the transitional period described above, apply a withholding tax in the described manner. Consequently, the Council of the European Union noted that the conditions have been met to enable the provisions of the EU Savings Tax Directive to enter into force as from July 1, 2005.

By legislative regulations dated January 26, 2004 the Federal Government enacted the provisions for implementing the EU Savings Tax Directive into German law. These provisions apply as from July 1, 2005.

Holders should note that the Issuer will not pay any additional amounts in respect of any withholding tax imposed as a result of the EU Savings Tax Directive or otherwise.

Irish Tax. The Issuer expects to conduct its affairs so that only minimal net income will become subject to Irish income tax. There can be no assurance, however, that the level of net income will not increase and thereby become subject to Irish income tax as the result of unanticipated activities by the Issuer, changes in law, contrary conclusions by Irish tax authorities or other causes. The imposition of unanticipated withholding taxes or tax on the Issuers net income could materially impair the Issuers ability to pay principal of, interest on and other amounts owing in respect of the Notes. See "Irish Tax Considerations".

USE OF PROCEEDS

The net proceeds of the offering of the Notes (excluding proceeds from the Class A1 Delayed Draw Note) and the Upfront Expense Payment, which proceeds equal approximately EUR 804,000,000, have been and will be used by the Issuer to (i) purchase a diversified portfolio consisting primarily of Structured Finance Securities, in each case satisfying the investment criteria described herein, (ii) fund the Principal Collection Account and the Expense Account, (iii) enter into the Master Agreement, and (iv) undertake certain related activities.

Additionally, commitments to fund for an aggregate amount equal to approximately EUR 200,000,000 will be made available to the Issuer by the holder of the Class A1 Delayed Draw Note, the proceeds of which will be used to fund the purchase of additional Underlying Assets and any such proceeds not so used will be invested in Eligible Investments pending the use of such proceeds for the purchase of Underlying Assets as described herein.

The Issuer may, subject to and in accordance with the terms of the Class A1 Delayed Draw Note Purchase Agreement, request a Funding in respect of the Class A1 Delayed Draw Note at any time after the Issue Date and prior to the Delayed Draw Note Final Funding Date. The Issuer will deposit the proceeds of each Funding into the Principal Collections Account.

The direct costs of the admission of the Notes to trading on the Luxembourg Stock Exchange amount to approximately EUR 45,000.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions applicable to each Class of Notes issued on the Closing Date which will be attached to each Global Note. In case of any overlap or inconsistency in the definition of a term or expression in the Terms and Conditions and elsewhere in this Prospectus, the definition in the Terms and Conditions will prevail.

1. DEFINED TERMS

Terms used but not defined in these terms and conditions (the "**Terms and Conditions**") have the same meaning as in the Trust Agreement (Annex B hereto), and to the extent not defined therein, the Collateral Management Agreement, including the Portfolio Provisions attached thereto (Annex C hereto), and to the extent not defined therein, the Master Definitions Agreement (Schedule 1 of the Trust Agreement), each of which forms an integral part of the Terms and Conditions.

2. NOTES

2.1 Note Principal Amounts; Denomination; Form

House of Europe Funding V PLC, 5 Harbourmaster Place, IFSC, Dublin 1, Ireland (the "**Issuer**") issues the following notes (collectively, the "**Notes**") pursuant to the Terms and Conditions:

(a) Class A1 Delayed Draw Note due 2090 (the "**Class A1 Delayed Draw Note**") which is issued in a single denomination of EUR 200,000,000. Following the Class A1 Consolidation Date, the Class A1 Delayed Draw Note will be subdivided into denominations of EUR100,000 and be treated by the Issuer as identical in all respects to the Class A1 Floating Rate Notes,

(b) Class A1 Floating Rate Notes due 2090 (the "**Class A1 Floating Rate Notes**") which are issued in an initial aggregate principal amount of EUR 580,000,000 and divided into 5,800 Notes, each having a principal amount of EUR 100,000,

(c) Class A2 Floating Rate Notes due 2090 (the "**Class A2 Notes**") which are issued in an initial aggregate principal amount of EUR 70,000,000 and divided into 700 Notes, each having a principal amount of EUR 100,000,

(d) Class A3-a Floating Rate Notes due 2090 (the "**Class A3-a Notes**") which are issued in an initial aggregate principal amount of EUR 70,000,000 and divided into 700 Notes, each having a principal amount of EUR 100,000,

(e) Class A3-b Fixed Rate Notes due 2090 (the "**Class A3-b Notes**") which are issued in an initial aggregate principal amount of EUR 15,000,000 and divided into 150 Notes, each having a principal amount of EUR 100,000,

(f) Class B Floating Rate Notes due 2090 (the "**Class B Notes**") which are issued in an initial aggregate principal amount of EUR 21,000,000 and divided into 210 Notes, each having a principal amount of EUR 100,000,

(g) Class C Deferrable Floating Rate Notes due 2090 (the "**Class C Notes**") which are issued in an initial aggregate principal amount of EUR 21,000,000 and divided into 210 Notes,

each having a principal amount of EUR 100,000,

(h) Class D Deferrable Floating Rate Notes due 2090 (the "**Class D Notes**") which are issued in an initial aggregate principal amount of EUR 9,000,000 and divided into 90 Notes, each having a principal amount of EUR 100,000, and

(i) Class E1 Deferrable Floating Rate Notes due 2090 (the "**Class E1 Notes**") which are issued in an initial aggregate principal amount of EUR 4,000,000 and divided into 40 Notes, each having a principal amount of EUR 100,000, and

(j) Class E2 Deferrable Floating Rate Notes due 2090 (the "**Class E2 Notes**") which are issued in an initial aggregate principal amount of EUR 6,000,000 and divided into 60 Notes, each having a principal amount of EUR 100,000, and

(k) Class F Annuity Notes due by 2016 (the "**Class F Notes**") which are issued in an initial aggregate principal amount of EUR 4,000,000 and divided into 80 Notes, each having a principal amount of EUR 50,000.

Each holder of a Note is referred to as the "**Holder**" or "**Noteholder**".

The Class A3-a Notes and the Class A3-b Notes are together referred to as the "**Class A3 Notes**".

Each of the Class A1 Notes, the Class A2 Notes, the Class A3-a Notes, the Class A3-b Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes, the Class E2 Notes and the Class F Notes is herein referred to as a "**Class**" of Notes.

Each Note (other than the Class A1 Delayed Draw Note) will be issued on the Closing Date fully paid up. The Class A1 Delayed Draw Note will be issued on the Closing Date paid up as to EUR 1. The Class A1 Delayed Draw Note shall be fully paid up before the sixth Business Day after the Delayed Draw Note Final Funding Date.

Any reference to Class A1 Notes shall be construed as a reference to the Class A1 Floating Rate Notes and the Class A1 Delayed Draw Note while in bearer form and any reference to a Registered Note shall be construed as a reference to the Class A1 Delayed Draw Note while in registered form.

2.2 Funding Requests – Class A1 Delayed Draw Note

The holder for the time being of the Class A1 Delayed Draw Note agrees to pay to the Issuer the amounts from time to time specified in any Funding Request up to an aggregate amount not exceeding the Class A1 Delayed Draw Note Commitment on the terms and subject to the conditions set out in the Class A1 Delayed Draw Note Purchase Agreement.

If on the Delayed Draw Note Final Funding Date the Class A1 Delayed Draw Note Commitment Amount is greater than zero and on that date conditions (ii) and (iii) below are satisfied, the Class A1 Delayed Draw Noteholder shall, no later than on the fifth Business Day after having received notice of the occurrence of the Delayed Draw Note Final Funding Date from the Collateral Manager, pay to the Issuer's Principal Collections Account an amount in cleared funds equal to the Class A1 Delayed Draw Note Commitment Amount. Such payment shall be treated as a Funding for all purposes until the Class A1 Consolidation Date.

The Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager) shall be entitled at any time to instruct the Collateral Administrator to issue one or more Funding Requests to the holder for the time being of the Class A1 Delayed Draw Note for

the purpose of using the proceeds thereof to purchase Underlying Assets *provided that*, at the time of giving such instructions to make any such Funding Request, the following conditions are satisfied:

(i) the Delayed Draw Note Final Funding Date has not occurred;

(ii) no Event of Default or potential Event of Default is continuing; and

(iii) the Collateral Manager, acting in a commercially reasonable manner, determines that the Coverage Tests are satisfied and will continue to be satisfied upon the Issuer's receipt of the relevant Funding (after taking account of any Funding requested but not yet made at that time in respect of the Class A1 Delayed Draw Note).

No Funding requested in respect of the Class A1 Delayed Draw Note shall exceed the Class A1 Delayed Draw Note Commitment Amount or be for an amount less than EUR 20,000,000 and any Funding in excess thereof shall be in integral multiples of EUR 1,000,000 *provided that* if the Class A1 Delayed Draw Note Commitment Amount is less than EUR 20,000,000 the Funding requested shall be for such Class A1 Delayed Draw Note Commitment Amount. Each Funding Request shall be substantially in the form set out in Schedule 1 to the Class A1 Delayed Draw Note Purchase Agreement, duly completed, specifying the amount of the Funding required and the other matters referred to therein in accordance with the instructions of the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager) and signed by the Collateral Administrator (acting on behalf of the Issuer). All Funding Requests shall be copied to the Trustee. On or before the fifth Business Day after receipt of a Funding Request duly completed and delivered in accordance with the provisions of the Class A1 Delayed Draw Note Purchase Agreement, the Class A1 Delayed Draw Noteholder shall pay the amount specified in such Funding Request to the Principal Collections Account in cleared funds.

In consideration of the Class A1 Delayed Draw Noteholder's commitment, on the Payment Date which is the Class A1 Consolidation Date, the Issuer shall pay to the Class A1 Delayed Draw Noteholder the Class A1 Delayed Draw Note Commitment Fee on the terms and subject to the conditions set out in the Class A1 Delayed Draw Note Purchase Agreement or the relevant Transfer Agreement.

2.3 Form

Each Class of Notes (other than the Class A1 Delayed Draw Note before the Class A1 Consolidation Date) is initially represented by a temporary global bearer note (each, a "**Temporary Global Note**") without interest coupons. The Temporary Global Notes shall be exchangeable, as provided in Section 2.3 (*Notes — Exchange of Temporary Global Notes*), for permanent global bearer notes (each, a "**Permanent Global Note**") without interest coupons representing each such Class. Each Global Note shall be kept in custody by BNP Paribas Securities Services, Luxembourg Branch as common depositary (the "**Common Depositary**") for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream Luxembourg**"), until all obligations of the Issuer under the Class represented by it have been satisfied.

The Registered Note will be issued in definitive registered form. The Registered Note will have an identifying number which will be recorded in the Register.

Each Permanent Global Note and each Temporary Global Note is referred to herein as a "**Global Note**".

The Class A1 Delayed Draw Note will be issued in definitive registered form and on the Class A1 Consolidation Date, but not before, exchanged for interests in a Permanent Global Note.

Copies of the form of the Registered Note and the Global Notes representing each relevant Class of Notes listed on the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission are available free of charge at the specified offices of the Paying Agent and the Luxembourg Intermediary and Listing Agent. In the case of a listing of the Notes on an alternative stock exchange, such copies will be made available in accordance with the rules of such alternative stock exchange.

2.4 Exchange of Temporary Global Notes

The Temporary Global Notes shall be exchanged for the Permanent Global Notes on a date (the "**Exchange Date**") not earlier than 40 calendar days and not later than 180 calendar days after the date of issue of the Temporary Global Notes upon delivery by the relevant participants to Euroclear or Clearstream Luxembourg, as relevant, and by Euroclear or Clearstream Luxembourg to the Paying Agent, of certificates in the form which forms part of the Temporary Global Notes and are available from the Paying Agent for such purpose, to the effect that the beneficial owner or owners of the Notes represented by the relevant Temporary Global Note is not a U.S. person or are not U.S. persons other than certain financial institutions or certain persons holding through such financial institutions. Each Permanent Global Note delivered in exchange for the relevant Temporary Global Note shall only be delivered outside the United States. "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Any exchange of a Temporary Global Note pursuant to this Section 2.4 (*Notes — Exchange of Temporary Global Notes*) shall be made free of charge to the Noteholders.

2.5 Title and Transfer

Title to the Global Notes will pass by delivery. The holder of any Global Note may (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated at all times by the Issuer, the Trustee, the Collateral Administrator and the Paying Agents as the absolute owner of that Global Note for the purposes of making payments thereon (regardless of any notice of ownership, trust or other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and none of the Issuer, the Trustee, the Collateral Administrator or the Paying Agents shall be liable for treating such person as the holder.

For as long as the relevant Notes are held in Euroclear or Clearstream, Luxembourg, interests in a Global Note will be shown on, and transfers thereof will only be effected through, the records maintained by Euroclear or Clearstream, Luxembourg, as the case may be, and their respective participants, and in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg from time to time. For so long as any of the Notes are represented by a Global Note held on behalf of Euroclear or Clearstream, Luxembourg (as the case may be), each person (other than another Clearing System) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, the Custodian, the Collateral Administrator and the Agents as the holder of such principal amount of such Notes (and references to "**holding of Notes**" shall be construed accordingly) for all purposes other than with respect to payments of principal or interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the

Trustee, solely in the Common Depositary as bearer of the Global Notes. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Common Depositary as bearer of the Global Notes.

Title to the Registered Note will pass by registration in the Register only. Any Certificates issued with respect to the Registered Note are not a proof of ownership of such Registered Note. The person shown in the Register as the registered holder of the Registered Note may (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated at all times by the Issuer, the Trustee, the Collateral Administrator and the Paying Agents as the absolute owner of that Registered Note for the purposes of making payments thereon (regardless of any notice of ownership, trust or other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and none of the Issuer, the Trustee, the Collateral Administrator or the Paying Agents shall be liable for treating such person as the holder.

The Registered Note may, subject to the provisions set forth in Annex A of the Terms and Conditions, be transferred by the registered holder pursuant to a duly completed and signed Transfer Agreement (such Transfer Agreement being available from the specified office of the Registrar) and upon compliance with such reasonable requirements as the Issuer and the Registrar may prescribe without charge but upon payment of any taxes, duties and other governmental charges in respect of such transfer and surrender by the transferor of the relevant Certificate. No transfer of a Class A1 Delayed Draw Note may be registered in the name of a holder unless the Issuer first receives a certification of such holder's non-U.S. beneficial ownership. No transfer of the Registered Note shall be recognised by the Issuer unless entered in the Register. The Registrar will within 14 days of any duly made request to register the transfer of a Registered Note and surrender by the transferor of the relevant Certificate enter the transferee in the Register and procure the authentication and delivery of a Registered Note certificate (a "**Certificate**") to the transferee at the specified office of the Registrar, or (at the risk and, if mailed at the request of the transferee or, as appropriate, the transferor otherwise than by ordinary uninsured mail, expense of the transferee or, as appropriate, the transferor) mail the Certificate to such address as the transferee (or, as appropriate, the transferor) may request or, alternatively, in the case of transfers effected through the Luxembourg Stock Exchange, deliver the Certificate in accordance with the normal procedures and systems of such exchange.

Prior to the Class A1 Consolidation Date, it is a condition to the registration of any potential transferee as holder of the Class A1 Delayed Draw Note that the transferee, the Class A1 Delayed Draw Noteholder, the Issuer and the Trustee sign the Transfer Agreement pursuant to which the new Class A1 Delayed Draw Noteholder assumes all the obligations of the transferor under the Class A1 Delayed Draw Note Purchase Agreement. At any one time up to (and including) the Class A1 Consolidation Date, there may not be more than one holder of the Class A1 Delayed Draw Note.

2.6 Registration

The Issuer will cause to be kept a register (the "**Register**") on which shall be entered the names and addresses of the holders from time to time of the Registered Note, together with the particulars of the Registered Note held by them and of all transfers of Registered Note. The Register shall be kept at the specified office of the Registrar and a copy shall be kept at the registered office of the Issuer and at such other location as the Issuer, the Registrar and the Trustee may agree. The Issuer reserves the right, with the approval of the Trustee, at any time to vary or terminate the appointment of the Registrar and to appoint another Registrar. Any variation or termination of appointment shall only take effect (other than in the case of insolvency of the Registrar when it shall be of immediate effect) after not more than 60 nor less than 45 days' notice thereof. Notice of such variation or termination of appointment and any change in the specified office of the Registrar shall be given to the Noteholders in accordance with Section 11 (*Form of Notices*) of the Terms and Conditions.

No Noteholder may require the transfer of the Registered Note to be registered during the period of 15 days ending on the due date for redemption (in full) of the Registered Note or during the period from (and including) the Record Date to (and including) any PaymentDate.

2.7 Consolidation of the Class A1 Delayed Draw Note and the Class A1 Floating Rate Notes

On the Class A1 Consolidation Date, (a) the Paying Agent shall mark-up the aggregate Note Principal Amount of the Global Note representing both the Class A1 Floating Rate Notes and the Class A1 Delayed Draw Note by an amount equal to the aggregate principal amount of the Class A1 Delayed Draw Note recorded in the Register on that date but prior to the Registrar making the entries in the Register referred to in paragraph (b) below, and (b) the Registrar, immediately upon the Paying Agent marking-up the aggregate Note Principal Amount of the Global Note representing both the Class A1 Floating Rate Notes and the Class A1 Delayed Draw Note, shall write down the principal amount of the Class A1 Delayed Draw Note recorded in the Register to zero and require the Class A1 Delayed Draw Noteholders to surrender the relevant Certificates. Accordingly, on the Class A1 Consolidation Date, the Class A1 Delayed Draw Note will be consolidated with, and be treated by the Issuer as identical in all respects to, the Class A1 Floating Rate Notes.

2.8 Execution and Authentication

Each Global Note shall be manually signed by or on behalf of the Issuer and shall bear the control signature of the Paying Agent. Each Certificate shall be manually signed by or on behalf of the Issuer and shall bear the control signature of the Registrar on the face of such Certificate.

3. RIGHTS AND OBLIGATIONS UNDER THE NOTES

3.1 Status of the Notes

The Notes constitute direct and unsubordinated obligations of the Issuer, collateral for the benefit of which has been granted as described in Section 4 (*Collateral*) below, but recourse in respect of which is limited in the manner set out in Section 3.6 (*Rights and Obligations under the Notes - Limited Recourse*) hereunder.

3.2 Relationship Among the Classes

The obligations of the Issuer under each Class shall rank *pari passu* amongst themselves. The obligations of the Issuer under the Class A3-a Notes and the Class A3-b Notes shall rank *pari passu* amongst each other. The Class A1 Notes shall rank in priority to the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes, the Class E2 Notes and the Class F Notes; the Class A2 Notes shall rank in priority to the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes, the Class E2 Notes and the Class F Notes; the Class A3 Notes shall rank in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes, the Class E2 Notes and the Class F Notes; the Class B Notes shall rank in priority to the Class C Notes, the Class D Notes, the Class E1 Notes, the Class E2 Notes and the Class F Notes and the Class C Notes shall rank in priority to the Class D Notes, the Class E1 Notes, the Class E2 Notes and the Class F Notes; the Class D Notes shall rank in priority to the Class E1 Notes, the Class E2 Notes and the Class F Notes; the Class E1 Notes shall rank in priority to the Class E2 Notes and the Class F Notes; the Class E2 Notes shall rank in priority to the Class F Notes subject in each case to Section 3.3 (*Rights and Obligations under the Notes - Pre-Enforcement Priority of Payments*) which provides for the claims with respect to Interest Amounts under the Notes (and with respect to the Class A1 Delayed Draw Note, the commitment fees) to rank senior to the claims for principal

payments, and provides for pro-rata redemption of certain Notes under certain circumstances as described therein.

3.3 Pre-Enforcement Priority of Payments

On each Payment Date and subject to Section 3.4 (*Rights and Obligations under the Notes - Post-Enforcement Priority of Payments*), all amounts credited to the Payment Account shall be disbursed by the Issuer in accordance with the priorities set out in this Section 3.3(a)-(e) (the "**Pre-enforcement Priority of Payments**").

(a) *Application of Interest Proceeds*

On each Payment Date, any Interest Proceeds credited to the Interest Collection Account as of the immediately preceding Determination Date (other than any Semi Annual Interest Smoothing Amount as of such related Determination Date, if applicable, and transferred to the Semi Annual Interest Smoothing Account on the Business Day immediately following such Determination Date) shall be transferred to the Payment Account and be applied in the following order of priority:

(1) to the payment of (aa) the taxes and filing fees (including, without limitation, Irish statutory and annual return fees) owed by the Issuer (as certified by an authorized officer of the Issuer to the Trustee), if any, and (bb) an amount equal to EUR 250 in the case of each Payment Date to the Issuer;

(2) to the payment of any due and payable Administrative Expenses (excluding the Collateral Management Fee, the fee payable to the Investment Board Provider and any fees payable to Moody's and S&P in connection with their ongoing monitoring of the ratings of the relevant Notes), first to the Trustee, then second to the Collateral Administrator, then third to the Custodian, then fourth to the other parties ratably in accordance with the respective amounts thereof then due and payable. The total payments made pursuant to this clause (2) shall be limited to an amount not exceeding on any Payment Date the sum of (x) an amount equal to the product of 0.028% and the Monthly Asset Amount for the Due Period immediately preceding such Payment Date, and multiplying the result by the actual number of days in the relevant Interest Accrual Period divided by 360 and (y) EUR 15,000 (such aggregate amount, the "**Expense Cap**"), *provided that* such limitation (including for the purposes of calculating the Expense Cap) shall not apply in respect of Administrative Expenses of the Trustee following the occurrence and continuation of an Event of Default;

(3) to the payment of any Administrative Expenses limited to the fee due and payable to Moody's and S&P in connection with their ongoing monitoring of the rating of the Notes *provided that* the total payments made pursuant to this clause (3) shall be limited to an amount not exceeding EUR 60,000 on any Payment Date;

(4) to the payment of any due and payable Hedge Payments under any Hedge as well as any termination payments payable by the Issuer pursuant to the Hedge, including any termination or partial termination of a Hedge (other than the amount of any Defaulted Hedge Termination Payments under clause (20) below);

(5) to the payment of the Senior Collateral Management Fee due and payable to the Collateral Manager and of the fee due and payable to the Investment Board Provider;

(6) to the payment, on a *pari passu* and *pro rata* basis, of (i) any due and payable

Interest Amounts under the Class A1 Notes or any due and payable interest on any Funding relating thereto, and (ii) due and payable Class A1 Delayed Draw Note Commitment Fee;

(7) to the payment of any due and payable Interest Amounts under the Class A2 Notes;

(8) to the payment, on a *pari passu* basis, of any due and payable Interest Amounts under the Class A3-a Notes and the Class A3-b Notes;

(9) to the payment of any due and payable Interest Amounts under the Class B Notes;

(10) on and after the Ramp-Up Effective Date, if either the Class A/B Overcollateralization Ratio Test or the Class A/B Interest Coverage Ratio Test is not satisfied on the related Determination Date, to the payment of the Note Principal Amounts of the Class A1 Notes, then the Note Principal Amounts of the Class A2 Notes, then the Note Principal Amounts of the Class A3-a Notes and the Class A3-b Notes on a *pari passu* basis, then the Note Principal Amounts of the Class B Notes, but only to the extent necessary to cause both the Class A/B Overcollateralization Ratio Test and the Class A/B Interest Coverage Ratio Test to be satisfied as of such Determination Date (*provided that* for the purpose of calculating such tests, such payment shall be deemed to have been made on the immediately preceding Payment Date);

(11) if any of the ratings assigned to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 or the Class E2 as of the Closing Date have not been confirmed by either S&P or Moody's within 30 days after the Ramp-Up Effective Date, to the payment of the Note Principal Amounts of the Class A1 Notes until each rating is reinstated, then the Note Principal Amounts of the Class A2 Notes until each rating is reinstated, then the Note Principal Amounts of the Class A3-a Notes and the Class A3-b Notes on a *pari passu* basis until each rating is reinstated, then the Note Principal Amounts of the Class B Notes until each rating is reinstated, then the Note Principal Amounts of the Class C Notes until each rating is reinstated, then the Note Principal Amounts of the Class D Notes until each rating is reinstated, then the Note Principal Amounts of the Class E1 Notes until each rating is reinstated and then the Note Principal Amounts of the Class E2 Notes until each rating is reinstated;

(12) to the payment, on a *pari passu* basis, of any due and payable Mezzanine Collateral Management Fee and any due and payable Mezzanine Structuring Fee;

(13) to the payment of any accrued and unpaid Interest Amount under the Class C Notes (other than Class C Deferred Interest) and to the payment of any interest on the accrued and unpaid Class C Deferred Interest under the Class C Notes;

(14) on and after the Ramp-Up Effective Date, if the Class C Overcollateralization Ratio Test is not satisfied on the related Determination Date, to the payment sequentially of the Note Principal Amounts of the Class A1 Notes, then after redemption of the Class A1 Notes in full, the Note Principal Amounts of the Class A2 Notes, then after redemption of the Class A2 Notes in full, the Note Principal Amounts of the Class A3-a Notes and the Class A3-b Notes on a *pari passu* basis, then after redemption of the Class A3 Notes in full, the Note Principal Amounts of the Class B Notes, and then after redemption of the Class B Notes in full, the Note Principal Amounts of the Class C Notes but only to the extent necessary to cause the Class C Overcollateralization Ratio Test to be satisfied as of such Determination Date (*provided that* for the purpose of calculating such tests, such payment shall be

deemed to have been made on the immediately preceding Payment Date);

(15) to the payment of any accrued and unpaid Class C Deferred Interest under the Class C Notes;

(16) to the payment of (i) any accrued and unpaid Interest Amount under the Class D Notes (other than Class D Deferred Interest) and to the payment of any interest on the accrued and unpaid Class D Deferred Interest under the Class D Notes and then (ii) to the payment of any accrued and unpaid Class D Deferred Interest under the Class D Notes;

(17) to the payment of (i) any accrued and unpaid Interest Amount under the Class E1 Notes (other than Class E1 Deferred Interest) and to the payment of any interest on the accrued and unpaid Class E1 Deferred Interest under the Class E1 Notes and then (ii) to the payment of any accrued and unpaid Class E1 Deferred Interest under the Class E1 Notes;

(18) during the Reinvestment Period, an amount equal to EUR 40,000 towards the payment of the Note Principal Amounts of the Class E1 Notes;

(19) to the payment of (i) any accrued and unpaid Interest Amount under the Class E2 Notes (other than Class E2 Deferred Interest) and to the payment of any interest on the accrued and unpaid Class E2 Deferred Interest under the Class E2 Notes and then (ii) to the payment of any accrued and unpaid Class E2 Deferred Interest under the Class E2 Notes;

(20) during the Reinvestment Period, an amount equal to EUR 60,000 towards the payment of the Note Principal Amounts of the Class E2 Notes;

(21) to the payment of any due and payable Class F Note Annuity Amounts;

(22) to the Incentive Account until the balance thereto is equal to EUR 400,000;

(23) to the payment of any due and payable Administrative Expenses not included under clause (2) above, first to the Trustee, then second to the Collateral Administrator, then third to the Custodian, and then fourth to the other parties ratably;

(24) to the payment of any Defaulted Hedge Termination Payments to the Hedge Counterparties ratably;

(25) to the payment, on a *pari passu* basis, of any due and payable Junior Collateral Management Fee and any due and payable Junior Structuring Fee;

(26) during the Reinvestment Period, any remainder amount to be applied as follows:

(i) 80% to the Reinvestment Account for the acquisition of additional Underlying Assets; and

(ii) 20% to the "**Incentive Account**";

(27) subsequent to the Reinvestment Period, 20% of the remainder amount to the Incentive Account;

(28) subsequent to the Reinvestment Period, any remainder amount to be applied, subject to the Interest Payment Conditions being satisfied as follows:

(i) 50% to the Collateral Manager; and

(ii) 50%, on a *pari passu* and *pro rata* basis, to the holders of the Class E1 Notes and the Class E2 Notes;

(29) subsequent to the Reinvestment Period, any remainder to be applied to the "**Residual Account**".

"**Interest Proceeds**" mean for any Payment Date, the following amounts (without duplication) received in cash by the Issuer during the immediately preceding Due Period: (i) all payments of interest or dividends on the Underlying Assets and Eligible Investments (other than interest accrued until (and including) the date of acquisition of Underlying Assets purchased with Principal Proceeds or Uninvested Proceeds) and any interest received on the credit on the Issuer Accounts (excluding the Incentive Account and the Residual Account); (ii) all accrued interest with respect to Underlying Assets sold by the Issuer (other than interest accrued until the date of acquisition of Underlying Assets purchased with Principal Proceeds or Uninvested Proceeds, but including the portion of the sale price attributable to accrued interest which accrued after the time of acquisition by the Issuer); (iii) all payments of principal on Eligible Investments to the extent such Eligible Investments were acquired with Interest Proceeds; (iv) all call, redemption, yield maintenance and prepayment premiums on the Underlying Assets and Eligible Investments that the Investment Board (following a proposal of the Collateral Manager) (in a commercially reasonable manner) shall have designated as Interest Proceeds; (v) all amendment and waiver fees, all late payment fees, and all other fees and commissions (other than syndication, facility or other up-front fees) in connection with the Underlying Assets and Eligible Investments (excluding any distributions and interest received in connection with a Defaulted Obligation, up to the principal amount thereof); (vi) all net amounts received pursuant to the Hedge Agreements (other than payments of the type described under clause (iv) of the definition of Principal Proceeds); (vii) all amounts deposited into the Interest Collection Account from the Semi Annual Interest Smoothing Account on the Business Day following the immediately preceding Payment Date; and (viii) all net amounts received from a Hedge Counterparty in connection with a modification of any Hedge Agreement.

"**Due Period**": With respect to any Payment Date, the period commencing on (and including) the 4th Business Day prior to the preceding Payment Date (or on the Closing Date, in the case of the first Due Period) and ending on (but excluding) the 4th Business Day prior to such Payment Date (or, in the case of the Due Period that is applicable to the Payment Date relating to the Stated Maturity, ending on such Payment Date).

"**Defaulted Hedge Termination Payments**": Any termination payment required to be made by the Issuer to a Hedge Counterparty pursuant to a Hedge in the event of a termination of such Hedge (other than a termination for illegality or tax event (except for tax event upon merger)) in respect of which such Hedge Counterparty is the defaulting party or sole affected party under such Hedge.

"**Interest Payment Conditions**" are satisfied on a Payment Date if:

(i) the Net Outstanding Portfolio Collateral Balance as of the related Determination Date is greater than or equal to the sum of the Aggregate Outstanding Amount of the Notes and EUR 1,000,000 as of such Determination Date, and

(ii) the Weighted Average Rating does not exceed 150 as of the related Determination Date.

(b) *Application of Principal Proceeds*

Subject to Section 3.3(c) below, on each Payment Date, any Principal Proceeds credited to the Principal Collection Account as of the immediately preceding Determination Date and any amounts on the Reinvestment Account as of the immediately preceding Determination Date shall be transferred to the Payment Account in the following order of priority:

(1) to the payment of any unpaid amounts specified in Sections 3.3(a)(1) through 3.3(a)(9) above in the order of priority specified therein and only to the extent unpaid thereunder;

(2) on or after the Ramp-Up Effective Date, to the extent either the Class A/B Overcollateralization Ratio Test or the Class A/B Interest Coverage Ratio Test is not satisfied on the related Determination Date, sequentially to the payment of the Note Principal Amounts of the Class A1 Notes, then the Note Principal Amounts of the Class A2 Notes, then the Note Principal Amounts of the Class A3-a Notes and the Class A3-b Notes on a *pari passu* basis, and then the Note Principal Amounts of the Class B Notes, but only to the extent necessary that following such payment, both the Class A/B Overcollateralization Ratio Test and the Class A/B Interest Coverage Ratio Test are satisfied (*provided that* for the purpose of calculating such tests, such payment shall be deemed to have been made on the immediately preceding Payment Date);

(3) to the payment of any unpaid amounts specified in Sections 3.3(a)(12) and 3.3(a)(13) only to the extent unpaid thereunder, *provided that* (A) the Principal Leakage Amount shall thereby not exceed the Principal Leakage Cap, (B) the Net Outstanding Portfolio Collateral Balance is not lower than the Aggregate Outstanding Amount of the Notes (other than the Class F Notes) and (C) each of the Coverage Tests is satisfied on the related Determination Date;

(4) on or after the Ramp-Up Effective Date, to the extent any of the Coverage Tests is not satisfied on the related Determination Date, sequentially to the payment of the Note Principal Amounts of the Class A1 Notes, then the Note Principal Amounts of the Class A2 Notes, then the Note Principal Amounts of the Class A3-a Notes and the Class A3-b Notes on a *pari passu* basis, then the Note Principal Amounts of the Class B Notes, and then the Note Principal Amounts of the Class C Notes, but only to the extent necessary that following such payment, all the Coverage Tests are satisfied (*provided that* for the purpose of calculating such tests, such payment shall be deemed to have been made on the immediately preceding Payment Date);

(5) to the payment of any unpaid amounts specified in Sections 3.3(a)(15), 3.3(a)(16) and 3.3(a)(17) above only to the extent unpaid thereunder, *provided that* (A) the Principal Leakage Amount shall thereby not exceed the Principal Leakage Cap, (B) the Net Outstanding Portfolio Collateral Balance is not lower than the Aggregate Outstanding Amount of the Notes (other than the Class F Notes) and (C) each of the Coverage Tests is satisfied on the related Determination Date;

(6) to the payment of any unpaid amounts specified in Section 3.3(a)(18) above only to the extent unpaid thereunder;

(7) to the payment of any unpaid amounts specified in Sections 3.3(a)(19) above only to the extent unpaid thereunder, *provided that* (A) the Principal Leakage Amount shall thereby not exceed the Principal Leakage Cap, (B) the Net Outstanding Portfolio Collateral Balance is not lower than the Aggregate Outstanding Amount of the

Notes (other than the Class F Notes) and (C) each of the Coverage Tests is satisfied on the related Determination Date;

(8) to the payment of any unpaid amounts specified in Section 3.3(a)(20) above only to the extent unpaid thereunder;

(9) to the payment of any unpaid amounts specified in Section 3.3(a)(21) above only to the extent unpaid thereunder, *provided that* (A) the Principal Leakage Amount shall thereby not exceed the Principal Leakage Cap, (B) the Net Outstanding Portfolio Collateral Balance is not lower than the Aggregate Outstanding Amount of the Notes (other than the Class F Notes) and (C) each of the Coverage Tests is satisfied on the related Determination Date;

(10) during or subsequent to the Reinvestment Period, to the redemption of the Notes pursuant to a redemption made in connection with a Withholding Tax Event or, on or after the Payment Date in November 2013, to the payments due in connection with an Auction Call Redemption of the Notes or, on the Payment Date in November 2016, to the payments due in connection with a mandatory auction redemption of the Notes as specified in Section 8.5;

(11) during the Reinvestment Period and after the Ramp-up Effective Date, to apply any Special Amortization Amount payable by the Issuer sequentially to the payment of the Note Principal Amounts of the Class A1 Notes, then after redemption of the Class A1 Notes in full, the Note Principal Amounts of the Class A2 Notes, then after redemption of the Class A2 Notes in full, the Note Principal Amounts of the Class A3-a Notes and the Class A3-b Notes on a *pari passu* basis, then after redemption of the Class A3 Notes in full, the Note Principal Amounts of the Class B Notes, then after redemption of the Class B Notes in full, the Note Principal Amounts of the Class C Notes, then after redemption of the Class C Notes in full, the Note Principal Amounts of the Class D Notes, then after redemption of the Class D Notes in full, the Note Principal Amounts of the Class E1 Notes then after redemption of the Class E1 Notes in full, the Note Principal Amounts of the Class E2 Notes;

(12) during the Reinvestment Period, to the Reinvestment Account for the acquisition of additional Underlying Assets;

(13) subsequent to the Reinvestment Period, if as of any Determination Date preceding such Payment Date all Coverage Tests had been satisfied and if the Aggregate Principal Amount is greater than or equal to EUR 500,000,000 as of the related Determination Date, to the payment of the Note Principal Amounts of the Class A1 Notes, the Notes Principal Amounts of the Class A2 Notes, the Notes Principal Amounts of the Class A3-a Notes and the Class A3-b Notes on a *pari passu* basis, the Note Principal Amounts of the Class B Notes, the Note Principal Amounts of the Class C Notes, the Note Principal Amounts of the Class D Notes, the Note Principal Amounts of the Class E1 Notes and the Note Principal Amounts of the Class E2 Notes on a pro-rata basis;

(14) subsequent to the Reinvestment Period, either (i) if as of any Determination Date preceding such Payment Date any Coverage Test had not been satisfied or (ii) if the Aggregate Principal Amount is less than EUR 500,000,000 as of the related Determination Date or (iii) if any of the ratings assigned to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes or the Class C Notes as of the Closing Date has been downgraded or withdrawn on such Determination Date, to the payment of the Note Principal Amounts of the Class A1 Notes, then after

redemption of the Class A1 Notes in full, the Notes Principal Amounts of the Class A2 Notes, then after redemption of the Class A2 Notes in full, the Note Principal Amounts of the Class A3-a Notes and the Class A3-b Notes on a *pari passu* basis, then after redemption of the Class A3 Notes in full, the Note Principal Amounts of the Class B Notes, then after redemption of the Class B Notes in full, the Note Principal Amounts of the Class C Notes, then after redemption of the Class C Notes in full, the Note Principal Amounts of the Class D Notes, then after redemption of the Class D Notes in full, the Note Principal Amounts of the Class E1 Notes then after redemption of the Class E1 Notes in full, the Note Principal Amounts of the Class E2 Notes;

(15) to the payment of any unpaid and accrued amounts specified in Sections 3.3(a)(12) through 3.3(a)(25) above in the order of priority specified therein and only to the extent unpaid thereunder;

(16) until and including the Payment Date falling in November 2016, to the payment to the Principal Collection Account of an amount equal to the Class F Redemption Amount, in each case as of such Payment Date;

(17) any remainder amount to be applied as follows:

(i) 50% to the Collateral Manager; and

(ii) 50%, on a *pari passu* and *pro rata* basis, to the holders of the Class E1 Notes and the Class E2 Notes;

"**Principal Leakage Cap**": means an amount equal to EUR 3,000,000.

"**Principal Leakage Amount**": means, at any time, an amount equal to excess of

(A) the aggregate amount of Principal Proceeds used for application in accordance with Section 3.3(b) for the payment of any shortfall of amounts due and payable under Section 3.3(a) sub-paragraphs (6), (7), (8), (9), (12), (13), (15), (16), (17), (19) and (21)

over

(B) the aggregate amounts of Interest Proceeds applied in accordance with Section 3.3(a) for the payment of any amounts due and payable in respect of any Note Principal Amounts and for the payment of any amounts into the Incentive Account and/or the Residual Account,

provided that at such time, all Interest Proceeds and all Principal Proceeds applied on or prior to the last day on which (B) exceeded (A) shall be disregarded for the calculation of the Principal Leakage Amount.

"**Principal Proceeds**": means for any Payment Date, all cash amounts received by the Issuer which do not constitute Interest Proceeds, in particular any of the following amounts (without duplication) received in cash by the Issuer during the immediately preceding Due Period: (i) all payments of principal (including Unscheduled Principal Payments) on the Underlying Assets and Eligible Investments (other than amounts defined as Interest Proceeds pursuant to clause (iii) of the definition thereof and other than any payments of principal received on Eligible Investments to the extent such Eligible Investments were acquired with the amounts standing to the credit of the Semi Annual

Interest Smoothing Account); (ii) any Uninvested Proceeds on deposit in the Principal Collection Account on the last day of the Reinvestment Period; (iii) all Disposition Proceeds received by the Issuer, including without limitation amounts received in respect of original issue or market discount, but excluding accrued interest constituting Interest Proceeds under clause (ii) of the definition of Interest Proceeds and excluding fees and commissions of the type referred to in clause (v) of the definition of Interest Proceeds; (iv) any amounts received in connection with any termination of Hedge Agreements (net of any payments made in connection with such termination and any replacement Hedge Agreement); (v) all fees and commissions received in connection with Defaulted Obligations (up to the principal amount thereof); (vi) all amounts received, including interest and principal, on Defaulted Obligations (up to the principal amount thereof); (vii) any amount received in the Principal Collections Account pursuant to Section 3.3(b)(16); and (viii) all amounts on deposit in the Expense Account that are transferred to the Principal Collection Account for application as Principal Proceeds.

(c) On each Payment Date (other than the scheduled Redemption Date), prior to the application of any Principal Proceeds under Section 3.3(b), any amounts on the credit of the Incentive Account and the Residual Account shall be used for the payment of any unpaid amounts specified in Sections 3.3(a)(6), 3.3(a)(7), 3.3(a)(8), 3.3(a)(9), 3.3(a)(12), 3.3(a)(13), 3.3(a)(15), 3.3(a)(16)(i), 3.3(a)(17)(i), 3.3(a)(19)(i) and 3.3(a)(21) above in the order of priority specified therein and only to the extent unpaid thereunder, *provided that* if no further Interest Proceeds or Principal Proceeds would be available to the Issuer for such Payment Date and any Payment Date thereafter, all amounts on the credit of the Incentive Account and the Residual Account shall be used to redeem the Notes sequentially in their order of seniority at their Note Principal Amounts.

(d) The Issuer may make the following payments outside of the order of payments set out in (a), (b) and (c) above on any date other than a Payment Date, provided however that no payments shall be made between a Determination Date (inclusive) and its immediately following Payment Date (exclusive):

(i) apply amounts credited to the Interest Collection Account in order to make any Hedge Payments due to a Hedge Counterparty on the relevant due date stipulated in the Hedge Agreement;

(ii) from the Issuer Accounts in order to avoid the occurrence of an Event of Default pursuant to Section 9.1(a), (b), (c) or (d) below;

(iii) during the Reinvestment Period, apply amounts credited to the Reinvestment Account and to the Principal Collection Account in order to purchase Underlying Assets in accordance with the Portfolio Provisions;

(iv) subsequent to the Reinvestment Period and only upon having received Rating Agency Confirmation, from credit on the Principal Collection Account constituting Unscheduled Principal Payments in order to purchase Underlying Assets in accordance with the Portfolio Provisions;

(v) from the Expense Account, for any fees and expenses incurred by the Issuer in connection with the issue of the Notes.

Accordingly, such payments may be made on a date other than a Payment Date and, therefore, the relevant Issuer creditors will be entitled to payments outside of the order of payments set out in (a) and (b) above and prior to Noteholders.

(e) Reference in this Section 3.3 (*Rights and Obligations under the Notes - Pre-Enforcement*

Priority of Payments) to amounts due and payable shall refer to amounts which would become due and payable but for the operation of Section 3.6 (*Rights and Obligations under the Notes - Limited Recourse*) below and the corresponding provisions of the Transaction Documents.

3.4 Post-Enforcement Priority of Payments

Upon the occurrence of an Event of Default and acceleration pursuant to Section 9 (*Event of Default*) below, any proceeds of the collection of payments on or sale of the Collateral Assets, or the enforcement of the Trustee's security interest granted in respect thereto, shall be disbursed only in accordance with the Enforcement Priority of Payments pursuant to Clause 4.5 of the Trust Agreement.

3.5 Obligations of the Issuer only

The Notes represent obligations of the Issuer only, and do not represent an interest in or an obligation of, and shall not be guaranteed or insured by, the Trustee, any other party to the Transaction Documents or any other third party.

3.6 Limited Recourse

All payment obligations of the Issuer under the Notes constitute obligations exclusively to make payments in an amount limited to any credit on the Issuer Accounts and proceeds from the Collateral Assets received by the Trustee pursuant to the Trust Agreement and the other Transaction Documents, in each case in accordance with and subject to the Priority of Payments and Clause 4.1 of the Trust Agreement. Funds available for such payments will be generated by, and limited to, notably (i) payments received in respect of the Underlying Assets and the Eligible Investments and (ii) any Fundings and any payments received under the Hedge Agreements. The Notes shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly.

To the extent that such assets, or the proceeds from the realisation thereof, after payment of all claims ranking in priority to the Notes, prove ultimately insufficient to satisfy the claims of all Noteholders in full, then any shortfall arising shall be extinguished and no Noteholder shall have any further claims against the Issuer, *provided that* the foregoing shall be without prejudice to any termination or early redemption rights. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Noteholders, and neither assets nor proceeds will be so available thereafter.

3.7 Determination and Payment of Amounts; Notifications

The Collateral Administrator shall, in consultation with the Collateral Manager and the Account Bank, in respect of each Payment Date, on the immediately preceding Determination Date, determine the amounts payable and the amounts not yet paid on each such date pursuant to Section 3.3 and Clause 4.5 of the Trust Agreement. All determinations and opinions in this regard shall, in the absence of manifest error, be final and binding. The Collateral Administrator shall notify the Paying Agent and the Registrar of such determinations and opinions promptly but no later than 11:00 a.m. (London time) on the Business Day following the applicable Determination Date. Upon such notification the Paying Agent shall promptly notify the Luxembourg Intermediary and Listing Agent (or, in the case of a listing of the Notes on an alternative stock exchange, the relevant intermediary and/or listing agent for such alternative stock exchange), which will promptly notify the Luxembourg Stock Exchange (or the alternative stock exchange on which the Notes are listed, if such notification is required by the rules of such alternative stock exchange).

4. COLLATERAL

The Issuer shall grant the following collateral to the Trustee on or about the Closing Date for the benefit of the Noteholders and the other Transaction Creditors:

(i) pursuant to the Trust Agreement, (aa) a German law pledge regarding all its present and future claims and rights arising from the Collateral Management Agreement, the Collateral Administration Agreement, the Placement Agreement, the Class A1 Delayed Draw Note Purchase Agreement, the Custody Agreement, any Transfer Agreement, the Investment Board Agreement, the Agency Agreement, the Listing Agent Appointment Agreement and the Master Agreement and (bb) a German law pledge regarding the claims of the Issuer under the Trust Agreement;

(ii) pursuant to a security deed governed by Irish Law, an assignment by way of security of all the Issuer's present and future claims, right, title and interest in and to the Administration Agreement;

(iii) pursuant to a security deed governed by English law, a security in favour of the Trustee of all present and future rights in respect of any cash amount standing to the credit of each Issuer Account and the debt represented thereby;

(iv) pursuant to a security agreement governed by Luxembourg law, a charge of all securities held by the Custodian on behalf of the Issuer from time to time, including in particular the present and future Underlying Assets as well as of the Eligible Investments held by or on behalf of the Issuer from time to time.

Pursuant to the provisions of the Trust Agreement, the Issuer shall grant a security interest which is satisfactory to the Trustee with respect to certain other agreements or assets which it shall enter into or acquire from time to time after the Closing Date.

5. TRUSTEE

5.1 Trust Agreement

For the benefit of the Noteholders, the Issuer has entered into the Trust Agreement dated 31 October 2006 with BNP Paribas Trust Corporation UK Limited acting as Trustee thereunder. The Trust Agreement contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from instituting proceedings to enforce repayment or to enforce the security constituted by or pursuant to the Trust Agreement or the Security Agreements, unless indemnified and/or secured to its satisfaction against all liabilities it may incur as a result thereof. The Notes, the Trust Agreement, the Security Agreements, the Investment Board Agreement, the Collateral Management Agreement, the Collateral Administration Agreement, the Administration Agreement, the Placement Agreement, the Class A1 Delayed Draw Note Purchase Agreement, the Custody Agreement, any Transfer Agreement, the Agency Agreement, the Listing Agent Appointment Agreement, the Master Agreement, the Master Definitions Agreement and any future agreements to which the Issuer will become a party are referred to as the "**Transaction Documents**".

5.2 Obligation to Maintain a Trustee

As long as any of the Notes are outstanding the Issuer shall ensure that a trustee is appointed at

all times who has undertaken substantially the same functions and obligations as the Trustee pursuant to the Notes, including the Terms and Conditions and the Trust Agreement.

6. PAYMENTS

6.1 General

Payments in respect of the Global Notes shall be made by wire transfer of same day funds to, or to the order of, Euroclear and Clearstream Luxembourg, as relevant, for credit to the relevant participants in Euroclear and Clearstream Luxembourg for subsequent transfer to the relevant Noteholders.

Payments of principal, interest and commitment fees in respect of Registered Note will be made by transfer to the account or to the order of the Noteholder details of which appear in the Register on the Record Date or by cheque mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and interest due on a Payment Date in respect of Registered Note will be paid to, or to the order of, the holder shown on the Register on the Record Date.

6.2 Payments to be made outside the United States

Payments in respect of interest on any Note represented by a Temporary Global Note shall be made to, or to the order of, Euroclear and Clearstream Luxembourg, as relevant, for credit to the relevant participants in Euroclear and Clearstream Luxembourg for subsequent transfer to the relevant Noteholders upon due certification as provided in Section 2.3 (*Notes — Exchange of Temporary Global Notes*). In the case of the Class A1 Delayed Draw Note, the Issuer shall receive a certification of non-U.S. beneficial ownership prior to the delivery of the Class A1 Delayed Draw Note on the Closing Date.

6.3 Discharge on Global Notes

All payments in respect of any Global Note made by the Issuer to, or to the order of, Euroclear or Clearstream Luxembourg, as relevant, shall discharge the liability of the Issuer under such Global Note to the extent of the sums so paid.

6.4 Business Day

If the date for any payment in respect of any Note is not a Business Day, such payment shall not be made until the next succeeding day which is a Business Day unless it would thereby fall into the next calendar month, in which case the payment shall be made on the immediately preceding Business Day. "**Business Day**" means a day which is a TARGET Settlement Day, a Frankfurt Business Day, a Dublin Business Day, a Luxembourg Business Day and a London Business Day. "**TARGET Settlement Day**" means a day on which TARGET (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open. "**Frankfurt Business Day**" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) and foreign exchange markets settle payments in Frankfurt am Main, Germany. "**Dublin Business Day**" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) and foreign exchange markets settle payments in Dublin, Ireland. "**Luxembourg Business Day**" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) and foreign exchange markets settle payments in Luxembourg, Grand Duchy of Luxembourg. "**London Business Day**" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) and foreign exchange

markets settle payments in London, UK.

6.5 Endorsement on the Notes

On the Class A1 Consolidation Date, the Paying Agent shall endorse the Permanent Global Note representing the Class A1 Floating Rate Notes in order to increase the Note Principal Amount shown on the face of such Permanent Global Note by an amount equal to the outstanding principal amount of the Class A1 Delayed Draw Note immediately prior to the Class A1 Consolidation Date, whereupon the Class A1 Delayed Draw Note will be consolidated with, and be treated by the Issuer as identical in all respects as the Class A1 Floating Rate Notes.

7. PAYMENTS OF INTEREST; CLASS F NOTE ANNUITY AMOUNT

7.1 Accrual Basis

The Note Principal Amount (other than any Class A1 Delayed Draw Note or any Class F Note) shall bear interest from 31 October 2006 (the "**Closing Date**") until the close of the day (both days inclusive) preceding the day on which such amount has been redeemed in full. The "**Note Principal Amount**" of any Note (other than any Class A1 Delayed Draw Note) means with respect to any date an amount (rounded, if necessary, to the nearest EUR 0.01, with EUR 0.005 being rounded upwards) equal to the initial principal amount of such Note as, on or before such date, increased, in the case of the Class A1 Notes on and after the Class A1 Consolidation Date, by an amount equal to the aggregate principal amount of the Class A1 Delayed Draw Note recorded in the Register and reduced, in the case of the Class A1 Notes, the Class A2 Notes, the Class A3-a Notes, the Class A3-b Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes, by any amounts paid on such Note in respect of principal; and in respect of a Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date, the sum of the aggregate amount of each outstanding Funding in respect of such Class A1 Delayed Draw Note and the Class A1 Delayed Draw Note Commitment Amount in respect of such Class A1 Delayed Draw Note; and in respect of a Class A1 Delayed Draw Note on and after the Class A1 Consolidation Date, the principal amount outstanding of such Class A1 Delayed Draw Note. If any principal payment which is made with respect to a Class E1 Note or a Class E2 Note which causes its Note Principal Amount to be reduced below an amount of EUR 1, the principal amount of such Note shall be EUR 1 until all claims of the relevant Holder in respect of such Note (in particular, in respect of the repayment in full of the principal amount of EUR 1 and the Excess Spread Amount and/or Residual Amount) shall be discharged in full, whereupon the principal amount of such Note shall automatically be reduced to zero with no additional payment due in respect thereof to the relevant Holder. Notwithstanding any provision herein to the contrary, no interest will accrue on any principal amount which remains outstanding on any Class E1 Note or Class E2 Note by virtue of the operation of the preceding sentence.

Up to (but excluding) the Class A1 Consolidation Date, interest in respect of each Funding in respect of the Class A1 Delayed Draw Note shall accrue in respect of each related Funding Period. From (and including) the Class A1 Consolidation Date, the Class A1 Delayed Draw Note shall be consolidated with, and shall be treated by the Issuer as identical in all respects to, the Class A1 Floating Rate Notes and shall accrue interest thereon as indicated in this Section 7.1 of the Terms and Conditions.

"**Class Principal Amount**" means, with respect to each Class, the aggregate of the Note Principal Amounts of such Class.

7.2 Payment Dates

(i) *General*

Payments of interest on the Notes (other than the Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date and the Class F Notes) to the Noteholders shall become due and payable quarterly(except with respect to the first Payment Date) in arrear and the annuity in respect of the Class F Notes shall be paid (except 8 February 2007), on each 8th day of February, May, August and November of each year, subject to Section 6.4 (*Payments - Business Day*) (each, a "**Payment Date**"). The first Payment Date with respect to the Notes (other than the Class A1 Delayed Draw Note) shall be the Payment Date falling in May 2007.

(ii) *Class A1 Delayed Draw Note*

Up to (but excluding) the Class A1 Consolidation Date, each Funding in respect of the Class A1 Delayed Draw Note bears interest from (and including) the Funding Date in respect of such Funding and such interest will be payable in arrear on each Payment Date in euro. The first Payment Date with respect to the Class A1 Delayed Draw Note shall be the Payment Date falling in August 2007.

On the Class A1 Consolidation Date, the Class A1 Delayed Draw Note shall be consolidated with, and be treated by the Issuer as identical in all respects to, the Class A1 Floating Rate Notes and interest shall be payable in respect thereof as provided in Section 7.2(i) of the Terms and Conditions.

7.3 Interest Amount

The amount of interest payable in respect of each Note (other than any Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date and any Class F Note) on any Payment Date (each, an "**Interest Amount**") shall be calculated by applying the Interest Rate for the relevant Interest Accrual Period to its Note Principal Amount outstanding as of the immediately preceding Payment Date or the Closing Date (in the case of the first Payment Date), and multiplying the result by (i) in case of the Class A1 Notes, the Class A2 Notes, the Class A3-a Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes, the actual number of days in the relevant Interest Accrual Period divided by 360 and (ii) in the case of the Class A3-b Notes, the actual number of days in the relevant Interest Accrual Period divided by 365 (or, if any portion of that Interest Accrual Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Accrual Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Accrual Period falling in a non-leap year divided by 365), and, in each case, rounding the result to the nearest EUR 0.01 (with EUR 0.005 being rounded upwards).

The amount of interest payable in respect of each Funding in respect of the Class A1 Delayed Draw Note on any Payment Date shall be calculated by applying the Interest Rate for the relevant Funding Period to the amount of Funding and multiplying the result by the actual number of days in the Funding Period divided by 360, and rounding the result to the nearest EUR 0.01 (with EUR 0.005 being rounded upwards).

7.4 Interest Accrual Periods and Funding Periods

"**Interest Accrual Period**" means (i) for the Class A1 Notes (other than the Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date), the Class A2 Notes, the Class A3-a Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes, in respect of the first Payment Date, the period commencing on (and including) the

Closing Date and ending on (but excluding) the first Payment Date and in respect of any subsequent Payment Date, the period commencing on (and including) the immediately preceding Payment Date and ending on (but excluding) such Payment Date and (ii) in relation to Class A3-b Notes, in respect of the first Payment Date, the period commencing on (and including) the Closing Date and ending on (but excluding) 30 April 2007 and in respect of any subsequent Payment Date, the three-month period commencing on (and including) the last day of the immediately preceding Interest Accrual Period and ending on (but excluding) the 30th day of the month immediately preceding the month in which such Payment Date occurs. Up to (but excluding) the Class A1 Consolidation Date, interest in respect of each Funding in respect of the Class A1 Delayed Draw Note shall accrue in respect of each related Funding Period. The "**Funding Period**" means in respect of a Funding relating to a Class A1 Delayed Draw Note up to (but excluding) the Class A1 Consolidation Date, the period from (and including) the Funding Date relating to that Funding to (but excluding) the Class A1 Consolidation Date or the Redemption Date in respect of that Class A1 Delayed Draw Note (if earlier). From (and including) the Class A1 Consolidation Date, the Class A1 Delayed Draw Note shall be consolidated with, and shall be treated by the Issuer as identical in all respects to, the Class A1 Floating Rate Notes and shall accrue interest thereon.

7.5 Interest Rates

The interest rate payable on the Notes (other than the Class F Notes) for each Interest Accrual Period or for each Funding with respect to the related Funding Period, as relevant, (each, an "**Interest Rate**") shall be

(i) in the case of the Class A1 Floating Rate Notes, EURIBOR interpolated between six and seven months *plus* 0.17% p. a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 0.17% p. a.,

(ii) in the case of the Class A1 Delayed Draw Note with respect to each Funding and the related Funding Period, the relevant Funding Rate determined for such Funding Period hereunder *plus* 0.17% p. a.,

(iii) in the case of the Class A2 Notes, EURIBOR interpolated between six and seven months *plus* 0.28% p. a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 0.28% p. a.,

(iv) in the case of the Class A3-a Notes, EURIBOR interpolated between six and seven months *plus* 0.34% p. a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 0.34% p. a.,

(v) in the case of the Class A3-b Notes, a fixed rate of 4.30% p. a.,

(vi) in the case of the Class B Notes, EURIBOR interpolated between six and seven months *plus* 0.50% p. a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 0.50% p. a.,

(vii) in the case of the Class C Notes, EURIBOR interpolated between six and seven months *plus* 0.75% p. a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 0.75% p. a.,

(viii) in the case of the Class D Notes, EURIBOR interpolated between six and seven months *plus* 1.50% p. a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 1.50% p. a., and

(ix) in the case of the Class E1 Notes, EURIBOR interpolated between six and seven months

plus 2.10% p. a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 2.10% p. a.

(x) in the case of the Class E2 Notes, EURIBOR interpolated between six and seven months *plus* 3.00% p. a from the Closing Date until the first Payment Date only, and thereafter EURIBOR for three months *plus* 3.00% p. a.

"**EURIBOR**" for each Interest Accrual Period or, in case of the Class A1 Delayed Draw Note, each Relevant EURIBOR Period, as the case may be, means the rate for deposits in Euro for three months, (with respect to the first Interest Accrual Period interpolated between six and seven months) or with respect to the Class A1 Delayed Draw Note, the rate for deposits in Euro for such Relevant EURIBOR Period, in each case which appears on Moneyline Telerate Page 248 of the Associated Press-Dow Jones Telerate Service (or such other page as may replace such page on that service for the purpose of displaying Brussels interbank offered rate quotations of major banks) as of 11:00 a.m. (Brussels time) on the 2nd TARGET Settlement Day immediately preceding the commencement of such Interest Accrual Period or Funding Period, as the case may be, (each, a "**EURIBOR Determination Date**"), all as determined by the Collateral Administrator.

If Moneyline Telerate Page 248 is not available or if no such quotation appears thereon, in each case as at such time, the Collateral Administrator shall request the principal Euro-zone office of the Reference Banks selected by it to provide the Collateral Administrator with its offered quotation (expressed as a percentage rate p. a.) for deposits in Euro for three, six or seven months or each Relevant EURIBOR Period, as applicable, at approximately 11:00 a.m. (Brussels time) on the relevant EURIBOR Determination Date to prime banks in the Euro-zone inter-bank market for the relevant Interest Accrual Period or the Relevant EURIBOR Period, as the case may be, and in an amount that is representative for a single transaction in that market at that time. If two or more of the selected Reference Banks provide the Collateral Administrator with such offered quotations, EURIBOR for such Interest Accrual Period or Relevant EURIBOR Period, as the case may be, shall be the arithmetic mean of such offered quotations (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards). If on the relevant EURIBOR Determination Date fewer than two of the selected Reference Banks provide the Collateral Administrator with such offered quotations, EURIBOR for such Interest Accrual Period or Relevant EURIBORPeriod, as the case may be, shall be the rate p. a. which the Collateral Administrator determines as being the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the rates communicated to (and at the request of) the Collateral Administrator by major banks in the Euro-zone, selected by the Collateral Administrator, at approximately 11:00 a.m. (Brussels time) on such EURIBOR Determination Date for loans in Euro to leading European banks for such Interest Accrual Period or Relevant EURIBORPeriod, as the case may be, and in an amount that is representative for a single transaction in that market at that time.

"**Funding Rate**" means in respect of each Funding and the related Funding Period, the rate calculated by the Collateral Administrator by straight line interpolation of two EURIBOR rates each as determined above in this Section 7.5, where one such EURIBOR rate shall be calculated for a duration the next shorter than such Funding Period that is available to the Collateral Administrator and the other such EURIBOR rate shall be calculated for a duration the next longer than such Funding Period that is available to the Collateral Administrator (each such next shorter or next longer duration, a "**Relevant EURIBOR Period**"). "**Reference Banks**" means four major banks in the Euro-zone inter-bank market. "**Euro-zone**" means the region comprising member states of the European Union that have adopted the single currency, the Euro, in accordance with the EC Treaty. "**EC Treaty**" means the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended from time to time, including by the Treaty on European Union (signed in Maastricht on February 7, 1992).

In the event that the Collateral Administrator is on any EURIBOR Determination Date required but unable to determine EURIBOR for the relevant Interest Accrual Period in accordance with the above, EURIBOR for such Interest Accrual Period shall be the EURIBOR as determined on the previous EURIBOR Determination Date.

This Section 7 (*Payments of Interest*) shall be without prejudice to the application of any higher interest under applicable mandatory law.

7.6 Class C Deferred Interest; Class D Deferred Interest, Class E1 Deferred Interest and Class E2 Deferred Interest

To the extent that any Interest Amount under the Class C Notes is not paid on the Note Principal Amount of any Class C Note on any Payment Date as a result of the operation of the Priority of Payments, such unpaid amount shall be deferred (the "**Class C Deferred Interest**") and shall itself accrue interest at the Interest Rate payable on the Class C Notes until the Payment Date on which such interest is available to be paid in accordance with the Priority of Payments.

To the extent that any Interest Amount under the Class D Notes is not paid on the Note Principal Amount of any Class D Note on any Payment Date as a result of the operation of the Priority of Payments, such unpaid amount shall be deferred (the "**Class D Deferred Interest**") and shall itself accrue interest at the Interest Rate payable on the Class D Notes until the Payment Date on which such interest is available to be paid in accordance with the Priority of Payments.

To the extent that any Interest Amount under the Class E1 Notes is not paid on the Note Principal Amount of any Class E1 Note on any Payment Date as a result of the operation of the Priority of Payments, such unpaid amount shall be deferred (the "**Class E1 Deferred Interest**") and shall itself accrue interest at the Interest Rate payable on the Class E1 Notes until the Payment Date on which such interest is available to be paid in accordance with the Priority of Payments.

To the extent that any Interest Amount under the Class E2 Notes is not paid on the Note Principal Amount of any Class E2 Note on any Payment Date as a result of the operation of the Priority of Payments, such unpaid amount shall be deferred (the "**Class E2 Deferred Interest**") and shall itself accrue interest at the Interest Rate payable on the Class E2 Notes until the Payment Date on which such interest is available to be paid in accordance with the Priority of Payments.

7.7 Class F Note Annuity Amount

(a) On each Payment Date up to and including the Payment Date falling in November 2016, the Issuer shall, pay an annuity (consisting of a combined payment of principal and interest) in respect of each Class F Note which shall be equal to the product of (i) 17% and (ii) the initial principal amount of such Class F Note as of the Closing Date, and multiplying the result by the number of days in the relevant Class F Annuity Accrual Period calculated on the basis of a year of 360 days with twelve 30-day months divided by 360 and rounding the result to the nearest EUR 0.01 (with EUR 0.005 being rounded upwards) (each such amount, a "**Class F Note Annuity Amount**").

"**Class F Annuity Accrual Period**" means, in respect of the first Payment Date, the period commencing on (and including) the Closing Date and ending on (but excluding) May 8, 2007 and in respect of any subsequent Payment Date, the three-month period commencing on (and including) the 8th day of the calendar month three months before the month in which the relevant Payment Date occurs and ending on (but excluding) the 8th day of the month in which such Payment Date occurs.

(b) Subject to Section 8.5(d) below, if, on any Payment Date, a payment of a Class F Note Annuity Amount cannot be made in full, the unpaid portion of such Class F Note Annuity Amount shall be deferred and payable on the immediately following Payment Date.

7.8 Determinations; Notifications

(a) On each EURIBOR Determination Date the Interest Amount for the Notes of each Class (other than the Class F Notes), the aggregate Interest Amount of all Notes of each such Class, the Interest Rates in each case for the immediately following Interest Accrual Period or Funding Period with respect to the related Funding in case of the Class A1 Delayed Draw Note, any Class C Deferred Interest, any Class D Deferred Interest, any Class E1 Deferred Interest, any Class E2 Deferred Interest and the Class F Note Annuity Amount for the Class F Notes shall be determined by the Collateral Administrator and notified, together with the Payment Date immediately following such Interest Accrual Period or Funding Period in case of the Class A1 Delayed Draw Note, or, in the case of the Class F Notes, such Class F Annuity Accrual Period, by the Collateral Administrator to the Paying Agent which will further provide such information to the Luxembourg Intermediary and Listing Agent (or, in the case of a listing of the Notes on an alternative stock exchange, the relevant intermediary and/or listing agent for such alternative stock exchange) and the Luxembourg Stock Exchange (or the alternative stock exchange on which the Notes are listed, if such notification is required by the rules of such alternative stock exchange) not later than on the first day of such Interest Accrual Period, the Funding Period or Class F Annuity Accrual Period, as the case may be.

(b) If the Collateral Administrator does not at any time for any reason make the determination specified in Section 7.8(a) above, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Collateral Administrator and shall be binding on the Noteholders. In doing so, the Trustee shall apply the foregoing provisions herein, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it in its sole and absolute discretion shall deem fair and reasonable in all the circumstances and upon reliance on such persons as it has appointed for such purpose.

7.9 Excess Spread Amount and the Residual Amount

On each Payment Date subsequent to the Reinvestment Period, an amount (the "**Excess Spread Amount**") shall become due and payable on each Class E1 Note and Class E2 Note in an amount equal to the aggregate amounts referred to with respect to such Classes in Sections 3.3(a)(28)(ii) and 3.3(b)(17)(ii) and Clause 4.5(20) of the Trust Agreement (as applicable), divided in each case by the number of Notes in such Class. Upon the redemption of all the Notes in full (subject to Section 7.1 of the Terms and Conditions) and any application of the amounts pursuant to Section 8.1(e) or Section 8.5(c) of the Terms and Conditions, the Issuer shall pay 50% of any remaining credit on the Residual Account on a *pari passu* and *pro rata* basis, to the holders of the Class E1 Notes and the Class E2 Notes (such amount, the "**Residual Amount**").

7.10 Determinations Binding

All Interest Rates, Interest Amounts, any Class C Deferred Interest, Class D Deferred Interest, Class E1 Deferred Interest, Class E2 Deferred Interest and any Excess Spread Amount determined and other calculations and determinations made by the Collateral Administrator or the Trustee (if applicable) for the purposes of the Transaction Documents shall, in the absence of manifest error, be final and binding.

8. REDEMPTION

8.1 Auction Call Redemption

(a) The Notes of each Class shall be redeemed in whole but not in part on any Payment Date commencing in November 2013, at the direction of a Majority of the Class E1 Notes and the Class E2 Notes together and a Majority of the Class F Notes (an "**Auction Call Redemption**") in a notice which must be received by the Trustee no later than the 15th Business Day prior to the scheduled Redemption Date, subject to the provisions of this Section 8.1 (*Redemption - Auction Call Redemption*).

(b) Upon the direction referred to in (a) above, the Issuer shall set the Redemption Date (which shall be a Payment Date) and give notice thereof to all the Noteholders in accordance with Section 11 (*Form of Notices*).

(c) The Notes shall not be redeemed unless at least 8 Business Days prior to the scheduled Redemption Date, the Collateral Manager shall have provided to the Trustee evidence (which may be in the form of fax or electronic mail indicating firm bids) satisfactory to the Trustee that the Issuer has entered into binding agreements with one or more financial institutions whose short-term unsecured debt obligations have a credit rating of "P-1" by Moody's (not on review for possible downgrade) and "A-1" by S&P (provided that if such short-term unsecured debt obligations are rated "A-1" but not above by S&P, the scheduled Redemption Date shall not be more than 10 Business Days from the date such satisfactory evidence is provided to the Trustee) to sell not later than the Business Day immediately preceding the scheduled Redemption Date, in immediately available funds, all of the Underlying Assets, and that the total net proceeds, together with the net proceeds from the liquidation of any Hedge Agreements, any Eligible Investments and any other Issuer assets as well as any amounts credited to the Issuer Accounts, are equal to or exceed (aa) the Total Redemption Amount or (bb) if the Auction Call Redemption is approved by all Class F Noteholders in a notice to the Trustee, the Total Redemption Amount minus the Class F Redemption Amount on the scheduled Redemption Date.

Upon receipt by the Trustee of such satisfactory evidence mentioned in this paragraph (c) from the Collateral Manager, the Trustee shall give notice to the Paying Agent thereof and the Paying Agent shall, notwithstanding Section 11 (*Form of Notices*), promptly deliver notice thereof to Clearstream Luxembourg and Euroclear for communication by them to the Noteholders.

"**Total Redemption Amount**" shall be equal to the sum of (i) the aggregate Class Principal Amounts of the Class A1 Notes, Class A2 Notes, Class A3 Notes, Class B Notes, Class C Notes, Class D Notes, Class E1 Notes and the Class E2 Notes as on the scheduled Redemption Date, plus accrued but unpaid interest (including Class C Deferred Interest, Class D Deferred Interest, Class E1 Deferred Interest and Class E2 Deferred Interest) on each such Class of Notes that has become due (but for the application of Section 3.6 (*Limited Recourse*)) on or before the Scheduled Redemption Date, (ii) any unpaid Class F Note Annuity Amounts that have become due (but for the application of Section 3.6 (*Limited Recourse*)) on or before the Scheduled Redemption Date, (iii) the Class F Redemption Amount as on the scheduled Redemption Date and (iv) the aggregate amount of all other claims pursuant to Section 3.3(b)(1) and Section 3.3(b)(15) (*Rights and Obligations under the Notes - Pre-Enforcement Priority of Payments*) as on the scheduled Redemption Date.

The "**Class F Redemption Amount**" shall, for any relevant scheduled Redemption Date, be equal to the aggregate of the Class F Note Redemption Amounts corresponding to such scheduled Redemption Date.

"**Class F Note Redemption Amount**" means with respect to each Class F Note, the amount provided by the Majority of the Class F Notes to the Collateral Manager and the Trustee no later than the eighth Business Day prior to the scheduled Redemption Date, *provided that* if the amount so provided is higher than the amount in the second column ('Amount per Class F Note') of the table below with respect to such corresponding Payment Date, such amount must be approved by the Collateral Manager, which shall promptly thereupon provide notice in writing of such amount to the Collateral Administrator and the Trustee, *provided* further *that* the Class F Note Redemption Amount on the Payment Date falling in November 2016 and thereafter will be zero. For the avoidance of doubt, if the amount provided by the Majority of the Class F Notes above is equal to or less than the amount in the second column ('Amount per Class F Note') of the table below with respect to the Payment Date corresponding the scheduled Redemption Date, the Class F Note Redemption Amount shall be the amount in the second column ('Amount per Class F Note') of the table below with respect to the corresponding Payment Date.

Payment Date falling in:	**Amount per Class F Note (in €):**	**Aggregate Amount (in (€):**
May 2007	50,000.00	4,000,000.00
August 2007	49,592.36	3,967,388.81
November 2007	48,476.71	3,878,136.89
February 2008	47,349.98	3,787,998.39
May 2008	46,212.06	3,696,964.50
August 2008	45,062.83	3,605,026.34
November 2008	43,876.26	3,510,101.11
February 2009	42.716,93	3,417,354.01
May 2009	41,546.20	3,323,695.90
August 2009	40,323.92	3,225,913.67
November 2009	39,129.69	3,130,375.13
February 2010	37,923.73	3,033,898.15
May 2010	36,664.66	2,933,172.94
August 2010	35,434.49	2,834,758.95
November 2010	34,192.23	2,735,378.28
February 2011	32,923.60	2,633,888.25
May 2011	31,628.07	2,530,245.51
August 2011	30,348.42	2,427,873.74
November 2011	29,041.61	2,323,329.14
February 2012	27,721.83	2,217,746.04
May 2012	26,388.93	2,111,114.14
August 2012	25,042.79	2,003,423.02
November 2012	23,683.28	1,894,662.16
February 2013	22,310.26	1,784,820.93
May 2013	20,923.61	1,673,888.59
August 2013	19,523.18	1,561,854.32
November 2013	18,108.84	1,448,707.15
February 2014	16,648.55	1,331,883.84
May 2014	15,237.87	1,219,029.84
August 2014	13,780.97	1,102,477.25
November 2014	12,276.72	982,137.87
February 2015	10,807.00	864,559.77
May 2015	9,322.83	745,826.75
August 2015	7,773.32	621,865.48

Payment Date falling in:	Amount per Class F Note (in €):	Aggregate Amount (in (€):
November 2015	6,259.36	500,748.59
February 2016	4,730.53	378,442.03
May 2016	3,151.81	252,144.75
August 2016	1,592.45	127,396.27
November 2016 and thereafter	0.00	0.00

No Note shall be redeemed under this Section 8 if the approval as set forth above (if required) relating to the Class F Note Redemption Amount is not given by the Collateral Manager.

Subject to Section 8.5(d) of the Terms and Conditions, the Notes shall be redeemed on the relevant Redemption Date in an amount equal to the relevant Note Principal Amount plus accrued but unpaid interest (including any Class C Deferred Interest, Class D Deferred Interest, Class E1 Deferred Interest and Class E2 Deferred Interest) thereon and in the case of the Class E1 Notes and the Class E2 Notes, any Excess Spread Amount and/or Residual Amount (if any) due in respect therewith, except that each Class F Note shall be redeemed in an amount equal to the Class F Note Redemption Amount plus accrued but unpaid Class F Note Annuity Amount.

(d) Any notice of redemption pursuant to (b) above may be withdrawn by the Issuer up to the 8th Business Day prior to the scheduled Redemption Date by written notice to the Trustee and the Collateral Manager only if (i) the Collateral Manager is unable to deliver the agreements or certifications referred to in (c) above, as the case may be, in form satisfactory to the Trustee or (ii) the Issuer receives written direction from a Majority of each Class in a notice given to the Trustee to withdraw the notice of redemption. Notice of any such withdrawal shall be given by the Issuer to the Noteholders in accordance with Section 11 (*Form of Notices*) above.

(e) The Issuer shall liquidate or procure the liquidation of the Collateral Assets. The Disposition Proceeds received by the Issuer together with all amounts credited to the Issuer Accounts shall constitute Principal Proceeds and shall be applied pursuant to Section 3.3(b) (*Rights and Obligations under the Notes - Pre-Enforcement Priority of Payments*) on the relevant Redemption Date.

8.2 Special Amortization of Notes

The Notes shall be amortized in part by the Issuer (a "**Special Amortization**") if, at any time during the Reinvestment Period and after the Ramp-up Effective Date, the Collateral Manager has been unable, for a period of at least 60 consecutive calendar days, to identify assets that it determines would be appropriate and would comply with the Portfolio Provisions in sufficient amounts to permit the investment of funds available to the Issuer for such purpose in additional Underlying Assets, and the Collateral Manager notifies the Trustee and the Issuer of such event and of the total amount of such funds (the "**Special Amortization Amount**"). On the first Payment Date following the date on which such notice is given, the Special Amortization Amount will be applied as Principal Proceeds in accordance with subclause (11) of Section 3.3(b) (*Rights and Obligations under the Notes - Pre-Enforcement Priority of Payments*) in order to redeem the Notes.

8.3 Redemption upon a Withholding Tax Event

Upon the occurrence of a Withholding Tax Event, on any Payment Date (such Payment Date,

the relevant Redemption Date), all Notes shall be redeemed in whole but not in part by the Issuer at the direction of the Majority of the Class F Notes in a notice delivered to the Trustee. Any redemption shall be made in accordance with Section 8.1(b), (c) and (e) (*Redemption - Auction Call Redemption*).

A "**Withholding Tax Event**" is a change in or the adoption of any applicable tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation which results in any portion of any payment due from any borrower, issuer or Synthetic Securities Counterparty of Underlying Assets representing in excess of 10% aggregate principal amount of the Underlying Assets then pledged as Collateral Assets becoming properly subject to the imposition of withholding tax, however disregarding Underlying Assets the obligor of which is required to make "gross-up" payments that cover the full amount of any such withholding tax.

8.4 Redemption due to Amortization

The Notes shall be redeemed on each Payment Date on which amounts are available therefor pursuant to Section 3.3 (*Rights and Obligations under the Notes - Pre-Enforcement Priority of Payments*).

8.5 Mandatory Auction Redemption

(a) The Notes of each Class shall be redeemed in whole but not in part on the Payment Date falling in November 2016, subject to the provisions of this Section 8.5 (*Redemption – Mandatory Auction Redemption*).

(b) The Notes shall not be redeemed unless at least 8 Business Days prior to such Payment Date, the Collateral Manager shall have furnished to the Trustee evidence (which may be in the form of fax or electronic mail indicating firm bids) satisfactory to the Trustee that the Issuer has entered into binding agreements with one or more financial institutions whose short-term unsecured debt obligations have a credit rating of "P-1" by Moody's (not on review for possible downgrade) and "A-1" by S&P (provided that if such short-term unsecured debt obligations are rated "A-1" but not above by S&P, the scheduled Redemption Date shall not be more than 10 Business Days from the date such satisfactory evidence is provided to the Trustee) to sell not later than the Business Day immediately preceding such Payment Date, in immediately available funds, all of the Underlying Assets, and that the total net proceeds, together with the net proceeds from the liquidation of any Hedge Agreements, any Eligible Investments and any other Issuer assets as well as any amounts credited to the Issuer Accounts, exceed the Total Redemption Amount minus (i) the Class F Redemption Amount as on such Payment Date and (ii) any unpaid Class F Note Annuity Amounts that have become due (but for the application of Section 3.6 (*Limited Recourse*)) on or before such Payment Date.

Upon receipt by the Trustee of such satisfactory evidence mentioned in this paragraph (b) from the Collateral Manager, the Trustee shall give notice to the Paying Agent thereof and the Paying Agent shall, notwithstanding Section 11 (*Form of Notices*), promptly deliver notice thereof to Clearstream Luxembourg and Euroclear for communication by them to the Noteholders.

(c) The Issuer shall liquidate or procure the liquidation of the Collateral Assets. The Disposition Proceeds received by the Issuer together with all amounts credited to the Issuer Accounts shall constitute Principal Proceeds and shall be applied pursuant to Section 3.3(b) (*Rights and Obligations under the Notes - Pre-Enforcement Priority of Payments*) on such Payment Date.

(d) Immediately after the Payment Date falling in November 2016 all claims of the Class F

Noteholders relating to amounts remaining unpaid on and including that Payment Date shall be extinguished, the Class F Notes shall cease to be outstanding and no Class F Noteholder shall have any further claims against the Issuer with respect to the Class F Notes.

8.6 Redemption upon Stated Maturity

Save to the extent previously redeemed, the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes shall be redeemed on the Payment Date falling in November 2090 (the "**Stated Maturity**") in an amount equal to the relevant Note Principal Amount plus accrued but unpaid interest (including any Class C Deferred Interest, Class D Deferred Interest, Class E1 Deferred Interest and Class E2 Deferred Interest) thereon and in the case of the Class E 1 Notes and the Class E2 Notes, any Excess Spread Amount and/or Residual Amount (if any) due in respect therewith. Section 8.1(e) shall apply *mutatis mutandis*.

9. EVENT OF DEFAULT

9.1 The occurrence of any of the following events shall constitute an "**Event of Default**":

(a) the failure on any Payment Date to pay any interest or principal amount of the Notes in respect of which funds are available on the Issuer Accounts and which has become due for payment in accordance with the Priority of Payments, which failure continues for a period of 30 Business Days;

(b) the failure on any Payment Date to pay any other amount available on the Issuer Accounts which has become due for payment in accordance with the Priority of Payments, which failure continues for a period of 30 Business Days;

(c) the non-payment on any Payment Date of interest on (A) any Class A1 Note, any Class A2 Note or any Class A3 Note or (B) any Class B Note (only when no Class A1 Notes, Class A2 Notes or Class A3 Notes are outstanding), in each case, calculated in accordance with Section 7 (*Payments of Interest*) which has however not become due for payment by operation of the Priority of Payments due to lack of funds of the Issuer, *provided that* such non-payment continues for a period of 30 Business Days;

(d) the non-payment in full of any of the Class A1 Delayed Draw Note Commitment Fee which has however not become due for payment by operation of the Priority of Payments due to lack of funds of the Issuer, which failure continues for a period of 30 Business Days;

(e) other than in the cases referred to in (a)-(d) above, if there is a material adverse impact on the Notes because the Issuer does not perform or comply with any covenant or other obligation under the Notes or the other Transaction Documents (and such obligation is not waived by the Trustee pursuant to the provisions of the Trust Agreement) or any representation or warranty of the Issuer made in the Transaction Documents or in any certificate or writing delivered pursuant thereto or in connection therewith fails to be correct in all material respects when made, and the continuation of such non-performance, non-compliance or failure for a period of 30 or more Business Days after the Issuer has been given notice thereof (a "**Notice of Default**") by the Trustee or by the Holders of at least 25% of the Class Principal Amount of the Controlling Class; for the avoidance of doubt, any non-compliance of the Pledged Obligations with the Portfolio Provisions shall not constitute an Event of Default;

(f) the Issuer is insolvent or is wound up (except for a voluntary winding-up by its shareholders) or an order is made or an effective resolution is passed for the winding-up of the Issuer or the Issuer initiates or consents or otherwise becomes subject to liquidation, examinership, insolvency, reorganisation or similar proceedings under any applicable law, which affect or prejudice the performance of its obligations under the Notes or the other Transaction Documents, and such proceedings are not, in the opinion of the Trustee, being disputed in good faith with a reasonable prospect of discontinuing or discharging the same, or are not instituted for lack of assets;

(g) one or more final judgments being rendered against the Issuer which exceed, in the aggregate, EUR 5,000,000 (after excluding any portion of the judgment that is payable by a party other than the Issuer pursuant to an insurance policy or other agreement) and which remain unstayed, undischarged and unsatisfied for 30 or more days after such judgment(s) becomes non-appealable, unless adequate funds have been reserved or set aside for the payment thereof; *or*

(h) other than with respect to any deduction or withholding for or on account of any tax with respect to any payment owing in respect of any Underlying Assets, Eligible Investments or the Hedge Agreements, the imposition of taxes, fees, assessments or other similar charges on the Issuer outstanding in an aggregate amount in excess of EUR 5,000,000.

9.2 If any Event of Default (other than pursuant to Section 9.1(f)) occurs and is continuing, then the Trustee at the written direction of a Majority of the Controlling Class in accordance with the provisions of the Trust Agreement will declare by written notice to the Issuer:

(a) the principal of and accrued interest on the Notes to be due and payable in full; and/or

(b) the termination of the Reinvestment Period;

provided that such Event of Default has not been cured before the right is exercised.

If an Event of Default pursuant to Section 9.1(f) occurs, then paragraphs (a) and (b) above shall apply automatically and without any further action (including, *inter alia*, without declaration on the part of the Trustee).

10. TAXES

Payments in respect of the Notes shall only be made after deduction and withholding of current or future taxes, levies or governmental charges, regardless of their nature, which are imposed, levied or collected (collectively, "**taxes**") under any applicable system of law or in any country which claims fiscal jurisdiction by, or for the account of, any political subdivision thereof or government agency therein authorised to levy taxes, to the extent that such deduction or withholding is required by law. The Issuer shall account for the deducted or withheld taxes with the competent government agencies.

The Issuer shall not be obliged to pay any amounts as compensation for deduction or withholding of taxes in respect of payments on the Notes.

11. FORM OF NOTICES

Subject to any requirements of the Luxembourg Stock Exchange regarding any notices and the form and manner thereof, all notices to the Noteholders regarding the Notes shall be (i) (A) published in a leading daily newspaper having general circulation in Luxembourg (which is

expected to be the D'*Wort*) and/or (B) on the website of the Luxembourg Stock Exchange (www.bourse.lu), if and to the extent a publication in such form is required by the rules of the Luxembourg Stock Exchange and (ii) either (A) delivered to Clearstream Luxembourg and Euroclear for communication by them to the Noteholders, or (B) made available for a period of not less than 30 calendar days on a web site, the address of which has been notified to the Noteholders in the manner set out in (i) and (ii)(A) and to the Luxembourg Intermediary and Listing Agent on or before the date on which the relevant notice is given in accordance with (ii)(B). Any notice referred to under (i) above shall be deemed to have been given to all Noteholders on the date of such publication. Any notice referred to under (ii)(A) above shall be deemed to have been given to all Noteholders on the 7th calendar day after the day on which the said notice was delivered to Clearstream Luxembourg and Euroclear, respectively. Any notice referred to under (ii)(B) above shall be deemed to have been given to all Noteholders on the day on which it is made available on the web site, *provided that* if so made available after 4:00 p.m. (Frankfurt time) it shall be deemed to have been given on the immediately following calendar day.

All notices regarding the Registered Note shall be given by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day (or, if posted to an overseas address, the seventh day) after mailing. Funding Requests shall be given by email to the address noted in the Register in respect of the relevant Noteholder.

In case the Notes are listed on an alternative stock exchange, the Issuer, or the Paying Agent on its behalf, shall make any additional notifications to Noteholders or any other person or entity as may be required by the rules of such alternative stock exchange.

12. AGENTS

12.1 Appointment of Agents

The Issuer has appointed BNP Paribas Securities Services, Luxembourg Branch as the initial principal paying agent (the "**Paying Agent**", which term shall also include any successor or additional paying agent appointed pursuant to Section 12.2 (*Agents - Replacement*)). The Issuer has appointed BNP Paribas Securities Services, Luxembourg Branch as the registrar (the "**Registrar**", which term shall also include any successor or additional paying agent appointed pursuant to Section 12.2 (*Agents - Replacement*)). The Issuer has appointed BNP Paribas Securities Services, Luxembourg Branch as the initial Luxembourg Intermediary and Listing Agent (the "**Luxembourg Intermediary and Listing Agent**" which term shall include any substitute or successor). If the Notes are listed on an alternative stock exchange, the Issuer shall appoint any intermediary or agent, as applicable, required by the rules of such alternative stock exchange. The Luxembourg Intermediary and Listing Agent, the Paying Agent(s), the Registrar and any intermediary or agent appointed in accordance with this section are together referred to as the "**Agents**".

The Luxembourg Intermediary and Listing Agent shall act as intermediary between the Issuer and the holders of the Notes listed on the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission. The Luxembourg Intermediary and Listing Agent shall, among others, make available documents and information as specified in the Terms and Conditions and deliver copies of the Prospectus and the published financial statements of the Issuer upon request.

The Agents (including any successors) shall act solely as agent for the Issuer and shall not have any agency or trustee relationship with the Noteholders.

12.2 Replacement

The Issuer shall procure (a) that for as long as any Notes are outstanding there shall always be a Paying Agent to perform the functions assigned to it in the Transaction Documents, and (b) that for as long as any Registered Notes are outstanding there shall always be a Registrar to perform the functions assigned to it in the Transaction Documents, and (c) that for as long as any Notes remain listed on the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission there shall always be an intermediary in Luxembourg and (d) that if and for as long as any Notes are listed on any alternative stock exchange, there shall always be an intermediary or agent to the extent that it is required by the rules of such alternative stock exchange.

The Issuer may with the prior written consent of the Trustee, and by giving not less than 30 calendar days' notice to the Noteholders, the Registrar and the Paying Agent, replace the Paying Agent and/or the Registrar or appoint additional agents with regard to some or all of the Paying Agent's or Registrar's functions. Such replacement or additional agent(s) may be one or more other banks or other financial institutions which assume such functions. In the event that the short-term rating of the Paying Agent (or any guarantor thereof, if such Paying Agent's obligations are guaranteed by such guarantor and *provided that* such guarantee is in a form satisfactory to S&P) is withdrawn or falls below A-1 by S&P or P-1 by Moody's, the Issuer or, if the Issuer fails to do so, the Trustee, shall within 30 calendar days upon becoming aware thereof terminate the appointment of the Paying Agent by giving not less than 5 calendar day's prior notice to the relevant Paying Agent and appoint another bank or financial institution as a Paying Agent *provided that* such successor (or any guarantor thereof, if such successor's obligations are guaranteed by such guarantor and *provided that* such guarantee is in a form satisfactory to S&P) shall have a short-term S&P Rating of A-1 and Moody's Rating of P-1. For the avoidance of doubt these short-term rating requirement shall also apply to any additional Paying Agent (or any guarantor thereof, if such additional Paying Agent's obligations are guaranteed by such guarantor and *provided that* such guarantee is in a form satisfactory to S&P) appointed hereunder.

The Issuer may with the prior written consent of the Trustee, by giving not less than 30 calendar days' notice to the Noteholders, replace the Luxembourg Intermediary and Listing Agent with regard to some or all of its functions by one or more other banks or other financial institutions which assume such functions.

If the Notes are listed on an alternative stock exchange and any intermediary or agent is appointed by the Issuer to the extent that it is required by the rules of such alternative stock exchange, the rules of replacement apply *mutatis mutandis* to such intermediary or agent.

13. SUBSTITUTION OF THE ISSUER

13.1 General

If the Issuer satisfies the Trustee that it has or will on the occasion of the next Payment Date in respect of the Notes of any Class become obliged to withhold or account for tax so that it would be unable to make payments of the full amount that would otherwise be due, but for the imposition of such tax, the Issuer (with the consent of the Trustee) shall use all reasonable endeavours (aa) to arrange for the substitution of a company incorporated in another jurisdiction (the "**New Issuer**") approved by the Trustee, subject to satisfaction of the conditions set out in Section 13.2 (*Substitution of the Issuer – Conditions of Substitution*) below as the principal obligor under the Notes of such Class, or (bb) to change its residency for taxation purposes if so permitted by applicable law, *provided that* Sections 13.2-13.4 shall apply *mutatis mutandis*. The

Issuer shall also have the right to arrange for such substitution or change of tax residency in the interest of the Noteholders in the case of a change in law, tax or accounting practice, or in the administration or application of the same, or where the Issuer is, or where any of the transactions contemplated by the Transaction Documents are, subject to tax in a manner not contemplated as at the date hereof, or in case the Issuer is materially restricted from performing its obligations under any Transaction Document to which it is a party, provided in each case that the interests of the Noteholders are in the opinion of the Trustee materially prejudiced thereby. Any such substitution or change of residency for taxation purposes shall be binding on the Noteholders.

13.2 Conditions of Substitution

Any substitution of the Issuer shall be subject to the satisfaction of the following conditions:

(i) the New Issuer assumes all rights and duties of the Issuer in respect of the Notes and under the Transaction Documents and the Collateral is, upon the Issuer's substitution, held by the Trustee to secure the obligations of the New Issuer under the Notes and the other Secured Obligations or, as applicable, the Trustee Claim in respect thereof;

(ii) the New Issuer has obtained all necessary authorisations, governmental approvals in the country in which it has its registered office and is in a position to fulfil all its obligations in respect of the Notes without discrimination against the Noteholders in their entirety;

(iii) the New Issuer may pay in the currency required hereunder and without being obliged to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the New Issuer has its domicile or tax residence all amounts required for the fulfilment of the payment obligations arising under the Notes and the substitution shall not result in any withholding or deduction of taxes on the amounts payable under the Notes which would have not arisen were there no such substitution;

(iv) the Trustee and the Paying Agent shall have been delivered a legal opinion of a law firm of recognised standing for each jurisdiction affected by the substitution to the effect that paragraphs (i) through (iii) above have been satisfied and that no expenses in addition to those incurred under this Section 13.2 or legal disadvantages of any kind arise for the Noteholders from the substitution;

(v) each Rating Agency has given a written confirmation that the substitution shall not adversely affect its then current rating of the Notes; and

(vi) the Issuer and the New Issuer enter into such agreements and execute such documents as the Trustee considers necessary for the effectiveness of the substitution.

Upon fulfilment of the above conditions, the New Issuer shall in every respect substitute the Issuer and the Issuer shall be released *vis-à-vis* the Noteholders from all its obligations as issuer of the Notes and party to the other Transaction Documents.

13.3 Notice of Substitution

The New Issuer shall give notice of the substitution to the Noteholders pursuant to Section 11 (*Form of Notices*) with a copy to the Luxembourg Stock Exchange and/or to any alternative stock exchange where the Notes are listed, if and to the extent that such notice is required by the rules of such alternative stock exchange.

13.4 Effects of Substitution

Upon the substitution, each reference to the Issuer in the Terms and Conditions shall from then on be deemed to be a reference to the New Issuer and any reference to the country in which the Issuer has its registered office, domicile or residency for tax purposes, as relevant, shall from then on be deemed to be a reference to the country in which the New Issuer has its registered office, domicile or residency for tax purposes, as relevant.

14. MISCELLANEOUS

14.1 Presentation Period; Prescription

The presentation period for a Global Note provided in § 801(1), sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) shall end five years after the date on which the last payment in respect of the Notes represented by such Global Note was due.

The obligations of the Issuer to pay principal and interest in respect of the Registered Note shall be prescribed (i) in respect of principal upon the expiry of ten years following the appropriate relevant date for the payment of principal, and (ii) in respect of interest upon the expiry of five years following the appropriate relevant date for the relevant payment of interest.

14.2 Replacement of Global Notes and Certificates

If a Global Note is lost, stolen, damaged or destroyed, it may be replaced by the Issuer upon payment by the claimant of the costs arising in connection therewith. As a condition of replacement, the Issuer may require the fulfilment of certain conditions, the provision of proof regarding the existence of indemnification and/or the provision of adequate collateral. In the event of a Global Note being damaged, such Global Note shall be surrendered before a replacement is issued. In the event of a Global Note being lost or destroyed, the foregoing shall not limit any right to file a petition for the annulment of such Global Note pursuant to the statutory provisions. Unless otherwise provided by applicable mandatory law, if any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and/or the Registrar may reasonably require.

14.3 Place of Performance

Place of performance of the Notes shall be Frankfurt am Main.

14.4 Severability

Should any of the provisions hereof be or become invalid in whole or in part, the other provisions shall remain in force.

14.5 Notices by Noteholders

Any instructions, consents and other notices which may be given by the Noteholders to the Trustee pursuant to the Terms and Conditions or the other Transaction Documents shall be made in accordance with the applicable provisions of the Trust Agreement.

15. AMENDMENTS

The Issuer may, subject to the receipt of written consent from 100% of the Holders of the Notes then outstanding, amend and/or supplement any provision of the Terms and Conditions or otherwise modify the Notes. Prior to any such amendment, supplement or modification, the Issuer shall obtain from each Noteholder, evidence to the satisfaction of the Trustee with respect to the holdership in the relevant Notes. Upon such amendment, supplement or modification, any reference to the defined term 'Notes' herein and in any Transaction Document shall refer to the Notes as amended, supplemented or modified. The Issuer shall notify the Rating Agencies of any such amendment, supplement or modification. For the avoidance of doubt, the foregoing shall not affect the rights of the Issuer to amend any of its agreements with third parties (including the Trust Agreement) pursuant to the provisions thereof.

16. GOVERNING LAW AND PLACE OF JURISDICTION

16.1 Governing Law

The Notes and all of the rights and obligations of the Noteholders and the Issuer under the Notes shall be governed by the laws of the Federal Republic of Germany.

16.2 Jurisdiction

The place of jurisdiction for any action or other legal proceedings arising out of or in connection with the Notes shall be the District Court (*Landgericht*) in Frankfurt am Main (non-exclusive jurisdiction). The German courts shall have exclusive jurisdiction over the annulment of the Global Notes in the event of their loss or destruction.

16.3 Service of Process

For service of process relating to any judicial disputes in connection with the Notes, the Issuer has appointed FIDEUROP Treuhandgesellschaft für den Gemeinsamen Markt mbH, Wirtschaftsprüfungsgesellschaft, with its seat on the Closing Date at Bockenheimer Anlage 15, Mozartplatz, 60322 Frankfurt am Main, Germany, as its authorised agent for service of process in relation to any legal proceedings before a German court.

REGULATIONS CONCERNING THE TRANSFER; EXCHANGE AND REGISTRATION OF THE CLASS A1 DELAYED DRAW NOTE
(Part 1 of Annex A to the Terms and Conditions)

The following are the regulations concerning the transfer, exchange and registration of the Class A1 Delayed Draw Note that are attached as Part 1 of Annex A to the Terms and Conditions and constitute an integral part thereof.

1. The Registered Note will be issued in the applicable denominations set out in the Terms and Conditions (an ***authorised denomination***). Any reference in this Annex A to a ***Note*** or ***Notes*** shall be construed so as to mean, unless the context otherwise requires, a Registered Note. These restrictions shall apply in relation to the Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date only.

2. In this Annex A, ***transferor*** and ***transferee*** shall, where the context permits or requires, include joint transferors and joint transferees and shall be construed accordingly.

3. In order for any Note to be transferred, the Certificate must be surrendered for registration, together with the form of Transfer Agreement in the form set out in Part 2 of this Annex A (including any certification as to compliance with restrictions on transfer included in such form of transfer) duly completed and signed by the transferor, the transferee, the Issuer and the Trustee, at the specified office of the Registrar, together with such evidence as the Registrar may reasonably require to prove the title of the transferor and the authority of the persons who have executed the form of transfer.

4. No Noteholder may require the transfer of a Note to be registered during (i) the period of 15 calendar days ending on the due date for redemption (in full) of that Note, or (ii) during the period of seven calendar days ending on any Record Date.

5. No delivery or transfer of a Class A1 Delayed Draw Note may be effected unless the Issuer and the Registrar first receive certification of non-US beneficial ownership.

6. Unless otherwise required by it and agreed by the Issuer the holder of any Notes shall be entitled to receive only one Certificate in respect of its holding.

7. The joint holders of any Note shall be entitled to one Certificate only in respect of their joint holding which shall, except where they otherwise direct, be delivered to the joint holder whose name appears first in the Register in respect of the joint holding.

8. Any transfer can be made for an amount of no less than the minimal denomination and no other transfer will be registered by the Registrar.

9. The Issuer and the Registrar shall make no charge to the holders for the registration of any holding of Notes or any transfer thereof or for the surrender by the Transferor of the relevant Certificate or for the delivery of any relevant Certificate at the specified office of the Registrar or by ordinary uninsured post to such address as the transferee (or, as appropriate, the transferor), may request, but such registration, transfer, issue or delivery shall be effected against payment by the transferor or the transferee of the relevant Note as the Registrar may require in respect of any charges in respect of delivery made otherwise than by uninsured mail, any taxes, duties or other governmental charges in respect of such transfer and surrender.

10. Provided a transfer of a Note is duly made in accordance with all applicable requirements and restrictions upon transfer and the Note(s) transferred are presented to the Registrar in accordance with these regulations and subject to unforeseen circumstances beyond the control

of the Registrar arising, the Registrar will, within 14 days of any duly made request to register the transfer of a Registered Note and surrender by the transferor of the relevant Certificate enter the transferee on the Register and procure the authentication and delivery of a Certificate to the transferee at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as appropriate, the transferor otherwise than by ordinary uninsured mail, expense of the transferee or, as appropriate, the transferor) mail the Certificate to such address as the transferee (or, as appropriate, the transferor) may request, or, alternatively, in the case of transfers effected through the Luxembourg Stock Exchange, deliver the Certificate in accordance with the normal procedures and systems of such exchange.

11. No transfer of a Note may be effected unless such transfer is effected in accordance with the provisions of any restrictions on transfer specified in the legends set forth on the face of such Note.

12. For the avoidance of doubt the any registration requirement and other restrictions concerning the transfer of the Class A1 Delayed Draw Note shall not apply to the granting of a plegde over such Class A1 Delayed Draw Note and over any of the rights thereunder.

FORM OF TRANSFER AGREEMENT
(Part 2 of Annex A to the Terms and Conditions)

The following is the form of the Transfer Agreement which is attached as Part 2 of Annex A to the Terms and Conditions and constitutes an integral part thereof.

TRANSFER AGREEMENT

Class A1 Delayed Draw Note

[● *insert Date*]

House of Europe Funding V PLC
BNP Paribas Securities Services, Luxembourg Branch (as Registrar)

This transfer agreement (the ***Transfer Agreement***) relates to EUR [●] in principal amount of the EUR 200,000,000 Class A1 Delayed Draw Note due 2090 (the ***Notes***) of House of Europe Funding V PLC (the ***Issuer***) represented by a definitive Registered Note, which are registered in the name of [●] [*insert name of transferor*] (the ***Transferor***). The Transferor has requested transfer of the above Notes to [*insert name of transferee*] (the ***Transferee***). In connection with such request, the Transferor hereby certifies to the Issuer that such transfer or exchange has been effected in accordance with:

(a) the transfer restrictions and transfer requirements set forth in the Terms and Conditions;

(b) any applicable securities or other applicable laws of the United States, any state of the United States or any other jurisdiction; and

(c) Regulation S under the Securities Act.

If administrative or legal proceedings are commenced or threatened in connection with which this Transfer Agreement is or might be relevant, the Transferor irrevocably authorises the entity to whom the Transfer Agreement is addressed to produce this Transfer Agreement or copy hereof to any interested party in such proceedings.

IT IS FURTHER AGREED as follows:

1. INTERPRETATION AND DEFINITIONS

In this Transfer Agreement, except so far as the context otherwise requires and subject to any contrary indication, words and expressions defined and expressed to be construed in the master definitions agreement, as amended from time to time, (the "**Master Definitions Agreement**") signed on or about the Closing Date by, *inter alios*, the Issuer and the Trustee shall have the same meaning and construction *mutatis mutandis* herein and Clause 2 of the Master Definitions Agreement shall apply *mutatis mutandis* to this Transfer Agreement, *provided that* in the case of any overlap or inconsistency in the definition of a term or expression in this Agreement and in the Master Definitions Agreement, the definition in this Agreement will prevail.

2. TRANSFER OF NOTES

2.1 The Transferor will transfer to the Transferee Class A1 Delayed Draw Note having a maximum nominal principal amount of EUR [●], which as at the date hereof, have a Class A1 Funded Amount of EUR [●].

2.2 Title to the Notes will pass to the Transferee on registration of the Transferee in the Register and in the copy of the Register maintained at the registered office of the Issuer as the registered holder of such amount of the Notes as transferred pursuant to Clause 2.1 above. In the case of any discrepancy between the Register and the register maintained at the Issuer's registered office, the information set forth in the Register shall prevail.

3. FUNDING OBLIGATIONS

3.1 Upon registration of the Transferee in the Register and in the copy of the Register maintained at the registered office of the Issuer as the holder of Notes transferred to it pursuant to this Transfer Agreement:

(a) the Issuer hereby releases the Transferor from its obligations to provide Fundings to the Issuer as a holder of the Notes; and

(b) the Transferee covenants to the Issuer to provide Fundings to the Issuer on the terms and subject to the conditions set out in this Transfer Agreement.

3.2 As at the date of this Transfer Agreement, the amount of the Class A1 Delayed Draw Note Commitment Amount is EUR [●].

4. COMMITMENT TO FUND CLASS A1 DELAYED DRAW NOTE

4.1 Commitment

The Transferee as Class A1 Delayed Draw Noteholder agrees to pay to the Issuer the amounts up to the Class A1 Delayed Draw Note Commitment on the terms and subject to the conditions of this Clause 4. The Transferee acknowledges that upon entry of its name and other relevant details into the Register and into the copy of the Register maintained at the registered office of the Issuer as required by the Terms and Conditions, and until registration of any further transfer of the Class A1 Delayed Draw Note, it is the Class A1 Delayed Draw Noteholder.

4.2 Single holder

At any time prior to the Class A1 Consolidation Date there may not be more than one holder of the Class A1 Delayed Draw Note.

4.3 Final Funding

If on the Delayed Draw Note Final Funding Date the Class A1 Delayed Draw Note Commitment Amount is greater than zero and on that date conditions (b) and (c) of Clause 4.4 are satisfied, the Class A1 Delayed Draw Noteholder shall, no later than on the fifth Business Day after having received notice of the occurrence of the Delayed Draw Note Final Funding Date from the Collateral Manager, pay to the Issuer's Principal Collections Account an amount in cleared funds equal to the Class A1 Delayed Draw Note Commitment Amount. Such payment shall be treated as a Funding for all purposes until the Class A1 Consolidation Date.

4.4 Funding Requests

The Transferee agrees and acknowledges that the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager), shall be entitled at any time to instruct the Collateral Administrator to issue one or more Funding Requests to the holder for the time being of the Class A1 Delayed Draw Note for the purpose of using the proceeds thereof to purchase Underlying Assets, pending the use of such proceeds for the purchase of Underlying Assets as described herein *provided that*, at the time of giving such instructions to make any such Funding Request, the following conditions are satisfied:

(a) the Delayed Draw Note Final Funding Date has not occurred;

(b) no Event of Default or potential Event of Default is continuing; and

(c) the Collateral Manager, acting in a commercially reasonable manner, determines that the Coverage Tests are satisfied and will continue to be satisfied upon the Issuer's receipt of the relevant Funding (after taking account of any Funding requested but not yet made at that time in respect of the Class A1 Delayed Draw Note).

4.5 Funding Procedures

No Funding requested in respect of the Class A1 Delayed Draw Note shall exceed the Class A1 Delayed Draw Note Commitment Amount or be for an amount less than EUR 20,000,000 and any Funding in excess thereof shall be in integral multiples of EUR 1,000,000 *provided that* if the Class A1 Delayed Draw Note Commitment Amount less than EUR 20,000,000 the Funding requested shall be for such Class A1 Delayed Draw Note Commitment Amount. Each Funding Request shall be substantially in the form set out in the Exhibit hereto, duly completed, specifying the amount of the Funding required and the other matters referred to therein in accordance with the instructions of the Investment Board (acting on behalf of the Issuer and based upon the advice of the Collateral Manager) and signed by the Collateral Administrator (acting on behalf of the Issuer). All Funding Requests shall be copied to the Trustee. On or before the fifth Business Day after receipt of a Funding Request duly completed and delivered in accordance with the provisions of the Class A1 Delayed Draw Note Purchase Agreement, the Class A1 Delayed Draw Noteholder shall pay the amount specified in such Funding Request to the Principal Collections Account in cleared funds.

4.6 Commitment Fee

In consideration for the Class A1 Delayed Draw Noteholder's commitment, on the Payment Date which is the Class A1 Consolidation Date, the Issuer shall pay to the Class A1 Delayed Draw Noteholder the Class A1 Delayed Draw Note Commitment Fee subject to and in accordance with the relevant Priorities of Payment.

4.7 Default in Funding Obligations

The Class A1 Delayed Draw Noteholder shall indemnify and hold harmless the Issuer, its agents and directors in respect of any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses) incurred as a result of a failure by it to pay an amount to the Issuer pursuant to the provisions of this Transfer Agreement. The Issuer shall not be obliged to take any action in respect of a failure by any Noteholder to provide a Funding as required pursuant to a Funding Request.

4.8 Transfer Restrictions

Prior to the Class A1 Consolidation Date, it is a condition to the registration of any potential transferee as holder of the Class A1 Delayed Draw Note in the Register that the transferee, the Class A1 Delayed Draw Noteholder, the Issuer and the Trustee execute and deliver a Transfer Agreement pursuant to which the new Class A1 Delayed Draw Noteholder assumes all the obligations of the Class A1 Delayed Draw Noteholder under this Transfer Agreement.

4.9 Rating and Rating Event

(a) The Transferee as the Class A1 Delayed Draw Noteholder shall be subject to the rating requirements set out in Clause 11.9(b) below only as long as the Class A1 Delayed Draw Note Commitment Amount is greater than zero.

(b) In the event that the long-term unsecured and unsubordinated debt rating of the Class A1 Delayed Draw Noteholder falls below "A1" or is "A1" and on review for possible downgrade and the short-term unsecured and unsubordinated debt rating falls below "P-1" or is "P-1" and on review for possible downgrade by Moody's (if the Class A1 Delayed Draw Noteholder has both a long term unsecured and unsubordinated debt rating and a short term unsecured and unsubordinated debt rating from Moody's) or falls below "Aa3" by Moody's (if the Class A1 Delayed Draw Noteholder has only a long-term unsecured and unsubordinated debt rating from Moody's), and its short-term unsecured and unsubordinated debt rating is rated below "A–1" by S&P or its long-term unsecured and unsubordinated debt rating is below "A+" by S&P, then within 30 days after any such rating events occur, the Class A1 Delayed Draw Noteholder (at its own expense) shall

(i) pay to the Issuer's Principal Collections Account an amount in cleared funds equal to the Class A1 Delayed Draw Note Commitment Amount (which payment shall be treated as a Funding for all purposes until the Class A1 Consolidation Date), or

(ii) assign its rights and obligations hereunder to a person whose ratings satisfy the rating requirements set out in this Clause 4.9, or

(iii) subject to the satisfaction of S&P, obtain a guaranty of, or a contingent agreement of another person whose ratings satisfy the rating requirements set out in this Clause 4.9, to honour the Class A1 Delayed Draw Noteholder's obligations under this Transfer Agreement.

5. WARRANTIES

Each party represents and warrants with respect to itself as follows:

(a) **Status:** it is duly incorporated and validly existing under the laws of its place of incorporation or, as applicable, its principal place of business, with full power and authority to conduct its business;

(b) **Solvency:** it is not insolvent in any jurisdiction in which it carries on business, no Insolvency Official has been appointed with respect to it or any of its respective assets and no action or proceedings for such appointment is pending or, to its knowledge, threatened and it is not unable to, or deemed to be unable to, pay its debts and would not become unable to, or deemed to be unable to, do so in consequence of entering into this Transfer Agreement;

(c) **Due authorisation:** the execution and delivery of this Transfer Agreement has been duly authorised by it;

(d) **Legal, valid etc**: this Transfer Agreement constitutes valid, legally binding and enforceable obligations of it;

(e) **Consents:** all authorisations, consents, permits, licenses and approvals required by it in connection with the execution of this Transfer Agreement and the performance of its obligations under this Transfer Agreement have been obtained and are in full force and effect;

(f) **No Conflict:** the execution and delivery of this Transfer Agreement by it, the carrying out of the other transactions contemplated by this Transfer Agreement and compliance with its terms do not and will not:

(i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the documents constituting it or any indenture, trust deed, mortgage or other agreement or instrument to which it is a party or by which it or any of its assets are bound;

(ii) infringe any existing applicable law, rule, regulation, judgement, order or decree of any government, governmental body or court, domestic or foreign, having jurisdiction over it or any of its assets; or

(iii) except as expressly provided in the Trust Agreement and/or the Security Agreements, result in the creation or imposition of any security interest in any of its assets;

(g) **Litigation**: there are no pending actions, suits or proceedings against or affecting it which, if determined adversely to it, could individually or in the aggregate have an adverse effect on its condition (financial or other), prospects, results of operations or general affairs or would adversely affect its ability to perform its obligations under this Transfer Agreement.

6. NOTICES

6.1 Effectiveness

Unless expressly provided otherwise herein, all notices, requests, demands and other communications required or permitted under this Transfer Agreement shall be in writing (including by fax or email) and shall be deemed to have been duly given (in the case of delivery by hand) when delivered or (in the case of fax) at the time of transmission to the address or fax numbers to be notified to the Transferee by the Issuer.

The details of the Transferee for notices are as follows:

[*Address*]
[*Fax*]
[*email*]
[*For the attention of*]

6.2 Change of Details

Any party may alter the address, fax number or email address to which communications or copies are to be sent by giving notice of such change in conformity with the provisions of this Clause 6 for the giving of notice.

7. LIMITED RECOURSE AND NON-PETITION

All payment obligations of the Issuer hereunder constitute obligations exclusively to make payments in an amount limited to any credit on the Issuer Accounts and proceeds from the Collateral Assets received by the Trustee pursuant to the Trust Agreement and other Transaction Documents, in each case in accordance with and subject to the Priority of Payments and Clause 4.1 of the Trust Agreement. Funds available for such payments will be generated by, and limited to, notably (i) payments received in respect of the Pledged Obligations and (ii) any Fundings and any payments received under the Hedge Agreements. This Agreement shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly.

To the extent that such assets, or the proceeds from the realisation thereof, prove ultimately insufficient to satisfy the claims of the Transferor, the Transferee or the Trustee in full, then any shortfall arising shall be extinguished and the Transferor, the Transferee and the Trustee shall have no further claims against the Issuer, *provided that* the foregoing shall be without prejudice to any termination rights, set-off rights and rights of retention. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Transferor, the Transferee or the Trustee, and neither assets nor proceeds will be so available thereafter.

Each of the Transferor, the Transferee and the Trustee shall not take steps against the Issuer to recover any sum so unpaid and, in particular, each of the Transferor, the Transferee and the Trustee shall not petition or take any other step or action for the winding up, examinership, liquidation or dissolution of the Issuer nor for the appointment of a liquidator, examiner, receiver or other person in respect of the Issuer or its assets until after the expiry of a period of two years and one day (or, if longer, the then applicable preference period as provided for in the applicable bankruptcy laws) following the payment of all amounts payable under the Terms and Conditions of the Notes.

8. MISCELLANEOUS

8.1 Notice of Pledge

The Issuer hereby gives notice, and the parties acknowledge receipt of notice, of the pledge of all the Issuer's rights under this Transfer Agreement against the Transferee and the Transferor to the Trustee under the Trust Agreement.

8.2 Entire Agreement

This Transfer Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

8.3 Amendments

No amendment, modification or waiver in respect of this Transfer Agreement will be effective unless in writing (including a writing evidenced by fax) and executed by each of the parties hereto and upon prior written notice to the Rating Agencies.

8.4 Survival of Representations, Warranties and Indemnities

Each representation and warranty made or deemed to be made herein or pursuant hereto and each indemnity provided for hereby, shall survive the termination of this Transfer Agreement and the completion of the arrangements contemplated by this Transfer Agreement.

8.5 Counterparts

This Transfer Agreement may be executed in one or more counterparts. Each counterpart, whether the original signed document or a copy of such signed document evidenced by facsimile or other electronic means, shall constitute an original, but all such counterparts taken together shall constitute one and the same agreement.

8.6 Severability

If any provision of this Transfer Agreement is or becomes invalid in whole or in part, the remaining provisions shall remain unaffected thereby. Invalid provisions shall be replaced by such valid provisions which taking into consideration the purpose and intent of this Transfer Agreement have to the extent legally possible the same economic effect as the invalid provisions. The foregoing provisions shall apply mutatis mutandis with regard to any contractual gaps (*Vertragslücken*) in this Transfer Agreement.

8.7 No Waiver of Rights

A failure or delay in exercising any right in respect of this Transfer Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right will not be presumed to preclude any subsequent or further exercise, of that right or the exercise of any other right.

8.8 Time

Any time, date or period specified in this Transfer Agreement may be postponed or extended by agreement among the parties to this Transfer Agreement but as regards any time, date or period originally fixed on or postponed or extended, time shall be of the essence.

8.9 Assignment by the Issuer

The Issuer may not assign or pledge any of its rights under this Transfer Agreement (or any interest herein) without the prior written consent of the Trustee, except in the case of an assignment or pledge of such rights by the Issuer to (i) an entity which is a successor to the Issuer as contemplated by Section 13 (*Substitution*) of the Terms and Conditions, or (ii) the Trustee as contemplated by the Trust Agreement or any of the Security Agreements.

8.10 Account details

The details of the account of the Transferee for the purposes of payments to the Transferee in respect of the Notes are set out below:

[*to be inserted*]

8.11 The Trustee

The Trustee has agreed to become a party to this Transfer Agreement solely for the purposes of taking the benefit of this Transfer Agreement and for administrative ease with matters where the Trustee's consent is required. Save as expressly provided herein, the Trustee shall assume no

obligation whatsoever by virtue of the provisions of, or its being a party to, this Transfer Agreement. The exercise of any of the Trustee's rights or discretions hereunder will be subject to the same protections and immunities as are conferred upon the Trustee and contained in the Trust Agreement.

9. GOVERNING LAW AND JURISDICTION

9.1 Governing Law

This Transfer Agreement shall, to the extent permitted by any applicable conflict of law provisions, be governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

9.2 Jurisdiction

The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with this Transfer Agreement shall be the District Court (*Landgericht*) in Frankfurt am Main. Each of the parties to this Transfer Agreement hereby submits to the jurisdiction of such court.

9.3 Service of Process

The Issuer has appointed FIDEUROP Treuhandgesellschaft für den Gemeinsamen Markt mbH, Wirtschaftsprüfungsgesellschaft, with its seat on the date hereof Bockenheimer Anlage 15, Mozartplatz, 60322 Frankfurt am Main, Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court. The Trustee has appointed Dr. Friedrich Trockels, Rechtsanwalt, with the address on the date hereof at Grüneburgweg 14, 60322 Frankfurt am Main, Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court.

The Transferor has appointed [●] with its seat on the date hereof [●], Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court.

The Transferee has appointed [●] with its seat on the date hereof [●], Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court.

If for any reason any such agent shall cease to be such agent for service of process, the relevant party having appointed such agent shall forthwith appoint a new agent for service of process in Germany and deliver to the other parties hereof a copy of the new agent's acceptance of appointment within 30 days. Nothing in this Transfer Agreement shall affect the right to serve process in any other manner permitted by law.

IN WITNESS WHEREOF the parties have executed and delivered this Transfer Agreement on the date specified above with effect from that date.

Transferor

_____
by:
for and on behalf of [*name of Transferor*]

Transferee

_____
by:
for and on behalf of [*name of Transferee*]

Issuer

_____
by:
for and on behalf of House of Europe Funding V PLC

Trustee

_____
by:
for and on behalf of BNP Paribas Trust Corporation UK Limited

Exhibit to the Transfer Agreement

Form of Funding Request

To: Class A1 Delayed Draw Noteholder
[●]
Registrar
Account Bank
Paying Agent
Trustee
Collateral Manager
Luxembourg Intermediary and Listing Agent

[● *insert Date*]

Transfer Agreement dated [●] between House of Europe Funding V PLC, BNP Paribas Trust Corporation UK Limited, [●] and [●] (the *Transfer Agreement*)

We hereby:

(a) make a Funding Request pursuant to Clause [●] of the Agreement in respect of a Funding of EUR [●];

(b) confirm that the sum of EUR [●] does not exceed the aggregate of the Class A1 Delayed Draw Note Commitment Amount in respect of the Class A1 Delayed Draw Note held by you;

(c) confirm that each of the other conditions applicable to this Funding Request under the Transfer Agreement are satisfied;

(d) request you to transfer EUR [●] to the Principal Collections Account [specify account details] by [●] on [*no more than 5 Business Days after date of request*];

(e) confirm that the Funding Request is otherwise in compliance with the Transfer Agreement;

(f) instruct the Account Bank that, upon receipt of such amount, it shall instruct the Registrar to amend the Register accordingly; and

(g) instruct the Registrar to effect such amendment in the Register.

Very truly yours,

BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH

Collateral Administrator
for and on behalf of
House of Europe Funding V PLC

THE TRUST AGREEMENT

The following is the text of the Trust Agreement (excluding its recitals and schedules) dated 31 October 2006 between the Issuer and the Trustee. The text of the initial Trust Agreement is attached as Annex B to the Terms and Conditions and constitutes an integral part thereof. In case of any overlap or inconsistency in the definition of a term or expression in the Trust Agreement and elsewhere in this Prospectus, the definition in the Trust Agreement will prevail.

1. DEFINITIONS

In this Trust Agreement, except so far as the context otherwise requires and subject to any contrary indication, capitalised words and expressions defined and expressed to be construed in the Master Definitions Agreement (attached as Schedule 1 hereto) dated on or about the date hereof shall have the same meaning herein.

2. POSITION OF THE TRUSTEE

2.1 The Trustee shall carry out the duties hereunder (the "**Trustee Duties**") and shall, subject to Clause 6.1, perform the tasks and functions set out in the Terms and Conditions, this Trust Agreement, the Security Agreements and in the other Transaction Documents in accordance with this Agreement and as a trustee for the benefit of, and with particular regard to the interests of the Noteholders, the Account Bank, the Administrator, the Collateral Administrator, the Collateral Manager, the Custodian, the Hedge Counterparties, the Investment Board Provider, the Agents and the Placement Agent (collectively, together with the Trustee, and any successors in such capacity appointed pursuant to the relevant provisions of the Transaction Documents, the "**Transaction Creditors**").

2.2 This Trust Agreement grants the Transaction Creditors (excluding the Trustee) the right to demand that the Trustee perform the Trustee Duties (contract for the benefit of a third party (*echter Vertrag zugunsten Dritter*) pursuant to § 328(1) of the German Civil Code (*Bürgerliches Gesetzbuch*)). The obligations of the Trustee under this Trust Agreement are owed exclusively to such Transaction Creditors, unless otherwise specified or the context requires otherwise.

2.3 The Issuer hereby grants the Trustee a separate claim (the "**Trustee Claim**"), entitling the Trustee to demand from the Issuer:

(i) that any present or future obligations of the Issuer towards the Transaction Creditors under the Transaction Documents (the "**Secured Obligations**") be fulfilled, and

(ii) if an Event of Default has occurred or, the occurrence thereof is, in the professional judgment of the Trustee, imminent, and insolvency proceedings have not been instituted against the assets of the Trustee, that any payment owed to the Transaction Creditors will be made to, and at all times prior to the on-payment to the Transaction Creditors held in, a trust account (*Treuhandkonto*) of the Trustee for on-payment to the relevant Transaction Creditors. The Trustee shall on-pay any amount so received to the Transaction Creditors without undue delay.

The obligations of the Issuer to make payments to the relevant Transaction Creditors shall remain unaffected. The Trustee Claim may be enforced separately from the relevant Transaction Creditors' claims in respect of the same payment obligation of the Issuer. In the case of a payment pursuant to paragraph (ii) above, the Issuer and each Transaction Creditor (excluding the Trustee) shall have a claim against the Trustee, subject to this Trust Agreement, for on-

payment to the relevant Transaction Creditors. The relevant obligation of the Issuer under the Secured Obligations shall only be fulfilled once the on-payment to the relevant Transaction Creditors by the Trustee has occurred. For the avoidance of doubt, upon on-payment by the Trustee to the Transaction Creditors the liability of the Issuer under the Secured Obligations in respect of the same payment obligation shall be discharged to the extent of the sums so on-paid, and if the Trustee makes such on-payment in respect of the Global Notes through Euroclear and Clearstream Luxembourg, as relevant, Section 6.3 (*Payments – Discharge*) of the Terms and Conditions shall apply in respect of such on-payment and the discharge of the Issuer in respect of the related payment obligation under the Notes. Similarly, upon payment by the Issuer to the Transaction Creditors, the right of the Trustee to request a payment pursuant to paragraph (ii) above in respect of the same payment obligation of the Issuer shall cease to exist to the extent of the sums so paid by the Issuer.

For the avoidance of doubt, the obligation of the Trustee to on-pay any amounts received under paragraph (ii) above without undue delay to the Transaction Creditors shall not be affected by the Trustee's resignation or other termination of its appointment as a trustee hereunder. In particular, on or promptly after a resignation of the Trustee has become effective, the Trustee shall, subject to this Trust Agreement, on-pay to the Transaction Creditors any amounts standing to the credit of any trust account pursuant to paragraph (ii) above.

3. COLLATERAL

3.1 General

The security interests of the Trustee granted or referred to in Clauses 3.2-3.4 below shall be referred to as the "**Collateral**" and the assets of the Issuer forming the subject of such security interests, as the "**Collateral Assets**". The Issuer shall promptly give any notice, make any filing or perform any other act required by the Trustee in order to create a valid and perfected first priority security interest of the Trustee in the Collateral Assets.

3.2 Pledge

(a) The Issuer hereby grants a pledge (*Pfandrecht*) pursuant to §§ 1204 *et seq.* of the German Civil Code (*Bürgerliches Gesetzbuch*) to the Trustee with regard to all its present and future, actual and contingent claims and rights (including, but not limited to, any and all related non-ancillary (*selbständige*) and ancillary (*unselbständige*) rights of unilateral determination of legal relationships (*Gestaltungsrechte*) and termination rights (*Kündigungsrechte*)) arising from the Collateral Management Agreement, the Collateral Administration Agreement, the Investment Board Agreement, the Agency Agreement, the Listing Agent Appointment Agreement, the Placement Agreement, the Class A1 Delayed Draw Note Purchase Agreement, the Custody Agreement, any Transfer Agreement and the Master Agreement. The Issuer and the Trustee agree that the pledge of its rights and claims arising under the Master Agreement does not lead to a change of content (*Inhaltsänderung*) of such rights and claims, *inter alia*, because such pledge pursuant to the provisions of the Master Agreement does not affect the right of the initial Hedge Counterparty to claim damages in accordance with Clause 8 of the Master Agreement and does not affect the calculation of a final payment by set-off of a single compensation claim against counterclaims in accordance with Clause 9 of the Master Agreement, and all the rights and claims of the Issuer which are subject to the provisions of Clauses 8 and 9 of the Master Agreement are pledged to the same pledgee.

(b) For the avoidance of doubt, upon notification by the Trustee of an Event of Default to any debtors of rights and claims arising under the Transaction Documents pledged hereunder, the Trustee shall be entitled to exercise such rights of the Issuer, including, without

limitation, the right to give instructions to each such debtor pursuant to the relevant Transaction Document.

(c) The Issuer hereby further grants a pledge (*Pfandrecht*) pursuant to §§ 1204 *et seq.* of the German Civil Code (*Bürgerliches Gesetzbuch*) to the Trustee with respect to all its present and future, actual and contingent claims and rights against the Trustee arising under this Trust Agreement. The Issuer hereby gives notice to the Trustee of such pledge and the Trustee hereby confirms receipt of such notice.

3.3 Irish Security Deed, English Security Deed and the Luxembourg Security Agreement

The parties hereby acknowledge that the Issuer has (i) pursuant to the Irish Security Deed, assigned by way of security in favour of the Trustee all its present and future claims, rights, title and interest in and to the Administration Agreement as security for the Secured Obligations, (ii) pursuant to the English Security Deed, charged in favour of the Trustee all present and future rights in respect of any cash amount standing to the credit of each Issuer Account and the debt represented thereby as security for the Secured Obligations and (iii) pursuant to the Luxembourg Security Agreement, charged in favour of the Trustee the securities held by the Custodian on behalf of the Issuer from time to time, including, in particular the Pledged Obligations, as security for the Secured Obligations. The "**Pledged Obligations**" shall include on any date, the Underlying Assets and the Eligible Investments held by the Issuer on such date.

3.4 Future Collateral

Promptly upon entering into any future Hedge Agreements not referred to in Clause 3.2(a) above, the Issuer shall grant to the Trustee for the benefit of the Transaction Creditors a security interest satisfactory to the Trustee with respect thereto. The Issuer shall also grant to the Trustee a security interest for the benefit of the Transaction Creditors satisfactory to the Trustee with respect to any other future agreement entered into by the Issuer or assets acquired by the Issuer in order to protect the interest of the Transaction Creditors.

3.5 Security Purpose

The pledges pursuant to Clause 3.2 are granted for the purpose of securing the Trustee Claim.

3.6 Representations of the Issuer with respect to Collateral

The Issuer hereby represents and warrants that it has (and will have, insofar as future rights and claims are concerned) full and unaffected title to the Collateral Assets and any related security thereto which is assigned or pledged hereby or pursuant to the Security Agreements and that such Collateral and such related security is (and will be insofar as future rights and claims are concerned) free and clear from any encumbrances and adverse rights and claims of any third parties.

3.7 Collection Authorisation

The Issuer shall be authorised (*ermächtigt*) to collect or have collected in the ordinary course of business or otherwise exercise or deal with (which terms shall, for the avoidance of doubt, include the enforcement of any security) the rights pledged under Clause 3.2. Such authority and consent may be revoked by the Trustee if, in the Trustee's opinion, such revocation is necessary in order to avoid an adverse effect on the Collateral or its value which the Trustee considers material, and the Trustee gives notice thereof to the Issuer. Such authority and consent shall automatically terminate upon the occurrence of an Event of Default.

3.8 Release of Collateral

Provided that the Trustee has not received notice that an Event of Default has occurred and is continuing, the Trustee shall release the Pledged Obligations from the security referred to in this Clause 3 upon receipt of a request from the Collateral Administrator delivered to the Trustee and the Custodian at least two Business Days prior to the settlement date for any sale or liquidation of such Pledged Obligation (or such shorter period as the Trustee may agree):

(i) in the case of a proposed sale, identifying the Pledged Obligations to be released and the details of the proposed transaction;

(ii) in the case of a proposed presentation and/or surrender of a Pledged Obligation which may be converted or exchanged by the Issuer, identifying the Pledged Obligations to be released and setting out in reasonable detail the requirement to present and/or surrender such a Pledged Obligation or any evidence thereof and the procedures required (if applicable) in order to exercise such exchange or conversion right of the Issuer.

Such release request must attach a certification from the Collateral Administrator that the requirements of the Portfolio Provisions have been satisfied. Upon receipt of such release request, which the Trustee shall be entitled (but not bound) to rely upon without further enquiry, the Trustee shall countersign it, which countersignature shall operate to release the security interest over the relevant Pledged Obligations. The Trustee shall promptly thereafter forward such release request to the Custodian, and delivery thereof shall constitute, in the case of (i) above, instructions to the Custodian to deliver the relevant Pledged Obligations, if in physical form, duly endorsed to the broker, purchaser or transferee designated in the release request or, if held through a clearing system, cause an appropriate transfer thereof to be made, and in the case of (ii) above, instructions to the Custodian to present and/or surrender such a Pledged Obligation to the extent required pursuant to the terms thereof, in each case against receipt of payment or other consideration therefor, as set forth in such release request.

4. REALIZATION OF THE COLLATERAL ASSETS

4.1 Enforceability of the Collateral

The Trustee shall be entitled to enforce (*verwerten*) the Collateral granted to it hereunder upon the occurrence of an Event of Default and acceleration of the obligations under the Notes pursuant to Section 9.2 of the Terms and Conditions. If the enforcement of the Collateral requires that the Trustee Claim or the Secured Obligations become due and payable as a matter of mandatory law, the Trustee may give notice to the Issuer, upon which Clause 15, first paragraph (*Limited Recourse and Non-Petition*) hereunder and corresponding provisions in the Transaction Documents shall not apply and the Trustee Claim or the Secured Obligations shall become due to the extent specified in such notice, provided that the obligations of the Issuer shall in any case remain limited to forward proceeds from the Issuer's assets. The enforcement of the pledges granted under this Trust Agreement shall not require any enforceable judgement or other executory title (*vollstreckbarer Titel*) and Section 1277 of the German Civil Code (*Bürgerliches Gesetzbuch*) shall not apply.

4.2 Acceleration; Termination of Reinvestment Period

If an Event of Default occurs and is continuing (other than an Event of Default described in Section 9.1(f) of the Terms and Conditions), the Trustee shall at the written direction of a Majority of the Controlling Class (A) declare the principal of and accrued interest on all of the Notes to be immediately due and payable pursuant to Section 9.2(a) of the Terms and

Conditions and/or (B) terminate the Reinvestment Period pursuant to Section 9.2(b) of the Terms and Conditions.

4.3 Notice of an Event of Default

The Trustee shall promptly upon becoming aware of the occurrence of an Event of Default, give notice thereof (unless such Event of Default shall have been cured) to the Noteholders (via the Paying Agent), the Issuer, each Agent, the Collateral Manager, the Collateral Administrator, the Investment Board Provider, each Hedge Counterparty and each Rating Agency.

4.4 Realization of the Collateral Assets

(a) Upon the occurrence of an Event of Default and the acceleration of Notes pursuant to Section 9.2 of the Terms and Conditions, the Trustee shall retain the Collateral intact and collect payments made on the Collateral Assets. Available cash shall be invested by the Trustee in Eligible Investments or otherwise to the extent practicable. The Trustee shall determine in its professional judgement whether the continued administration or disposal of the Collateral Assets or any other course of action is preferable in order to protect the interests of the Transaction Creditors, subject to (b) below. In the case of a disposal, the Trustee shall, in accordance with applicable laws, sell the Collateral Assets on the basis of the power of attorney granted to it pursuant to Clause 8 hereunder unless the Trustee determines in its professional judgement that the foreclosure (*Verwertung*) of the Collateral is preferable in order to protect the interests of the Transaction Creditors.

(b) Within 20 calendar days of the acceleration of Notes upon the occurrence of an Event of Default, the Trustee shall give notice to the Noteholders specifying the manner in which it intends to proceed with respect to the Collateral Assets (in particular, whether it intends to sell, administer or deliver the Collateral Assets to the Noteholders). If, within 30 calendar days of the publication of such notice, the Trustee receives written notice from a Majority of the Controlling Class, objecting to the action proposed in the Trustee's notice, the Trustee shall not undertake such action. In the event that the Trustee has not received a proposal from a Majority of the Controlling Class (either together with such objection or within 30 calendar days thereafter) regarding an alternative action or if an action proposed is in the reasonable opinion of the Trustee unduly burdensome to the Trustee, the Trustee shall be free to decide in its own discretion the action to take provided that such action has not previously been objected to as herein contemplated. If the Trustee at any time receives a written notice from Majority of the Controlling Class proposing a specific course of action with respect to the Collateral or the Collateral Assets, the Trustee shall undertake such action, unless such action conflicts with any applicable law or is in the reasonable opinion of the Trustee unduly burdensome to the Trustee.

4.5 Enforcement Priority of Payments

Following an Event of Default and the acceleration of the Notes pursuant to Section 9.2 of the Terms and Conditions, any proceeds from the Collateral Assets, including from a foreclosure or any sale (net of costs, charges and expenses) shall be applied by the Trustee, from time to time as it may decide in its reasonable discretion but on a monthly basis, in discharge of the Secured Obligations pursuant to the following order of payments (the "**Enforcement Priority of Payments**"):

(1) the amounts specified in Section 3.3(a)(1) through (6) of the Terms and Conditions and in that order;

(2) principal outstanding of the Class A1 Notes;

(3) Interest Amounts of the Class A2 Notes;

(4) principal of the Class A2 Notes;

(5) Interest Amounts of the Class A3-a Notes and the Class A3-b Notes on a *pari passu* basis;

(6) principal of the Class A3-a Notes and the Class A3-b Notes on a *pari passu* basis;

(7) Interest Amounts of the Class B Notes;

(8) principal of the Class B Notes;

(9) Interest Amounts of the Class C Notes and any Class C Deferred Interest and any interest accrued and unpaid thereon;

(10) principal of the Class C Notes;

(11) Interest Amounts of the Class D Notes and any Class D Deferred Interest and any interest accrued and unpaid thereon;

(12) principal of the Class D Notes;

(13) Interest Amounts of the Class E1 Notes and any Class E1 Deferred Interest and any interest accrued and unpaid thereon;

(14) principal of the Class E1 Notes;

(15) Interest Amounts of the Class E2 Notes and any Class E2 Deferred Interest and any interest accrued and unpaid thereon;

(16) principal of the Class E2 Notes;

(17) the Class F Note Annuity Amounts;

(18) the Class F Redemption Amount;

(19) the amounts specified in Section 3.3(a)(23) through (25) of the Terms and Conditions;

(20) of any excess amount, on a *pro rata* basis, to the Collateral Manager and to the holders of the Class E1 Notes and the Class E2 Notes.

5. REPRESENTATIONS OF THE TRUSTEE

The Trustee represents and warrants that as of the date hereof:

(i) it is validly existing and has the legal capacity to perform the duties ascribed to it under the Transaction Documents; and

(ii) this Trust Agreement has been duly authorized, executed and delivered by the Trustee.

6. DUTIES AND RESPONSIBILITIES OF THE TRUSTEE

6.1 Scope of Trustee Duties

The Trustee undertakes to (aa) perform only such duties as are specifically set forth in the Transaction Documents to which it is a party and in the Collateral Management Agreement, the Investment Board Agreement, the Collateral Administration Agreement and the Agency Agreement, and (bb) exercise reasonable discretion in the matters expressed in such agreements or documents to be subject to its decision or action, or subject to the decision or action of the Issuer if the Issuer fails to act in a reasonable period of time. No implied covenants or obligations shall be read into the Transaction Documents against the Trustee.

6.2 Standard of Care

The Trustee shall be liable for breach of its obligations under this Trust Agreement only if and to the extent that it fails to meet the standard of care of a prudent merchant (*Sorgfaltspflicht eines ordentlichen Kaufmanns*).

6.3 Money held by Trustee

Money held by the Trustee in connection with its capacity as Trustee shall be held in trust (*treuhänderisch*) and shall be segregated from other property held by the Trustee. The Trustee shall be under no liability for interest on any money received by it in such capacity except as otherwise agreed upon with the Issuer.

6.4 Custody of Documents

The Trustee shall take delivery of and keep in custody the documents which are delivered to it under the Transaction Documents (if any) and shall (i) keep such documents until one year after the termination of this Trust Agreement or (ii) deliver such documents to the new Trustee if the Trustee is replaced in accordance with Clauses 13 (*Termination; Replacement of Trustee*) hereof.

6.5 Notices

The Trustee shall promptly deliver to the Noteholders and the Rating Agencies a copy of any notice received by it in connection with any agreement to amend, modify, or terminate the Collateral Administration Agreement or the Collateral Management Agreement or in connection with any agreement providing for the succession of any other Person as Collateral Manager thereunder.

Promptly upon receipt of notice thereof, the Trustee shall (aa) notify the Collateral Manager and the Collateral Administrator of any direction to redeem the Notes pursuant to Sections 8.1(a) (*Redemption – Auction Call Redemption*) or 8.3 (*Redemption – Redemption upon a Withholding Tax Event*) of the Terms and Conditions and (bb) notify the Noteholders of the Redemption Date on behalf of the Issuer pursuant to Section 8.1(b) (*Redemption – Auction Call Redemption*) of the Terms and Conditions as well as the Collateral Administrator and the Rating Agencies.

The Trustee shall notify the Rating Agencies in accordance with Section 15 of the Terms and Conditions and make all notices required to be made by it pursuant to the Transaction Documents upon the relevant information becoming available to the Trustee.

6.6 Termination of Collateral Manager

(a) The Trustee shall promptly notify the Noteholders (through the Paying Agent who shall

make such notification to the Noteholders upon notice from the Trustee) and the Rating Agencies of any written notice it receives from the Collateral Manager that (i) the Senior Manager is no longer employed by the Collateral Manager or an Affiliate or (ii) the members of the Investment Board no longer satisfy the requirements of the Investment Board Agreement. In addition, the Trustee shall (i) at the same time deliver a copy of any such notice by e-mail to those Noteholders who have notified their e-mail addresses to the Trustee (without the obligation of the Trustee to do so unless evidence to the satisfaction of the Trustee regarding the Notes held by it has been provided to the Trustee) for such purpose and have undertaken towards the Trustee to promptly notify any change of such e-mail address or the fact of no longer being a Noteholder and (ii) request the Collateral Administrator to include and distribute such notice in the next Note Valuation Report. Together with the notification given to the Noteholders, the Trustee shall invite the Noteholders to give instructions pursuant to paragraph (b) below.

(b) Upon receipt of notice pursuant to paragraph (a) above, the Noteholders may instruct the Trustee to cumulatively (aa) exercise the related termination right of the Issuer under the Collateral Management Agreement and to replace the Collateral Manager (on behalf of the Issuer) as well as to (bb) exercise the related termination right of the Issuer under the Investment Board Agreement and to replace the Investment Board Provider subject to the satisfaction of the following conditions:

(i) the Trustee shall have been instructed in writing by three of the following: (aa) the Majority of the Class B Noteholders, (bb) the Majority of the Class C Noteholders, (cc) the Majority of the Class D Noteholders, (dd) the Majority of the Class E1 Noteholders, (ee) the Majority of the Class E2 Noteholders, (ff) the Majority of the Class F Noteholders or (gg) WestLB AG in its capacity as the arranger, to replace the Collateral Manager and/or the Investment Board Provider;

(ii) the aforementioned instructions shall have proposed a specific replacement collateral manager and a specific investment board provider unless the appointment of the latter has been waived by the Trustee pursuant to the Investment Board Agreement.

Subject to the satisfaction of the foregoing conditions, the Trustee (acting on behalf of the Issuer) will appoint the replacement collateral manager and/or the replacement investment board provider without undue delay and will notify such appointment to the Noteholders in accordance with the Terms and Conditions.

6.7 Consent of the Trustee

If the Issuer requests that the Trustee grants its consent or approval in any matter hereunder, or in case of any other consent or approval requested pursuant to the Transaction Documents, the Trustee may grant or withhold the requested consent or approval at its discretion taking into account what the Trustee believes to be the interests of the Transaction Creditors.

6.8 Breach of Obligations by the Issuer

If the Trustee in the course of its activities obtains knowledge that the existence or the value of the Collateral is at risk due to any failure of the Issuer properly to discharge its obligations under this Trust Agreement or the other Transaction Documents to which it is a party, the Trustee shall, at its discretion, take or initiate all actions which in the opinion of the Trustee are desirable or expedient to avert such risk.

6.9 Trustee to View Noteholders as a Class

In connection with the exercise by it of any of its duties, obligations and discretions hereunder or under the Transaction Documents, the Trustee shall have regard to the interests of the Holders of each Class of Notes as a class and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

6.10 Conflicts of Interest

The Trustee shall, as regards all of its duties, obligations and discretions hereunder or under the Notes or the other Transaction Documents, except where expressly provided otherwise, solely have regard to the interests of the Noteholders (and not the other Transaction Creditors) and the interests of the Noteholders shall prevail in the event of any conflict of interest between the Noteholders and any other Transaction Creditor. Except where expressly provided otherwise, where in the opinion of the Trustee there is a conflict between the interests of different Classes of Noteholders, the Trustee shall give priority to the interests of the holders of the Class A1 Notes, then to the Class A2 Notes, then to the Class A3 Notes, then to the Class B Notes, then to the Class C Notes, then to the Class D Notes, then to the Class E1 Notes, then to the Class E2 Notes and then to the Class F Notes. The Trustee shall at all times treat the Class A3-a Notes and the Class A3-b Notes on a *pari passu* basis. In the event that the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the same Class of Notes, the Trustee shall give priority to the group which holds the greater Note Principal Amount of such Class, provided that the Class A3-a Notes and the Class A3-b Notes shall be treated as separate Classes for this purpose. In the event of a conflict between the interests of different Transaction Creditors other than the Noteholders, the Trustee shall give priority to the Transaction Creditors ranking senior pursuant to the Priority of Payments.

6.11 Notices by Noteholders

Any instructions, consents and other notices which may be given by the Noteholders to the Trustee pursuant to the Terms and Conditions or the other Transaction Documents shall be valid if made as follows:

(i) if given by one or more Noteholders together with proof of the Notes held at the time the relevant notice is given, provided that such Notes meet the relevant requirements as to the minimum aggregate Note Principal Amounts of the relevant Classes stipulated in the Terms and Conditions or in any relevant Transaction Document to the satisfaction of the Trustee; or

(ii) if the Trustee receives notices relating to any matter provided in the Terms and Conditions or the other Transaction Documents from Noteholders which do not satisfy the requirements referred to in (i) above, the Trustee shall invite all Noteholders of the relevant Classes to give notices on such matter. The Trustee shall notify the Noteholders of the relevant Classes in accordance with Section 11 (*Form of Notices*) of the Terms and Conditions of such invitation together with a one month period during which notices may be given by such Noteholders as well as of the form of such notices and other applicable procedures, as determined by the Trustee (in particular, with the view to avoiding multiple notices given in respect of any Note). Following the termination of the notice period, the Trustee shall determine whether the relevant requirements as to the minimum aggregate Note Principal Amounts of the relevant Classes stipulated in the Terms and Conditions or in any relevant Transaction Document have been met.

The Trustee shall notify the Noteholders in accordance with Section 11 (*Form of Notices*) of the Terms and Conditions of any instruction, consent or other notice validly given pursuant to (i) above and any determination pursuant to (ii), 3rd sentence above.

7. RIGHTS OF THE TRUSTEE

In connection with the performance of its obligations hereunder or under any other Transaction Document:

(i) the Trustee may rely (and, for the avoidance of doubt, the Trustee shall not be responsible for any loss, costs, damages or expenses that may result from such reliance) and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, note or other paper or document (including, for the avoidance of doubt, any of these from any Noteholder) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(ii) the Trustee may require that any request or direction of the Issuer mentioned in the Transaction Documents shall be sufficiently evidenced by a written instrument executed by the Authorised Officers of the Issuer;

(iii) whenever in the performance of its obligations the Trustee shall (aa) deem it desirable that a matter be proved or established prior to taking, enduring or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may rely upon any certificate signed by an authorised officer of any Person (and, for the avoidance of doubt, the Trustee shall not be responsible for any loss, costs, damages or expenses that may result from such reliance) or (bb) be required to determine the value of any Collateral Assets or funds hereunder or the cash flows projected to be received therefrom, the Trustee may on its part, rely on reports of accountants, bankers or other Persons qualified to provide the information required to make such determination, including dealers in securities of the type being valued and securities quotation services (and, for the avoidance of doubt, the Trustee shall not be responsible for any loss, costs, damages or expenses that may result from such reliance);

(iv) as a condition to the taking or omitting of any action by it hereunder, the Trustee may consult, at the Issuer's expense, with counsel and the advice of such counsel or any opinion of counsel, howsoever given, shall be full and complete authorization and protection in respect of any action taken or omitted by the Trustee hereunder in good faith and in reliance thereon;

(v) whether or not therein expressly so provided, every provision of the Transaction Documents relating to the conduct or affecting the liability of, or affording protection to the Trustee shall be subject to the provisions of this Trust Agreement;

(vi) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, note or other paper documents (including, for the avoidance of doubt, any of these from any Noteholder), but the Trustee, in its discretion may, and upon the written direction of the Majority of the Controlling Class shall, make such further inquiry or investigation into such facts or matters as it may see fit or as it shall be directed, and, the Trustee shall be entitled, on reasonable prior notice to the Issuer and the Collateral Manager, to examine the books and records relating to the Notes and the Collateral and the premises of the Issuer and the Collateral Manager, personally or by

agent or attorney during the Issuer's or the Collateral Manager's normal business hours;

(vii) the Trustee may assume (unless it has received notice to the contrary) that (aa) no Default or Event of Default has occurred and is continuing and the Issuer is not in breach of or default under its obligations under any of the Transaction Documents and the other parties to the Transaction Documents are duly performing and observing all of the provisions thereof binding on or relating to them; and (bb) any right, power, authority or discretion vested in any person has not been exercised;

(viii) nothing herein shall be construed to impose an obligation on the part of the Trustee to recalculate, evaluate or verify any report, certificate or information received from the Issuer, Collateral Administrator or Collateral Manager or otherwise (unless and except to the extent otherwise expressly set forth herein or upon the request of a Rating Agency or a Majority of the Controlling Class);

(ix) nothing herein or in any Transaction Document shall require the Trustee to do anything which may be illegal or contrary to applicable law, regulation or an order by a court or a regulatory agency, or to expend or risk its own funds or otherwise incur any financial liability in connection with any Transaction Document;

(x) the Trustee shall not be responsible or liable for the actions or omissions of, or any inaccuracies in the records of, any custodian, clearing system, Registrar, Common Depositary, Euroclear or Clearstream Luxembourg or for the acts or omissions of the Collateral Manager or the Issuer or any other party to any Transaction Document;

(xi) the enumeration of any permissive right or power herein available to the Trustee shall not be construed to be the imposition of a duty (unless and except to the extent expressly set forth herein);

(xii) the Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and, may otherwise deal with the Issuer with the same rights it would have if it were not Trustee;

(xiii) except as otherwise expressly provided herein, the Trustee shall not have any obligations or liabilities under any instruments included in the Collateral Assets by reason of or arising out of this Trust Agreement, nor shall the Trustee be required or obligated in any manner to perform or fulfil any obligations of the Issuer under or pursuant to such instruments or to make any payment, to present or file any claim or to take any action to collect or enforce the payment of any claims in respect of which it may have a security interest or be otherwise entitled, and prior to an Event of Default, to make any inquiry as to the nature or sufficiency of any payment received by it. Unless otherwise set forth expressly in this Agreement or in any other Transaction Document, the Trustee shall not be obliged to supervise the discharge by the Issuer of its payment and other obligations arising from the Notes or any other Transaction Document or to carry out duties which are the responsibility of the management of the Issuer or any other Transaction Creditor;

(xiv) the Trustee shall not be responsible for, nor shall it have any liability with respect to any loss or theft or reduction in value of any of the Collateral or the Collateral Assets and shall not be obliged to insure the same and shall have no responsibility or liability arising from the fact that the same will (if applicable) be held in safe custody by the Trustee or other custodian or trustee or pledged to the Trustee or other custodian or trustee. The Trustee shall not be responsible for the validity, value, sufficiency and enforceability (which the Trustee has not investigated) of the Collateral or the Collateral Assets or any Transaction Document (without prejudice to Clause 5 above);

(xv) the Trustee, as between itself and the Transaction Creditors, shall have discretion to determine all questions and doubts arising in relation to any of the provisions of the Transaction Documents and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Transaction Creditors;

(xvi) The Trustee may call for any certificate or other document to be issued by any Clearing System in relation to each Global Note, and by the Registrar in relation to each Registered Note, as to the Note Principal Amount of any Class of Notes represented by, respectively, those Global Notes and the Registered Note standing to the account of or respectively registered in the name of any person. Any such certificate or other document shall be conclusive and binding for all purposes. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by the relevant party and subsequently found to be forged or not authentic.

(xvii) the Trustee shall not:

(1) be bound to enquire as to the occurrence or otherwise of any Event of Default or the performance, Default or any breach by the Issuer of its obligations under any of the Transaction Documents;

(2) be bound to account to any Transaction Creditor for any sum or the profit element of any sum received by it for its own account;

(3) be bound to disclose to any other person (including any Transaction Creditor) (aa) any confidential information or (bb) any other information if disclosure would, or might in its opinion, constitute a breach of any law or be a breach of its fiduciary duty hereunder;

(4) be liable for any failure to require the deposit with it of any deed or document certifying, representing or constituting the title of the Issuer to any of the Collateral Assets;

(5) be liable for any failure of any party other than the Trustee to obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any of the Transaction Documents or the Collateral;

(6) (unless expressly provided for in this Trust Agreement) register, file, insure or record or otherwise protect any of the Collateral (or the priority of any of the Collateral) or the Collateral Assets under any applicable laws in any jurisdiction or to give notice to any person of the execution of any of the Transaction Documents or any of the Collateral;

(7) take, or to require the Issuer to take, any steps to perfect its title to any of the Collateral or to render the Collateral effective or to secure the creation of any ancillary security under the laws of any jurisdiction; or

(8) be responsible for the receipt or application of the proceeds of the issue of any of the Notes by the Issuer, the exchange of interests in the Class A1 Delayed Draw Note that is a Registered Note into Global Notes or the delivery of any Notes to the person(s) entitled to it or them.

(xviii) the Trustee shall only be obliged to perform its Trustee Duties if, and to the extent that:

(1) it is convinced (on reasonable grounds) that its fees and costs and disbursements pursuant to Clause 11.1 and 11.2 hereunder will be paid and it will be indemnified and/or secured to its satisfaction (either by reimbursement of costs or in any other way it deems appropriate) against all losses, liabilities, obligations, actions in and out of court, costs, expenses and disbursements (including those of Advisors) pursuant to Clause 11.3 or

(2) the Issuer has, upon the Trustee's request, paid an adequate advance for the Trustee's claims pursuant to (1) above,

in particular, the Trustee shall not be bound to take any steps or institute any proceedings after the occurrence of an Event of Default or to take any action to enforce the Collateral, unless it shall have been indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges and damages which it may incur by so doing;

(xix) the Trustee may, if it receives any instructions or directions from the Noteholders in accordance with the applicable provisions of the Transaction Documents to take or omit any action, assume that all applicable conditions under the Transaction Documents for taking or omitting that action have been satisfied. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with such instructions or directions;

(xx) the Trustee may request, and (amongst other factors that it considers relevant in the circumstances) take into consideration the granting or denial of, a Rating Agency Confirmation when determining if any action is prejudicial to the interests of the Noteholders or prior to taking, enduring or omitting any action hereunder;

(xxi) the Trustee shall not be liable or responsible for any losses, costs, damages or expenses which result from any act or omission of the Trustee where such act or omission is prima facie in compliance with the provisions of this Trust Agreement and the other Transactions Documents;

(xxii) save as expressly otherwise provided in this Trust Agreement, the Trustee shall have discretion as to the exercise or non-exercise of its powers, authorities and discretions under this Trust Agreement (the exercise or non-exercise of which as between the Trustee and the Noteholders shall be conclusive and binding on the Noteholders) and shall not be responsible for any losses which may result from their exercise or non-exercise;

(xxiii) without prejudice to Clause 5 above, the Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of the documents present or any other document relating or expressed to be supplemental thereto;

(xxiv) the Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to the Notes or for checking or commenting upon the content of any such legal opinion and shall not be responsible for any liability incurred thereby;

(xxv) the Trustee shall not be liable to any person by reason of having acted upon any instruction or direction of Noteholders even though subsequent to its acting it is found that such an instruction or direction was not signed by the authorised signatory of the relevant Noteholders or that for any reason such an instruction or direction was not valid and binding upon such Noteholders;

(xxvi) the Trustee shall have no duty to monitor the performance by the Agents, the Collateral Manager, the Collateral Administrator, the Investment Board Provider (including the Investment Board) of their obligations to the Issuer; and

(xxvii) the Trustee shall have no responsibility for the maintenance of any rating of the Notes by any Rating Agency or any other person.

8. POWER OF ATTORNEY

The Issuer hereby grants the Trustee power of attorney, waiving the restrictions of Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar restrictions under the laws of any other countries, with the right to grant substitute power of attorney, (i) to act in the name of the Issuer with respect to all rights of the Issuer arising under the Transaction Documents to which it is a party (except for the rights *vis-à-vis* the Trustee) and (ii) in the name of the Issuer, to collect payments made under the Pledged Obligations, to exercise all rights and claims of the Issuer in respect of and to otherwise administer the Pledged Obligations, to sell and transfer the Pledged Obligations, to dispose of any credit on the Issuer Accounts, and perform any other action in relation thereto as permitted pursuant to Clause 4 (*Realization of Collateral Assets*). Such power of attorney shall be irrevocable. It shall expire as soon as a new Trustee has been appointed pursuant to Clause 14 (*Termination; Replacement of Trustee*) and the Issuer has issued a power of attorney to such new Trustee having the same contents as the power of attorney previously granted in accordance with the provisions of this Clause 8. The Trustee shall act under this power of attorney in relation to the exercise of its rights and obligations under this Trust Agreement only.

9. UNDERTAKINGS OF THE ISSUER

9.1 Compliance

The Issuer will comply in all material respects with applicable laws, rules, regulations, judgments, awards and orders with respect to it, its business and its properties.

9.2 Books of Account; Auditor Reports

The Issuer shall keep and maintain at all times in its office in Ireland, all documents, books, records, accounts and other information reasonably necessary or advisable for the performance of its obligations hereunder. The Issuer shall allow the Trustee and any person appointed by the Trustee to whom the Issuer shall have no reasonable objection free access to such documents at all reasonable times during normal business hours upon the giving of at least one Business Day's notice. The Issuer shall provide the Rating Agencies and the Trustee with copies of each report of its auditors promptly after such report has been provided to the Issuer.

9.3 Corporate Existence and Qualification to do Business

The Issuer shall take all reasonable steps to maintain its corporate existence and shall keep in full force and effect its rights and franchises as a company incorporated under the laws of Ireland, shall comply with the provisions of its organizational documents, and shall obtain and preserve its qualification to do business in each jurisdiction in which such qualifications are or shall be necessary to protect the validity and enforceability of the Transaction Documents and any of the Collateral.

9.4 Certificates

The Issuer shall use all reasonable endeavours to procure that the Registrar, Euroclear, Clearstream, Luxembourg and/or any other relevant Clearing System (as the case may be) issue(s) any certificate or other document requested by the Trustee under Clause 7 (xvi) as soon as practicable after such request.

9.5 Restrictions on the Issuer

For so long as any of the Notes are outstanding and save as contemplated in the Transaction Documents, the Issuer shall not, without the prior written consent of the Trustee:

(i) own any premises or have any employees;

(ii) engage in any transaction with any shareholder that would constitute a conflict of interest; it being understood and agreed that the entry by the Issuer into the Administration Agreement with the Administrator shall not be deemed to constitute a conflict of interest;

(iii) amend its organizational documents or pay dividends other than in accordance with law or in accordance with the terms of the Transaction Documents and its organizational documents;

(iv) have any subsidiaries;

(v) dissolve or liquidate in whole or in part, except or as permitted hereunder; the Issuer will not consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(vi) amend this Trust Agreement or any Hedge Agreement without the prior written consent of the Hedge Counterparties to the extent that such amendments would have a material adverse effect on the economic interests of the existing Hedge Counterparties in respect of an existing transaction between the Issuer and such existing Hedge Counterparties;

(vii) except for any agreements involving the purchase or sale of Collateral Assets having customary purchase or sale terms documented with customary documentation (but not excepting any swap agreement), enter into any agreement unless such agreement contains "limited recourse" and "non-petition" provisions;

(viii) transfer, assign, pledge or otherwise encumber (or permit such to occur), any part of the Collateral Assets or enter into or engage in any business with respect to any part of the Collateral Assets, except as expressly permitted by this Trust Agreement, the Security Agreements and the Collateral Management Agreement;

(ix) permit the validity or effectiveness of this Trust Agreement or any security granted hereunder or pursuant to the Security Agreements to be impaired, to be amended, hypothecated, subordinated, terminated or discharged;

(x) make or incur any capital expenditures, except as permitted by or as reasonably required to perform its functions in accordance with the terms of the Transaction Documents;

(xi) incur, assume or guarantee or become directly or indirectly liable with respect to any indebtedness or any contingent obligations, other than pursuant to the Transaction Documents and the other agreements and transactions expressly contemplated hereby;

(xii) issue any additional class of securities or issue any additional shares;

(xiii) enter into any transaction with any Noteholder, the Collateral Manager, the Investment Board Provider and the Placement Agent or any of their respective Affiliates, other than (aa) the transactions contemplated by the Transaction Documents, (bb) the transactions relating to the offering and sale of the Notes or (cc) transactions on an arm's-length basis;

(xiv) maintain any bank accounts other than the Issuer Accounts, the Custodial Accounts and the share capital account of the Issuer; or

(xv) engage in any business or activity other than issuing and selling the Notes, entering into, and performing its obligations under, the Hedge Agreements and the other Transaction Documents and acquiring, owning, disposing, holding and pledging and contracting for the management of and otherwise dealing with the Collateral Assets in connection therewith, the performance of any acts which are necessary in connection with listing the Notes on an alternative stock exchange and such other activities which are necessary, including, without limitation, entering into the agreements contemplated hereby, suitable or convenient to accomplish the foregoing or are incidental thereto or connected therewith.

9.6 Directors

The Issuer shall maintain at least one director who is Independent of the Issuer, the Collateral Manager, the Investment Board Provider and the Placement Agent and a majority of the directors shall be resident in Ireland.

9.7 Management and Control

The Issuer shall be managed and controlled in Ireland and all meetings of the directors will be held in Ireland.

9.8 Performance of Obligations

The Issuer shall not take any action, and will use its best efforts not to permit any action to be taken by others, that would release any Person from any of such Person's covenants or obligations under any instrument included in the Collateral Assets, except in the case of enforcement action taken with respect to any Defaulted Obligations in accordance with the provisions hereof and as otherwise required hereby.

9.9 Certain Amendments; New Agreements

The Issuer will not agree to any amendments, modifications or waivers to or of the Collateral Management Agreement, the Investment Board Agreement, the Collateral Administration Agreement and the Agency Agreement or enter into any material new agreements or arrangements (including, without limitation, any additional funding arrangement) (other than Hedge Agreements entered into in accordance with Clause 9.12) without the prior written consent of the Trustee and without Rating Agency Confirmation. The Issuer will not agree to any material amendments to any Transaction Document without having received Rating Agency Confirmation. The Issuer may agree to amendments to any Transaction Documents which are of a merely technical nature or to correct a manifest error or which are non-material in the opinion of the Trustee without having received Rating Agency Confirmation, *provided that* upon any such amendment the Issuer shall notify each Rating Agency. The Issuer will provide notice of all new material agreements or arrangements to the Noteholders (other than as aforesaid) in accordance with Section 11 (*Form of Notices*) of the Terms and Conditions as soon as practicable thereafter. This Clause 9.9 shall be subject to and without prejudice to Section 15 of the Terms and Conditions.

9.10 Change of Jurisdiction

Notwithstanding any other provision herein, the Issuer may change its jurisdiction of residency for tax purposes to the extent that it deems such change necessary or appropriate, so long as Issuer and the Trustee shall have received Rating Agency Confirmation with respect to such change, and subject to the conditions stipulated in Section 13 (*Substitution of the Issuer*) of the Terms and Conditions.

9.11 Rating Confirmations

(a) The Issuer will request that each of S&P and Moody's confirm in writing the ratings on the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes assigned on the Closing Date within 30 days after the Ramp-Up Effective Date. In connection with the confirmation of the ratings, the Issuer will provide each Rating Agency with the most recent Monthly Report as well as a list of the Underlying Assets as of the Ramp-Up Effective Date.

(b) So long as any of the Notes (except the Class F Notes) remain outstanding, on or before 5 Business Days after the Payment Date in November of each year, commencing in November 2007, the Issuer may request from Moody's an annual review of the Moody's Rating of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes. The Issuer shall promptly notify the Paying Agent in writing (and the Paying Agent shall promptly notify the Noteholders, the Trustee and each Hedge Counterparty) if at any time and to the Issuer's or (as the case may be) the Paying Agent's knowledge, the rating of any of such Classes has been or will be changed or withdrawn.

9.12 Hedge Agreements

The Issuer may enter into one or more Hedge Agreements *provided that* it shall grant security in respect of its rights and claims thereunder to the Trustee and *provided further that* with respect to each such Hedge Agreement entered into after the Closing Date, the Issuer shall have received Rating Agency Confirmation.

9.13 Fundings

With respect to any Fundings, the Issuer shall not enter into any binding commitment to purchase additional Underlying Assets therewith, until it has received such Fundings in its Principal Collections Account.

9.14 Delegation

The Issuer may, with the prior written consent of the Trustee (except that no such consent is needed with respect to actions permitted pursuant to the Collateral Management Agreement in effect at such time) and with notice to the Hedge Counterparties and each of the Rating Agencies, contract with other Persons, including the Collateral Manager, for the performance of actions and obligations to be performed by the Issuer hereunder by such Persons and the performance of the actions and other obligations with respect to the Collateral Assets of the nature set forth in the Collateral Management Agreement by the Collateral Manager. Notwithstanding any such arrangement, the Issuer shall remain primarily liable with respect thereto. In the event of such contract, the performance of such actions and obligations by such Persons shall be deemed to be performance of such actions and obligations by the Issuer.

9.15 Notices

Promptly upon becoming aware thereof, the Issuer shall notify the Trustee of the occurrence of a Default or an Event of Default under the Terms and Conditions (unless such Default or Event of Default shall have been cured), of any termination event under the other Transaction Documents and of the exercise of any termination right arising thereunder.

9.16 Certificate of No Default

The Issuer shall give to the Trustee, the Rating Agencies and the Collateral Manager promptly after request and at least once a year promptly after its annual accounts have been prepared, a certificate of the Issuer signed by an authorised signatory of the Issuer to the effect that as at a date of the said annual accounts (the "**Certification Date**") there did not exist and had not existed since the Certification Date of the previous certificate (or in the case of the first such certificate the date of this Trust Agreement) any Event of Default or any Default or any other matter which is required (pursuant thereto) to be brought to the Trustee's attention (or if such event exists or existed, specifying the same) and that during the period from and including the Certification Date of the last such certificate (or in the case of the first certificate, the date of this Trust Agreement) to and including the Certification Date of such certificate, the Issuer has complied with all its obligations contained in this Trust Agreement or (if such is not the case) specifying the respects in which it has not complied.

10. RETAINING OF THIRD PARTIES

10.1 If and to the extent the Trustee delegates the performance of its Trustee Duties to any agent, the Trustee shall only be liable for the careful selection of any such agent and shall neither be responsible to supervise nor in any way be responsible for any liability incurred by reason of any misconduct or default on the part of any such agent, *provided that* the Trustee shall remain obliged to fulfil its duties hereunder notwithstanding any such delegation if and to the extent any such agent does not properly perform its duties and the Trustee has actual knowledge thereof. The Trustee shall promptly notify the Rating Agencies of every such delegation.

10.2 The Trustee is authorised, in connection with the performance of the Trustee Duties, at its own discretion, to seek information and advice from legal counsel, financial consultants, banks and other experts (each an "**Advisor**") at market prices or commercially reasonable prices. The Trustee, however, shall be under no obligation to seek information and advice from any Advisor.

10.3 The Trustee may rely on such written information and advice without having to make its own investigations. The Trustee shall not be liable for any damages or losses caused by its acting in good faith and in reliance on written information or advice of the Advisors. The Trustee shall not be liable for any negligence of the Advisors. The Trustee shall only be liable for the exercise of due care in the selection of any Advisor.

11. FEES; INDEMNIFICATION

11.1 The Issuer will pay the Trustee a fee which shall be separately agreed between the Issuer and the Trustee.

11.2 The Issuer shall bear all reasonable costs and disbursements (including those of Advisors) incurred, and pay all reasonable advances requested, by the Trustee in connection with the performance of the Trustee Duties.

11.3 The Issuer shall indemnify the Trustee and its officers, directors, shareholders and employees against all losses, liabilities, obligations (including any taxes other than taxes on the Trustee's overall income or gains, which are imposed in the future on the services under this Trust Agreement), actions in and out of court and costs, expenses and disbursements incurred by the Trustee in connection with this Trust Agreement or any other Transaction Document, unless such losses, liabilities, obligations, actions, costs and disbursements are incurred by the Trustee due to a breach of the standard of care provided for in Clause 6.2.

11.4 At any time after the occurrence of a Default or an Event of Default or if the Trustee finds it expedient or necessary in the performance of the Trustee Duties or is requested by the Issuer, in each case, to undertake duties which in the opinion of the Trustee are of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee hereunder, the Issuer shall pay such additional remuneration as may be agreed between the Issuer and the Trustee. In the event of the Trustee and the Issuer failing to agree upon the amount of such remuneration or upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents, or upon such additional remuneration, such matters shall be determined by a merchant bank (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the Issuer, or, failing such approval, nominated (on the application of the Trustee) by the President for the time being of the Law Society of England and Wales (at the expense of the Issuer) and the determination of any such merchant bank shall be final and binding upon the Trustee and the Issuer.

11.5 The provisions of this Clause 11 shall survive the termination of this Agreement.

12. TAXES

12.1 The Issuer shall pay all stamp duties, registration or other taxes to which any of the Transaction Documents or any action connected therewith may at any time be subject.

12.2 All payments of fees and reimbursements of expenses to the Trustee shall be increased by the amount of any turnover taxes, value added taxes or similar taxes, other than taxes on the Trustee's overall income or gains, which are imposed in the future on the services under this Trust Agreement.

13. MAINTENANCE OF REGISTER

The Issuer shall at all times maintain a Registrar having its office and a register of Noteholders outside of Germany. The Register shall be kept at the specified office of the Registrar and a copy shall be kept at the registered office of the Issuer and at such other location as the Issuer, the Registrar and the Trustee may agree. Such Register or any other register required under applicable law shall be kept at all times outside Germany. The ownership in respect of the Registered Note shall be established (conclusively, but exclusively) by the relevant notation (*inscription*) in the Register of the holder of the Registered Note maintained by he Registrar.

14. TERMINATION; REPLACEMENT OF THE TRUSTEE; CO-TRUSTEES

14.1 The Trustee may resign at any time on giving not less than 45 calendar days' prior written notice to the Issuer without giving any reason and (save as provided in Clause 14.6(iii)) without being responsible for any liabilities incurred by reason of such retirement.

14.2 Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor Trustee, which must be a bank, financial services institution, auditing firm or law firm with respect to

which each of the Rating Agencies that had assigned ratings to the Notes prior to such resignation or replacement confirms that the appointment of such successor trustee will not result in a withdrawal of the rating in respect of, or downgrading of the Notes. At any time when an Event of Default shall have occurred and be continuing, such successor Trustee shall be appointed only upon the consent of the Majority of the Controlling Class.

14.3 The Trustee may be removed at any time by notice of a Majority of each Class of Notes then outstanding, and if an Event of Default shall have occurred and be continuing, by notice of the Majority of the Controlling Class, delivered to the Trustee and to the Issuer.

14.4 No resignation or removal of the Trustee and no appointment of a successor Trustee shall become effective until the acceptance of appointment by the successor Trustee. If no successor Trustee is recommended under Clause 14.3 above by the relevant Majority in the removal notice or if the Issuer fails to appoint a successor Trustee in accordance with the requirements set forth in Clause 14.2 above within 30 calendar days from the delivery of the removal notice or resignation notice to the Trustee, the Trustee shall have the right to appoint a successor Trustee having the requirements set forth in Clause 14.2 above on behalf of the Issuer. As long as any Notes are outstanding, the Issuer shall ensure that a trustee is appointed at all times which has undertaken substantially the same functions and obligations as the Trustee hereunder.

14.5 The Issuer shall give prompt notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Collateral Manager, to each Hedge Counterparty, to each Rating Agency and to the Noteholders pursuant to Section 11 (*Form of Notices*) of the Terms and Conditions. Each notice shall include the name of the successor Trustee and the address of its principal office. If the Issuer fails to mail or provide such notice within 10 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be given at the expense of the Issuer.

14.6 In the case of a replacement of the Trustee pursuant to this Clause 14:

(i) The Trustee shall forthwith transfer the Collateral, assets and other rights it holds as fiduciary (Treuhänder) under any Transaction Document, as well as its Trustee Claim and the pledge granted to it pursuant to Clause 3.2 to the successor Trustee. Without prejudice to this obligation, the Issuer shall hereby be irrevocably authorised to effect such transfer on behalf of the Trustee as set out in the first sentence and is for that purpose exempted from the restrictions under Section 181 of the German Civil Code (Bürgerliches Gesetzbuch) and any similar provisions contained in the laws of any other country.

(ii) The successor Trustee shall assume the Trustee's obligations under each Transaction Document to which it is a party.

(iii) The costs incurred in connection with replacing the Trustee shall be borne by the Issuer. If such replacement is due to the conduct of the Trustee constituting good cause (*wichtiger Grund*) for termination, the Issuer shall be entitled, without prejudice to any additional rights, to claim damages from the Trustee in the amount of such costs.

(iv) The Trustee shall be obliged to account to the successor Trustee for its activities under or with respect to each Transaction Document.

14.7 Nothing herein shall prejudice any right to terminate this Agreement for good cause (*aus wichtigem Grund*) as a matter of mandatory law.

14.8 The Trustee may, upon giving prior notice to the Issuer (but without the consent of the Issuer or the Noteholders), appoint any person established or resident in any jurisdiction (whether a trust corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Trustee:

(a) if the Trustee considers such appointment to be in the interests of the Noteholders;

(b) for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed; or

(c) for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of either a judgment already obtained or any of the provisions of this Trust Agreement against the Issuer.

The Issuer irrevocably appoints the Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Such a person shall (subject always to the provisions of this Trust Agreement) have such powers, authorities and discretions (not exceeding those conferred on the Trustee by this Trust Agreement) and such duties and obligations as shall be conferred or imposed by the instrument of appointment. The Trustee shall have power in like manner to remove any such person. Such reasonable remuneration as the Trustee may pay to any such person, together with any attributable liabilities incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes this Trust Agreement be treated as costs and expenses incurred by the Trustee.

15. CONFIDENTIALITY

The Trustee shall keep confidential any confidential information obtained in connection with the performance of its duties under this Trust Agreement. The Trustee shall only disclose such information (i) to its auditors, an Advisor, a third party retained in accordance with Clause 10 above or a person appointed in accordance with Clause 14.8 above, in each case to the extent that disclosure of such information is necessary for the performance of their duties for the purposes of this Trust Agreement and the Trustee ensures that the recipient shall keep such information confidential, (ii) if such information is or becomes generally known in a manner not attributable to the Trustee, (iii) if the Trustee is legally required to disclose such information or requested to do so by a competent public authority or (iv) if the disclosure of such information by the Trustee is legally permitted and necessary to enforce any rights arising from the Notes or the other Transaction Documents or such disclosure is otherwise required in connection with the performance of the Trustee's obligations under the Transaction Documents.

16. LIMITED RECOURSE AND NON-PETITION

All payment obligations of the Issuer hereunder constitute obligations exclusively to make payments in an amount limited to any credit on the Issuer Accounts and proceeds from the Collateral Assets received by the Trustee pursuant to the Trust Agreement and other Transaction Documents, in each case in accordance with and subject to the Priority of Payments and Clause 4.1 of the Trust Agreement. Funds available for such payments will be generated by, and limited to, notably (i) payments received in respect of the Pledged Obligations and (ii) any Fundings and any payments received under the Hedge Agreements. This Agreement shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly.

To the extent that such assets, or the proceeds from the realisation thereof, prove ultimately insufficient to satisfy the claims of the Trustee in full, then any shortfall arising shall be extinguished and the Trustee shall have no further claims against the Issuer, *provided that* the foregoing shall be without prejudice to any termination or early redemption rights, set-off rights and rights of retention. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised

therefrom to satisfy any outstanding claims of the Trustee, and neither assets nor proceeds will be so available thereafter.

The Trustee shall not (otherwise than as contemplated herein or in any Security Agreement) take steps against the Issuer to recover any sum so unpaid and, in particular, the Trustee shall not petition or take any other step or action for the winding up, examinership, liquidation or dissolution of the Issuer nor for the appointment of a liquidator, examiner, receiver or other person in respect of the Issuer or its assets until after the expiry of a period of two years and one day (or, if longer, the then applicable preference period as provided for in the applicable bankruptcy laws) following the payment of all amounts payable under the Notes.

17. COMMUNICATIONS

17.1 All communications under this Trust Agreement shall be made by e-mail, mail or fax, *provided that* notices regarding termination of this Trust Agreement or the replacement of the Trustee given by e-mail or fax shall promptly be confirmed by mail.

17.2 All communications under this Trust Agreement shall be in English.

17.3 All notices to Noteholders under this Trust Agreement shall be given in accordance with Section 11 (*Form of Notices*) of the Terms and Conditions. Subject to written notification of any change of address, all communications under this Trust Agreement shall be directed to the addresses set out in Exhibit A to the Master Definitions Agreement.

18. WAIVER AND AMENDMENTS

18.1 Waiver

The Trustee may, without prejudice to its rights in respect of any subsequent breach, Event of Default or Default from time to time, but only if and in so far as in its opinion the interests of the Noteholders and the other Transaction Creditors shall not be materially prejudiced thereby, waive or authorise any breach by the Issuer of any of the covenants, agreements or provisions contained in this Trust Agreement or the Terms and Conditions (with the exception of any breach referred to in Section 9.1(a)-(d) of the Terms and Conditions). Any such waiver or authorisation may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, and if the Trustee shall so require, shall be notified by the Issuer to the Noteholders in accordance with Section 11 (*Form of Notices*) of the Terms and Conditions as soon as practicable thereafter.

18.2 Amendments

(a) This Trust Agreement (including this Clause 18.2) may only be amended by agreement of all parties hereto in writing.

(b) The Trustee shall only agree to any material amendment hereto subject to Rating Agency Confirmation and the prior consent of the Majority of each Class of Notes.

The Trustee may without the consent of the Noteholders or the other Transaction Creditors at any time give its consent to:

(i) any amendment to this Trust Agreement if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error; or

(ii) any other amendment to this Trust Agreement (for the avoidance of doubt, other than any waiver or authorisation of any breach of any of the provisions of this Trust Agreement), including any amendment made in order to comply with any requirements of the Luxembourg Stock Exchange or any alternative stock exchange with regard to the listing of the Notes, which in the opinion of the Trustee will not be materially prejudicial to the interests of any Class of Noteholders or any other Transaction Creditor.

(c) Any such consent may be given on such terms and subject to such conditions (if any) as the Trustee may determine, and shall be notified to the Rating Agencies and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders in accordance with Section 11 (Form of Notices) of the Terms and Conditions as soon as practicable thereafter.

(d) In connection with any such consent, the Trustee shall be entitled to take such professional advice (including the procuring of opinions) as it may deem appropriate and all costs incurred thereby shall be treated as fees and expenses of the Trustee.

18.3 Standard Business Terms of Trustee

For the avoidance of doubt standard business terms and conditions of the Trustee shall not apply with respect to the Transaction.

19. SEVERABILITY

If any provision of this Trust Agreement is or becomes invalid in whole or in part, the remaining provisions shall remain unaffected thereby.

20. GOVERNING LAW; JURISDICTION

20.1 This Trust Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

20.2 The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with this Trust Agreement shall be the District Court (*Landgericht*) in Frankfurt am Main. Each of the Issuer and the Trustee hereby submits to the jurisdiction of such court. The Issuer has appointed FIDEUROP Treuhandgesellschaft für den Gemeinsamen Markt mbH, Wirtschaftsprüfungsgesellschaft, with its seat on the date hereof Bockenheimer Anlage 15, Mozartplatz, 60322 Frankfurt am Main, Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court. The Trustee has appointed Dr. Friedrich Trockels, Rechtsanwalt, with the address on the date hereof at Grüneburgweg 14, 60322 Frankfurt am Main, Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court.

21. CONDITION PRECEDENT

This Trust Agreement and the rights and obligations hereunder are subject to the condition precedent that the Notes will be issued and that the Issue Price for the Notes (except for the Class A1 Delayed Draw Note) will be paid pursuant to the Placement Agreement.

22. COUNTERPARTS

This Trust Agreement may be executed in one or more counterparts. Each signed counterpart shall constitute an original, but all of which together shall constitute one and the same agreement.

THE PORTFOLIO PROVISIONS

The following is the text of the Portfolio Provisions, which is attached as Exhibit A to the Collateral Management Agreement. In case of any overlap or inconsistency in the definition of a term or expression in the Portfolio Provisions and elsewhere in this Prospectus, the definition in the Portfolio Provisions will prevail.

1. General

The portfolio held by the Issuer will be composed of a pool of Underlying Assets and Eligible Investments held by or on behalf of the Issuer from time to time.

"**Underlying Asset**" means an asset which, as of the date of acquisition by the Issuer, is either a Structured Finance Security, a Synthetic Security whose Reference Obligation is a Structured Finance Security or a Replacement Asset.

"**Structured Finance Security**" means any security which belongs to any one or more of the types (each, including any Additional Specified Types, a "**Specified Type**") described below at the time of purchase by the Issuer:

"**Asset-Backed Security**" or "**ABS**" means any obligation, other than a "catastrophe bond", that is either (i) a security or an obligation that is primarily serviced by the cash flows of a discrete pool of receivables or other financial assets or assets that may be referenced to other financial instruments, either fixed or revolving, and that, by its terms converts into cash within a finite time period, plus any rights or other assets designed to assure the servicing or timely distribution of proceeds to the holders thereof or (ii) an "asset-backed security" as such term may be defined from time to time in the "General Instructions to Form S-3 Registration Statement" promulgated under the Securities Act.

"**Automobile Securities**" means Structured Finance 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 Structured Finance Securities) on the cash flow from instalment sale loans made to finance the purchase of, or from leases of, automobiles, generally having the following characteristics: (1) the loans or leases may have varying contractual maturities; (2) the loans or leases are obligations of numerous borrowers or lessors and accordingly represent a diversified pool of obligor credit risk; (3) 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 (4) 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.

"**CDO of ABS**", "**CDO of ABS Securities**" or "**CDO Securities**": Structured Finance Securities that entitle the holders thereof to receive payments that depend on the cash flow from a portfolio of corporate debt securities, securities issued by a sovereign issuer, asset backed securities, REIT Debt Securities, Commercial Mortgage-Backed Securities and Residential Mortgage-Backed Securities or any combination of the foregoing, generally having the following characteristics: (1) the loans and securities have varying contractual maturities; (2) the loans and securities are obligations of a relatively limited number of obligors or issuers and accordingly represent a relatively undiversified pool of obligor credit risk; (3) repayment thereof can vary substantially from the contractual payment schedule (if any), with early prepayment of individual bank 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; (4) proceeds from such repayments can for a limited period and subject to compliance with certain eligibility criteria be reinvested in additional loans and/or securities. For the purposes of this Prospectus, CDO of ABS Securities shall not be considered an Asset-Backed Security; and shall always have the following characteristics: (A) at least 50% of such portfolio is comprised of Asset-Backed Securities and MBS Securities, no more than 15% of such portfolio is comprised of a specified pool of corporate loans or debt securities and such porfolio shall not comprise of securities that synthetically reference corporate risk; and (B) if secured by interest in or representing one or more credit default swaps or total return swaps or other synthetic or similar instruments, (i) the CDO of ABS needs to have a fully funded reference portfolio, or (ii) if the reference portfolio is not fully funded, then the CDO of ABS is required to be a static transaction and if the underlying assets are amortizing assets, the notional amount referenced in respect of an asset reduces in line with the amortization of such asset, if any (unless consented to otherwise by the Majority of the Class A1 Notes).

"**CLO Securities**" means securities of which the underlying assets include commercial and industrial bank loans.

"**CMBS**" or "**Commercial Mortgage-Backed Securities**" means CMBS Conduit Asset-Backed Securities, CMBS Large Loan Asset-Backed Securities and Single Property CMBS.

"**CMBS Conduit Asset-Backed Securities**" means Structured Finance Securities (A) typically issued by a trust or other entity that acquired assets from one or more sellers of commercial mortgage loans or by a single-seller or multi-seller conduit under which the holders of such Structured Finance 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 their holders 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 Structured Finance 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 and frequently do not amortize or amortize only slightly over their terms; (2) the terms of the commercial mortgage loans are substantially uniform; (3) 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 used for such purchase or improvement); (4) 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 Asset-Backed Securities and CMBS Credit Tenant Lease Asset-Backed Securities) and accordingly represent a relatively undiversified pool of obligor credit risk; (5) upon original issuance of such Structured Finance Securities, there are no less than 60 commercial loans and no commercial loan represents more than 10% of, and no three commercial mortgage loans account in the aggregate for more than 20% of, the aggregate principal balance of the entire pool of commercial mortgage loans supporting payments on such securities; (6) repayment of such securities can vary substantially from their contractual payment schedules (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/or a lockout period; and (7) the terms of the loans acquired from any single seller are relatively uniform.

"**CMBS Credit Tenant Lease Asset-Backed Securities**" means Structured Finance Securities (other than CMBS Large Loan Asset-Backed Securities and CMBS Conduit Asset-Backed Securities) that entitle their holders 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 Structured Finance Securities) on the cash flow from a pool of commercial mortgage loans made to finance the acquisition, construction and improvement of properties leased to creditworthy corporate tenants, generally have the following characteristics: (1) the commercial mortgage loans and related leases have varying contractual maturities although the leases have terms at least as long as the related loans; (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 securing the commercial mortgage loans are obligations of a relatively limited number of (and sometimes a single) obligors, and accordingly represent a relatively undiversified pool of obligor credit risk; (4) payment of such loans can vary from their payment schedules computed based on the lease schedule, although generally prepayment other than in connection with a sale by the obligor of the mortgaged property is much less likely than in a loan to an individual; (5) prepayment of individual loans or termination of leases depends 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; (6) the loans generally are fully or nearly amortized over their terms from payments on the leases; and (7) the creditworthiness of such corporate tenants is the primary factor in any decision to invest in these securities.

"**CMBS Large Loan Asset-Backed Securities**" means Structured Finance Securities (other than CMBS Conduit Asset-Backed Securities and CMBS Credit Tenant Lease Asset-Backed Securities) that entitle their holders 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 CDO Securities) on the cash flow from a pool of commercial mortgage loans made to finance the acquisition, construction and improvement of properties, and which generally have the following characteristics: (1) the commercial mortgage loans have varying contractual maturities but typically include call protection in the form of a lockout period, a prepayment premium, or both; (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 used for such purchase or improvement); (3) the commercial mortgage loans are obligations of a limited (generally significantly more limited than in the case of conduit securities) number of obligors and accordingly represent an undiversified pool of obligor credit risk and in fact may include substantial concentration of obligors; (4) repayment of such loans can vary from their contractual payment schedules (if any), with prepayment of individual loans depending on numerous factors specific to the particular obligors and upon whether, such loans or securities include an effective prepayment premium and/or lockout period; (5) the valuation of individual properties securing the commercial mortgage loans is the primary factor in any decision to invest in these securities; and (6) the terms of and collateral for, each loan may vary substantially from the terms of and collateral for each other loan.

"**Commercial ABS**" means an ABS which is a separate asset backed class included by S&P in its list of asset backed categories.

"**Consumer ABS**" means an ABS which is a separate asset backed class included by S&P in its list of asset backed categories.

"**Consumer Loan Securities**" means a Structured Finance Security that entitles the holder thereof to receive payments that depend (except for rights or other assets designed to secure the servicing or timely distribution of proceeds to the holders of the Structured Finance Securities) on the cash flow from loans made to consumers.

"**Covered Bond**" means:

(i) Pfandbriefe (*Hypothekenpfandbriefe, Öffentliche Pfandbriefe* and *Schiffspfandbriefe*) issued pursuant to the German Mortgage Bank Act (*Hypothekenbankgesetz*), the German Act on Pfandbriefe and Similar Debentures of Public Sector Institutions (*Gesetz über Pfandbriefe und verwandte Schuldverschreibungen öffentlich-rechtlicher Kreditanstalten*) or German Act on Ship Mortgage Banks (*Gesetz über Schiffspfandbriefbanken*) (as amended from time to time and including any statute replacing the foregoing);

(ii) any other securities issued by credit institutions with a registered office in a EU member state which is subject to special public supervision and which securities benefit from statutory insolvency preference provisions designed to protect securityholders, as further defined in article 22.4 of the Council Directive 85/611/EEC of 20 December 1985 ("**UCITS Directive**") and as notified by the relevant EU member states to the Commission and published by the Commission in accordance with the provisions of the UCITS Directive and implementing EU member states legislation; and

(iii) any Structured Covered Bonds. "**Structured Covered Bonds**" means (i) full recourse debt instruments that are secured by a pool of mortgages and/or public sector claims and in respect of which securitisation techniques have been used to enhance the rating of such debt instruments or (ii) secured bonds issued against a pool of assets in jurisdictions where no specific covered bond law has been established.

"**CRE CDO Securities**" means securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from a portfolio of asset-backed securities, mortgage loans, REIT debt securities, synthetic securities or other real estate related securities or any combination of the foregoing, generally having the following characteristics: (1) the asset-backed securities have varying contractual maturities; (2) the asset-backed securities are obligations of obligors or issuers that represent a relatively diversified pool of obligor credit risk; (3) repayment thereof can vary substantially from the contractual payment schedule (if any), with early prepayment of asset-backed securities depending on numerous factors specific to the particular issuers or obligors and on whether, in the case of asset-backed securities bearing interest at a fixed rate, such asset-backed securities include an effective prepayment premium; (4) proceeds from such repayments can for a limited period and subject to compliance with certain eligibility criteria be reinvested in additional asset-backed securities; and (5) the portfolio of asset-backed securities has a greater than 75% concentration in REIT debt securities, CMBS, commercial real estate and/or other commercial real estate mortgages.

"**CSO Securities**" means a security other than a security falling under paragraph (B)(i) of the definition of CDO of ABS Security, wherein all or a significant portion of the underlying risk in respect of such security arises directly or indirectly from a total return swap, a portfolio credit swap, one or more credit default swaps or any other credit derivative transactions.

"**Diversified Asset-Backed Securities**" means Prime-Credit Card Securities, and any other type of Structured Finance Securities that become an additional Specified Type and are designated as "Structured Finance Diversified Securities" in connection therewith.

"**Home Equity Loan A Asset-Backed Securities**" means Structured Finance Securities (other than Residential B/C Mortgage-Backed Securities, Residential A Mortgage-Backed

Securities and Home Equity Loan B/C Asset-Backed Securities) that entitle their holders 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 Structured Finance Securities) on the cash flow from balances (including revolving balances) outstanding under prime loans secured at origination by subordinate liens (or, in certain cases, "home equity loans" that are senior liens) on residential real estate (single or multi-family properties) the proceeds of which loans were not used to purchase such real estate or to purchase or construct dwellings thereon (or to refinance indebtedness previously used for such purchase or construction), generally having the following characteristics: (1) the balances have standardized payment terms and require minimum monthly payments; (2) the balances are obligations of numerous borrowers and accordingly represent a 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 and general economic matters; and the timing of principal payments of the securities depends upon the timing of collections on the home equity loan balances.

"**Home Equity Loan B/C Asset-Backed Securities**" means Structured Finance Securities (other than Residential A Mortgage-Backed Securities, Residential B/C Mortgage-Backed Securities and Home Equity Loan A Asset-Backed Securities) that entitle their holders 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 Structured Finance Securities) on the cash flow from balances (including revolving balances) outstanding under sub-prime loans secured at origination by subordinate liens (or, in certain cases, "home equity loans" that are senior liens) on residential real estate (single or multi-family properties) the proceeds of which loans were not used to purchase such real estate or to purchase or construct dwellings thereon (or to refinance indebtedness previously used for such purchase or construction), generally having the following characteristics: (1) the balances have standardized payment terms and require minimum monthly payments; (2) the balances are obligations of numerous borrowers and accordingly represent a 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 and general economic matters; and the timing of principal payments of the securities depends upon the timing of collections on the home equity loan balances.

"**Manufactured Housing Asset-Backed Securities**" means Structured Finance Securities that entitle their holders 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 Structured Finance Securities) on the cash flow from manufactured housing (also known as mobile homes and prefabricated homes) instalment sales contracts and instalment loan agreements, generally having the following characteristics: (1) the contracts and loan agreements have varying, but typically lengthy contractual maturities; (2) 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; (3) the contracts and/or loans are obligations of a large number of obligors and accordingly represent a relatively diversified pool of obligor credit risk; (4) repayment of such securities can vary substantially from their contractual payment schedules, 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) in some cases, obligations are fully or partially guaranteed by a governmental agency or instrumentality.

"**Market Value CDO Securities**" means CDO Securities where the overcollateralisation

with respect to such Structured Finance Securities is measured by the market value of its underlying portfolio of securities.

"**Monoline Guaranteed Securities**" means Structured Finance Securities as to which the timely payment of interest when due, and the payment of principal no later than stated legal maturity, is unconditionally guaranteed pursuant to a financial guaranty insurance policy issued by a monoline financial insurance company.

"**Mortgage-Backed Securities**" or "**MBS Securities**" means RMBS and CMBS.

"**Non-Conforming RMBS**" means an RMBS security the repayment of which is linked to a pool of residential mortgages loans to borrowers who may not satisfy the market standard requirements of lenders to make such loans to borrowers and/or Synthetic Securities comprising predominantly such residential mortgages loans to such borrowers.

"**Non-Performing RMBS**" means an RMBS security the repayment of which is linked to a pool of residential mortgages loans which are in arrears or are expected to experience delays in payment of interest or principaland/or Synthetic Securities comprising predominantly such residential mortgages loans.

"**Prime Automobile Securities**" means Automobile Securities which are not sub-prime securities.

"**Prime-Credit Card Securities**" means Structured Finance Securities which are not sub-prime securities and 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 Structured Finance 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 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.

"**REIT Debt Securities**" means Structured Finance Securities issued by a real estate investment trust whose assets consist (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Structured Finance Securities) of mortgages on real property interests.

"**Residential A Mortgage-Backed Securities**" means Structured Finance Securities (other than Residential B/C Mortgage-Backed Securities, Home Equity Loan A Asset-Backed Securities and Home Equity Loan B/C Asset-Backed Securities) that entitle their holders 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 Structured Finance Securities) on the cash flow from prime residential mortgage loans secured (on a first priority basis, subject to permitted liens, easements and other encumbrances) by residential real estate (single or multi-family properties) the proceeds of which were used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used), generally having the following characteristics: (1) the mortgage loans have standardized payment terms and require minimum monthly payments; (2) the mortgage loans are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk; and (3) 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

and generally no penalties for early repayment; and 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.

"**Residential B/C Mortgage-Backed Securities**" means (a) Structured Finance Securities (other than Residential A Mortgage-Backed Securities, Home Equity Loan A Asset-Backed Securities and Home Equity Loan B/C Asset-Backed Securities) that entitle their holders 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 Structured Finance Securities) on the cash flow from sub-prime 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 were used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used), generally having the following characteristics: (1) the mortgage loans have standardized payment terms and require minimum monthly payments; (2) the mortgage loans are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk; and (3) 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 and generally no penalties for early repayment; and 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 (b) U.S. Sub-Prime RMBS.

"**Residential Securities**" or "**RMBS**" or "**Residential Mortgage-Backed Securities**" means (1) Home Equity Loan A Asset-Backed Securities; (2) Home Equity Loan B/C Asset-Backed Securities; (3) Manufactured Housing Asset-Backed Securities; (4) Residential A Mortgage-Backed Securities; (5) Residential B/C Mortgage-Backed Securities; and (6) any other type of Structured Finance Securities that become an additional Specified Type and are designated as "Structured Finance Residential Securities" in connection therewith.

"**Shipping Loan Securities**" mean Structured Finance Securities that entitle their holders to receive payments that depend on the cash flow from securitisations of ship financing and shipping industry related loans.

"**Single Property CMBS**" means Structured Finance Securities (other than CMBS Conduit Asset-Backed Securities, CMBS Credit Tenant Lease Asset-Backed Securities and CMBS Large Loan Asset-Backed Securities) that entitle their holders 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 Structured Finance Securities) on the cash flow from a pool of commercial mortgage loans made to finance the acquisition, construction and improvement of properties, and which generally have the following characteristics: (1) the commercial mortgage loans have varying contractual maturities but typically include call protection in the form of a lockout period, a prepayment premium, or both; (2) the commercial mortgage loans are secured by a single item of real property purchased or improved with the proceeds thereof (or to refinance an outstanding loan the proceeds of which were used for such purchase or improvement); (3) the commercial mortgage loans are obligations of a single obligor; (4) repayment of such loans can vary from their contractual payment schedules (if any), with prepayment of individual loans depending on numerous factors specific to the particular obligor and upon whether, such loans or securities include an effective prepayment premium and/or lockout period; (5) the valuation of the property securing the commercial mortgage loans is the primary factor in any decision to invest in these securities; and (6) the terms of and collateral for, each loan may vary substantially from the terms of and collateral for each other loan.

"**Small Business Loan Securities**" means Structured Finance 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 general purpose corporate loans made to small business undertakings (with not more than 500 employees and an annual revenue not exceeding EUR 5 million. Small Business Loan Securities generally have, inter alia, the following characteristics: (a) the loans are obligations of a relatively limited number of borrowers and accordingly represent an undiversified pool of obligor credit risk; and (b) 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.

"**Student Loan Securities**" means Structured Finance Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from loans made to students (or their parents) 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 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 are guaranteed by the United States Department of Education.

"**Sub-Prime Automobile Securities**" means Automobile Securities which are sub-prime securities.

"**Trust Preferred Securities**" means instruments 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 thereof) on the cash flow from a pool of trust securities issued by a wholly-owned trust subsidiary of a financial institution or an insurance holding company which uses the proceeds of such issuance to purchase a portfolio of debt securities issued by its parent and generally have the following characteristics: (1) the trust securities are non-amortizing preferred stock securities; (2) the trust securities have a 30 year maturity with a 5- or 10- year non-call period; and (3) the trust securities are subordinated debt.

"**U.S. Security**" means a Structured Finance Security, 50% of whose underlying portfolio of assets has obligors located in the United States or a State thereof or in Canada.

"**U.S. Sub-Prime Exposed CDO Security**" means a CDO of ABS Security (other than the senior most tranche rated "AAA" by S&P or "Aaa" by Moody's) whose underlying portfolio of securities may contain investments in U.S. Sub-Prime RMBS (whether or not actually contained) which are rated "BBB+" or below by S&P or "Baa1" or below by Moody's.

"**U.S. Sub-Prime RMBS**" means RMBS which are U.S. 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 suc securities) on the cash flow from residential mortgage loans secured (on a first or second 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: (1) the mortgage loans have

generally not been underwritten to the standards of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation (without regard to the size of the loan); (2) the mortgage loans have standardized payment terms and require minimum monthly payments; (3) the mortgage loans are obligations of numerous borrowers and accordingly represent a very diversified pool of obligor credit risk; (4) 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; and (5) the weighted average FICO® score of the residential mortgage loans is less than 660 (or such other FICO® score that Moody's or S&P determine from time to time); provided further that a US Subprime RMBS under this definition shall also be considered to be a Residential B/C Mortgage-Backed Securities.

After the Closing Date, any other type that is not one of the Specified Types of Structured Finance Securities described immediately above may be designated as an "**Additional Specified Type**" (and may be designated as a "**Structured Finance Diversified Security**" or a "**Structured Finance Residential Security**") in a notice from the Investment Board (upon a proposal of the Collateral Manager) to the Trustee, *provided that* Rating Agency Confirmation is received with respect to such designation. If any type of Structured Finance Security shall be so designated as an Additional Specified Type, such Additional Specified Type shall be its own Specified Type and the definition of each Specified Type of Structured Finance Security in existence prior to such designation shall be construed to exclude such newly designated Specified Type of Structured Finance Security.

"**Synthetic Security**" means any credit linked note or collateralised credit default swap (which is not a credit default swap linked to the credit performance of a Reference Obligation which is a corporate or structured finance obligor or a basket of corporate or structured finance obligors) purchased from or entered into by, the Issuer with a Synthetic Security Counterparty the returns on which (as determined by the Collateral Manager) are linked to the credit performance of a Reference Obligor or a Reference Obligation, but which may contain a different maturity, interest rate, currency or other non-credit characteristics than such Reference Obligation. For the purposes of these Provisions, 'PROMISE' transactions or 'PROVIDE' transactions under platforms sponsored by *Kreditanstalt für Wiederaufbau* (*KfW*) or similar transactions involving KfW shall be excluded from the definition of Synthetic Securities.

"**Excluded Synthetic Security**" means any Synthetic Security that contains an underlying derivative transaction (or an instrument the underlying assets of which comprise or one or more underlying derivative transactions) for which (i) the seller of credit protection (the "**Protection Seller**") under a credit derivative transaction (or any other derivative transaction which contains characteristics of a credit derivative transaction) undertakes to make payments to the buyer of credit protection, in respect of interest shortfalls on one or more Reference Obligations under such derivative transaction (an "**Interest Shortfall Undertaking**") and (ii) with respect to the Interest Shortfall Undertaking, either, no interest shortfall cap is applicable or, a variable cap rather than a fixed cap is applicable, i.e., an interest shortfall cap pursuant to which the amount of interest shortfall payable in respect of an interest period by the Protection Seller shall not be limited to the premium payable to such Protection Seller for such interest period.

2. Initial Investment Period and Acquisition of Underlying Assets

The Collateral Manager shall use all commercially reasonable efforts to propose Underlying Assets to the Investment Board for purchase on behalf of the Issuer during the Initial Investment Period such that the criteria set forth in the table below is complied with on the earlier of the dates set forth in the table below (each such date, a "**Ramp-Up Test Date**"). The Collateral Manager shall notify each Rating Agency promptly in the event any of such criteria are not met. As of any date prior to the Ramp-Up Effective Date, if any of the criteria specified with respect

to the next succeeding Ramp-Up Test Date are not satisfied, additional Underlying Assets may be proposed for purchase only to the extent that such criteria with respect to such Ramp-Up Test Date are improved and no criteria in compliance become non compliant.

"**Initial Investment Period**" shall mean the period beginning on the Closing Date and ending on the date (the "**Ramp-Up Effective Date**") which is the earlier of (i) the 180th day after the Closing Date, and (ii) the date on which the Collateral Administrator determines that (a) the aggregate principal balance of all Underlying Assets as of such date *plus* purchased accrued interest thereon which has not been received by such date is not less than EUR 1,000,000,000 and (b) each of the Collateral Quality Tests and Coverage Tests is satisfied and the Portfolio Criteria are complied with.

Days Following the Closing Date	Minimum Aggregate Principal Amount	Maximum Weighted Average Purchase Price
30	EUR 600,000,000	101%
60	EUR 750,000,000	101%
90	EUR 850,000,000	101%
120	EUR 900,000,000	100.30%
150	EUR 950,000,000	100.30%

Subsequent to the Initial Investment Period, the Collateral Manager shall use all commercially reasonable efforts to propose Underlying Assets to the Investment Board for purchase on behalf of the Issuer to the extent that funds are available therefor in accordance with the Priority of Payments.

3. Eligibility Criteria

Any Structured Finance Security or Synthetic Security whose Reference Obligation is a Structured Finance Security shall be eligible for purchase by the Issuer if, at the time of purchase, the relevant Structured Finance Security or Synthetic Security (to the extent relevant for Synthetic Securities) meets the following requirements (the "**Eligibility Criteria**"):

(i) it is Euro-denominated and is not convertible into, or payable in, any other currency;

(ii) it is issued by an obligor governed under the laws of a Qualifying Country;

(iii) it is assigned a Moody's Rating and an S&P Rating, or guaranteed (subject to such guarantee being in a form satisfactory to S&P) as to the timely payment of principal and interest by any government of a Qualifying Country or any agency or instrumentality thereof (*provided that* the long-term debt of such agency or instrumentality is rated "Aaa" by Moody's and "AAA" by S&P);

(iv) it is not a Defaulted Obligation or a Credit Risk Obligation;

(v) it is 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;

(vi) it is not issued by a sovereign, or by a non-sovereign issuer located in a country, that, in either case has foreign exchange controls in place at the time of purchase that effectively limit the availability or use of Euros to make when due the scheduled payments of principal of and interest thereon;

(vii) it is fully negotiated on all terms prior to the contemplated date of the Issuer's commitment to acquire such asset;

(viii) it is not the subject of an exchange or conversion offer and has not been called for redemption and may not, by its terms, be converted into an equity security at the option of the issuer thereof;

(ix) it is a security that has coupon or other payments on it that are not subject to withholding tax for so long as owned by the Issuer unless the issuer (and guarantor, if any) is required to make gross-up payments that cover the full amount of any such withholding tax;

(x) it does not require any commitment from the Issuer to provide further funds thereunder;

(xi) with respect to an Interest Only Security, (i) it has a rating of "Aaa" by Moody's and "A-" by S&P and (ii) if its final maturity is at least more than one year from the time such Interest Only Security is purchased, Rating Agency Confirmation has been received from Moody's, *provided that* Interest Only Securities may only be purchased with Principal Proceeds or Uninvested Proceeds to the extent that the Net Outstanding Portfolio Collateral Balance exceeds an amount equal to EUR 1 billion less any Special Amortization Amounts applied under Section 3.3(b)(11) or with Interest Proceeds available under Section 3.3(a)(26)(i);

(xii) it is not a Net Interest Margin Obligation;

(xiii) it is not a Market Value CDO Security;

(xiv) it is not a Manufactured Housing Asset Backed Security;

(xv) it is not a Trust Preferred Security;

(xvi) it has a Moody's Rating of at least "Baa2" and a S&P Rating of at least "BBB";

(xvii) it does not have a Synthetic Security Counterparty whose long-term rating from Moody's is "A2" or lower or from S&P is "A" or lower;

(xviii) it is not an obligation of an issuer or a Synthetic Security governed under the laws of any jurisdiction other than a Qualifying Country;

(xix) it has no Indirect Emerging Markets Exposure;

(xx) if it consists of a managed portfolio of underlying assets, with the Collateral Manager acting as portfolio manager in respect of such managed portfolio, at least one year has elapsed since its issue date;

(xxi) it is not a U.S. Sub-Prime RMBS having a Moody's Rating below "A3" and an S&P Rating of below "A–";

(xxii) it is not a Negative Amortisation Security;

(xxiii) if it bears interest at a floating rate, such interest is linked to EURIBOR;

(xxiv) if it bears interest at a floating rate, it is purchased for a purchase price of 97% or more of its Principal Amount and if it bears interest at a fixed rate, it is purchased for a

purchase price of 90% or more of its Principal Amount;

(xxv) if it is a CSO Security (i) it has a Moody's Rating of at least "A3" and a S&P Rating of at least "A–" and (ii) its final maturity does not exceed 8.5 years;

(xxvi) it is not a combination note;

(xxvii) if it a PIK Obligation then as of its date of acquisiton the interest payments due and payable on such PIK Obligation are not currently deferred and/or capitalized as additional principal thereof;

(xxviii) if it is an RMBS which is a U.S. Security, Rating Agency Confirmation has been received from S&P and Moody's;

(xxix) it is not a hybrid security which has the ability to pay a fixed interest rate coupon which can change into a floating interest rate coupon over the life of such hybrid security;

(xxx) it does not synthetically reference an ABS index;

(xxxi) it does not have a final maturity beyond 2099; and

(xxxii) except for Zero Coupon Bonds, it does not pay interest less frequently than semi-annually.

4. Portfolio Criteria and other Requirements

The Collateral Manager shall only propose the purchase of Underlying Assets if the following criteria (the "**Portfolio Criteria**") shall be complied with upon the acquisition by the Issuer:

(i) the aggregate Principal Amount of all Underlying Assets having a S&P Rating of below "AAA" and a Moody's Rating of below "Aaa" does not exceed 75% of the Maximum Investment Amount; the aggregate Principal Amount of all Underlying Assets having a S&P Rating of below "AA-" and a Moody's Rating of below "Aa3" does not exceed 45% of the Maximum Investment Amount and the aggregate Principal Amount of all Underlying Assets having a S&P Rating of below "A-" and a Moody's Rating of below "A3" does not exceed 10% of the Maximum Investment Amount;

(ii) the aggregate Principal Amount of all Underlying Assets having either a Moody's Rating of "Aaa" or a S&P Rating of "AAA", issued by any single issuer does not exceed 3.1% of the Maximum Investment Amount; the aggregate Principal Amount of all Underlying Assets having either a Moody's Rating of less than "Aaa" and at least "Aa3", or a S&P Rating of less than "AAA" and at least "AA-", issued by any single issuer does not exceed 2.1% of the Maximum Investment Amount; the aggregate Principal Amount of all Underlying Assets having either a Moody's Rating of less than "Aa3" and at least "A3", or a S&P Rating of less than "AA-" and at least "A-", issued by any single issuer does not exceed 1.1% of the Maximum Investment Amount; the aggregate Principal Amount of all Underlying Assets having either a Moody's Rating of less than "A3" and at least "Baa2", or a S&P Rating of less than "A-" and at least "BBB", issued by any single issuer does not exceed 0.52% of the Maximum Investment Amount;

(iii) the aggregate Principal Amount of all Structured Finance Securities serviced by any single Servicer does not exceed 20% of the Maximum Investment Amount; provided, however, that not more than 20% of the Maximum Investment Amount is serviced by

any single Servicer which has a Moody's Rating of at least "Aa3", and an S&P Rating of at least "AA-"; and not more than 15% of the Maximum Investment Amount is serviced by any single Servicer which has a Moody's Rating of below "Aa3" and at least "A3", or an S&P Rating of below "AA-" and at least "A-"; and not more than 10% of the Maximum Investment Amount is serviced by any single Servicer which has a Moody's Rating of below "A3", or an S&P Rating of below "A-";

(iv) the aggregate Principal Amount of all Asset-Backed Securities (other than CMBS) or RMBS serviced by any single Servicer which has an S&P Rating of at least "AA-" does not exceed 20% of the Maximum Investment Amount; *provided that* if any single Servicer has an S&P Rating below "AA-" and at least "A-", not more than 15% of the Maximum Investment Amount is serviced by such single Servicer; *provided* further *that* if any single Servicer has an S&P Rating below "A-" and at least "BBB–", not more than 10% of the Maximum Investment Amount, is serviced by such single Servicer; *provided* further *that* if any single Servicer has an S&P Rating below "BBB-", not more than 7.5% of the Maximum Investment Amount is serviced by such single Servicer;

(v) the aggregate Principal Amount of all Synthetic Securities does not exceed 20% of the Maximum Investment Amount;

provided, however, that, (A) the aggregate Principal Amount of Underlying Assets for which an entity is a Synthetic Security Counterparty does not, on a combined basis, exceed the percentage of the Maximum Investment Amount set forth below opposite either of the ratings of such Synthetic Security Counterparty under the caption "Individual Counterparty Percentage" and (B) the aggregate Principal Amount of Underlying Assets for which the related Synthetic Security Counterparties have the same Moody's Rating or S&P Rating does not exceed the percentage of the Maximum Investment Amount set forth below opposite such ratings under the caption "Aggregate Counterparty Percentage";

Moody's Rating / S&P Rating	Individual Counterparty Percentage	Aggregate Counterparty Percentage
Aaa/AAA	10%	20%
Aa1/AA+	10%	10%
Aa2/AA	5%	10%
Aa3/AA–	2.5%	10%
A1/A+	2%	5%
A2/A	2%	5%
A3/A- or lower	0%	0%

(vi) the purchase price on acquisition of all Interest Only Securities does not exceed 2.5% of the Maximum Investment Amount;

(vii) the aggregate Principal Amount of all Zero Coupon Bonds does not exceed 2.5% of the Maximum Investment Amount;

(viii) on or after the Ramp-Up Effective Date, the aggregate Principal Amount of all Underlying Assets that bear interest at a floating rate is at least equal to 90% of the Maximum Investment Amount; *provided that* for purposes of this sub clause (viii), any Underlying Asset which bears interest at a floating rate that is the subject of an Asset Specific Hedge shall be considered to bear interest at a fixed rate and any Underlying Asset which bears interest at a fixed rate that is the subject of an Asset Specific Hedge

shall be considered an Underlying Asset bearing interest at a floating rate; *provided* further *that* Underlying Assets that bear interest at a floating rate can be less than such percentage upon receipt of Rating Agency Confirmation;

(ix) on or after the Ramp-Up Effective Date, the aggregate Principal Amount of all Underlying Assets that bear interest at a fixed rate does not exceed 10% of the Maximum Investment Amount; *provided that* for purposes of this sub clause (ix), any Underlying Asset which bears interest at a fixed rate that is the subject of an Asset Specific Hedge shall be considered an Underlying Asset bearing interest at a floating rate and any Underlying Asset which bears interest at a floating rate that is the subject of an Asset Specific Hedge shall be considered to bear interest at a fixed rate; *provided* further *that* Underlying Assets that bear interest at a fixed rate can be more than such percentage upon receipt of Rating Agency Confirmation;

(x) the aggregate Principal Amount of all Underlying Assets which are not rated by S&P, but which are rated by Moody's and Fitch does not exceed 20% of the Maximum Investment Amount and the aggregate Principal Amount of all Underlying Assets having a Moody's Rating of the type described in clause (ii) of the definition of "Moody's Rating": (a) which are rated by both S&P and Fitch does not exceed 20% of the Maximum Investment Amount, (b) which are rated by either S&P or Fitch but not by both does not exceed 10% of the Maximum Investment Amount;

(xi) the aggregate Principal Amount of all Underlying Assets having a final maturity after the Stated Maturity does not exceed 5% of the Maximum Investment Amount, *provided that* the expected life of such Underlying Assets must end on or prior to the Stated Maturity;

(xii) the aggregate Principal Amount of all Underlying Assets which are not CMBS or CRE CDOs does not exceed 90% of the Maximum Investment Amount;

(xiii) the aggregate Principal Amount of all Underlying Assets which are CMBS or CRE CDOs does not exceed 45% of the Maximum Investment Amount; *provided that* the aggregate Principal Amount of all Underlying Assets which are CRE CDO Securities does not exceed 7% of the Maximum Investment Amount;

(xiv) the aggregate Principal Amount of all Underlying Assets which are Single Property CMBS does not exceed 7.5% of the Maximum Investment Amount;

(xv) on or after the Ramp-up Effective Date, the aggregate Principal Amount of all Underlying Assets which are RMBS or Covered Bonds is at least 25% of the Maximum Investment Amount;

(xvi) the aggregate Principal Amount of all Underlying Assets which are Non-Conforming RMBS (without prejudice to (xvii) below) and have a Moody’s Rating of "Baa2" to "Baa1" or an S&P Rating of "BBB" to "BBB+" does not exceed 5.2% of the Maximum Investment Amount;

(xvii) the aggregate Principal Amount of all Underlying Assets which are Non-Conforming RMBS does not exceed 15% of the Maximum Investment Amount and the aggregate Principal Amount of all Underlying Assets which are Non-Performing RMBS does not exceed 7.5% of the Maximum Investment Amount;

(xviii) the aggregate Principal Amount of all Underlying Assets which are Non-Performing RMBS and have a Moody’s Rating of "Baa2" to "Baa1" or an S&P Rating of "BBB" to "BBB+" does not exceed 2.5% of the Maximum Investment Amount;

(xix) the aggregate Principal Amount of all RMBS which are U.S. Securities does not exceed 2.5% of the Maximum Investment Amount;

(xx) the aggregate Principal Amount of all Underlying Assets which are Automobile Securities, Consumer ABS, Consumer Loan Securities, Shipping Loan Security, Small Business Loan Securities, Student Loan Securities or Sub-prime Automobile Securities does not exceed 10% of the Maximum Investment Amount, *provided that* the aggregate Principal Amount of all Underlying Assets in each single type of such securities does not exceed 5.2% of the Maximum Investment Amount;

(xxi) the aggregate Principal Amount of all Underlying Assets which are CDO of ABS Securities (including all U.S. Sub-Prime Exposed CDO Securities), CSO Securities or CLO Securities does not exceed 35% of the Maximum Investment Amount, *provided that* the aggregate Principal Amount of all Underlying Assets which are CLO Securities does not exceed 10.1% of the Maximum Investment Amount;

(xxii) the aggregate Principal Amount of all Underlying Assets which are a CDO of ABS Securities (including all U.S. Sub-Prime Exposed CDO Securities), that have a Moody's Rating of "Baa1" to "Baa2" or an S&P Rating of "BBB+" to "BBB" does not exceed 5.1% of the Maximum Investment Amount;

(xxiii) the aggregate Principal Amount of all Underlying Assets which are a CDO of ABS Securities (including U.S. Sub-Prime Exposed CDO Securities) (including (xxii) above) that have a Moody's Rating of "A1" to "Baa2" or an S&P Rating of "A+" to "BBB" does not exceed 20% of the Maximum Investment Amount;

(xxiv) the aggregate Principal Amount of all Underlying Assets which are a CDO of ABS Securities (including U.S. Sub-Prime Exposed CDO Securities) (including (xxii) and (xxiii) above) that have a Moody's Rating of "Aa1" to "Baa2" or an S&P Rating of at least "AA+" to "BBB" does not exceed 35% of the Maximum Investment Amount;

(xxv) the aggregate Principal Amount of all Underlying Assets which are Monoline Guaranteed Securities that have a Moody's Rating of at least "A3" and an S&P Rating of at least "A–" does not exceed 10.1% of the Maximum Investment Amount; *provided that* the aggregate Principal Amount of all Underlying Assets which are Monoline Guaranteed Securities that have a Moody's Rating below "Aaa" or an S&P Rating below "AAA" does not exceed 5% of the Maximum Investment Amount

(xxvi) the aggregate Principal Amount of all Underlying Assets which are Monoline Guaranteed Securities of a single obligor does not exceed 5% of the Maximum Investment Amount;

(xxvii) the aggregate Principal Amount of all Underlying Assets providing for payments of interest less frequently than quarterly, including for the avoidance of doubt Semi Annual Underlying Assets which are smoothed via the Semi Annual Interest Smoothing Account, (unless such Underlying Assets or Semi Annual Underlying Assets are swapped to provide for quarterly or more frequent payments) does not exceed 5% of Maximum Investment Amount;

(xxviii) the aggregate Principal Amount of all Underlying Assets which are U.S. Securities does not exceed 15% of the Maximum Investment Amount;

(xxix) the aggregate Principal Amount of all Underlying Assets which are U.S. Sub-Prime Exposed CDO Securities does not exceed 5% of the Maximum Investment Amount;

(xxx) the aggregate Principal Amount of all Underlying Assets which are CSO Securities does not exceed 10.1% of the Maximum Investment Amount;

(xxxi) the aggregate Principal Amount of all Underlying Assets which are PIK Obligations does not exceed 10% of the Maximum Investment Amount;

(xxxii) the aggregate Principal Amount of all Underlying Assets which consist of a managed portfolio of underlying assets, with the Collateral Manager acting as portfolio manager in respect of such managed portfolio, does not exceed 2% of the Maximum Investment Amount;

(xxxiii) the number of Underlying Assets on or after the Business Day which is 9 months from the Closing Date is at least 80, *provided that* two or more Underlying Assets issued by a single issuer shall be deemed to be one asset for the purpose of this clause;

(xxxiv) the weighted average life of all Underlying Assets having a Moody's Rating of below "Aa3" and an S&P Rating of below "AA–" does not exceed 8.1 years;

(xxxv) the weighted average life of all Underlying Assets having a Moody's Rating of below "A3" and an S&P Rating of below "A–" does not exceed 8.1 years;

(xxxvi) the weighted average life of any single Underlying Asset having a Moody's Rating of below "Aa3" and an S&P Rating of below "AA–" does not exceed 12.5 years;

(xxxvii) the weighted average life of all Underlying Assets which are CDO of ABS Securities does not exceed 10 years;.

If the Issuer has previously entered into a commitment to acquire an Underlying Asset, then, for purposes of such acquisition only, the Portfolio Criteria need not be complied with on the date of such acquisition if each of the Portfolio Criteria were complied with on the date on which the Issuer entered into such commitment.

If any of the Portfolio Criteria are not complied with prior to the purchase (or if earlier, upon the entry into by the Issuer of a commitment to purchase) of the relevant Underlying Assets, the Collateral Manager may propose the purchase of such Underlying Assets if compliance with each of the Portfolio Criteria is not made worse as of the date of purchase (or commitment to purchase, as relevant) as the result of such purchase.

If the Underlying Asset is to be purchased with Principal Proceeds, the Collateral Manager may propose the purchase *provided that* (i) upon the purchase of such Underlying Asset, each of the Class A/B Overcollateralization Ratio Test, the Class A/B Interest Coverage Ratio Test and the Class C Overcollateralization Ratio Test shall be satisfied, and (ii) after the Ramp-Up Effective Date, Principal Proceeds may not be used for investments in Interest Only Securities.

After giving effect to an investment in an Underlying Asset, each of the Class A/B Overcollateralization Ratio Test, Class A/B Interest Coverage Ratio Test, the Class C Overcollateralization Ratio Test, the Weighted Average Coupon Test, the Required Weighted Average Spread and the Weighted Average Rating Test shall be satisfied; *provided that* prior to such investment if any such test is not satisfied, (a) Disposition Proceeds with respect to only Credit Improved Obligations and discretionary sales may be reinvested so long as, after giving effect to such reinvestment, any such tests which were not satisfied at the time of sale are improved and (b) Disposition Proceeds with respect to Credit Risk Obligations may be reinvested so long as, after giving effect to such reinvestment, any such tests which were not satisfied must not be made worse than the outcome of such tests prior to reinvestment.

After giving effect to an investment in an Underlying Asset, (i) each of the Collateral Quality Tests not referred to in the immediately preceding paragraph shall be satisfied or, (ii) if immediately prior to such investment any such test was not satisfied, compliance with any such Collateral Quality Test not satisfied shall not be made worse as of the date of the disposition generating the proceeds for such reinvestment as the result of such purchase, *provided that* the restriction set forth under (ii) shall not be applicable with respect to the Standard & Poor's CDO Monitor Test for any acquisition made with Disposition Proceeds relating to Defaulted Obligations and Credit Risk Obligations.

As long as a rating downgrade of (i) the Class A1 Notes, the Class A2 Notes, the Class A3 Notes or the Class B Notes by one notch by Moody's or (ii) the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes by two or more notches by Moody's has occurred and is continuing, no investment in Underlying Assets shall be made unless, as a result of such investment, the quality of the Underlying Assets as measured pursuant to the Collateral Quality Tests is maintained or improved.

For the avoidance of doubt, this Provision 4 shall not apply with respect to proposals made by the Collateral Manager for the disposal of Underlying Assets.

5. The Collateral Quality Tests

The "**Collateral Quality Tests**" will consist of the MAC Test, the Weighted Average Life Test, the Weighted Average Rating Test, the Weighted Average Recovery Rate Test, the Weighted Average Coupon Test, the Weighted Average S&P Recovery Rate Test and the Standard & Poor's CDO Monitor Test each as described below. Except as otherwise expressly stated or unless the context provides otherwise the Collateral Quality Tests will only take effect on and after the Ramp-Up Effective Date.

For purposes of the MAC Test, a Synthetic Security will be included as an Underlying Asset having the characteristics of the related Reference Obligation (and the issuer thereof will be deemed to be the related Reference Obligor) and not of the Synthetic Security. For purposes of the Collateral Quality Tests (other than the MAC Test), a Synthetic Security will be included as an Underlying Asset having the characteristics of the Synthetic Security and not of the related Reference Obligation.

5.1 *The Asset Correlation Test*

To analyse the risk of increased correlation between assets from sectors with observed correlated default risks, such as Structured Finance Securities, Moody's has developed an alternative asset correlation test.

The "**MAC Test**" is a test that (a) is satisfied on any Measurement Date if the MAC Factor (as defined below), rounded to the nearest whole number, as of such Measurement Date is not greater than 20 and (b) is satisfied on any of the following dates prior to the Ramp-Up Effective Date in the table below, if the MAC Factor on such date is not greater than the number corresponding such date in the table below, *provided that* the calculation of the MAC Factor is based on a number of assets equal to 120 (the "**MAC Test Number of Assets**").

"**MAC Factor**" means a single number that is determined in accordance with the correlation methodology provided to the Collateral Manager, the Collateral Administrator and the Trustee by Moody's.

Days Following the Closing Date	MAC Factor
90	30
150	25
180	20

5.2 *The Weighted Average Life Test*

The "**Weighted Average Life Test**" will be satisfied (a) on any date until 31 October 2007 (inclusive), if the weighted average life of the Underlying Assets as of such Measurement Date is less than or equal to 7 years, and (b) on any Measurement Date thereafter, if the weighted average life of the Underlying Assets as of such Measurement Date is less than or equal to (i) 7 less (ii) the time, in years, elapsed from the Closing Date to such Measurement Date (the "**Maximum Permitted Weighted Average Life**"). The prepayment speed used in the weighted average life determination will be (i) the base case pricing speed of the Underlying Asset with respect to Underlying Assets purchased in the primary market and (ii) the base case six-month average prepayment speed with respect to Underlying Assets purchased in the secondary market.

5.3 *The Weighted Average Rating Test*

The "**Weighted Average Rating Test**" will be satisfied on any Measurement Date, if the Weighted Average Rating is not more than 85 and will be satisfied on any of the following dates below prior to the Ramp-Up Effective Date, if the Weighted Average Rating on such date is not more than the number corresponding such date in the table below:

Days Following the Closing Date	Weighted Average Rating
90	105
120	100
150	95

The "**Weighted Average Rating**" on any Measurement Date and the dates mentioned in the table above is the number determined by dividing (i) the sum of the series of products obtained for Underlying Assets (other than Underlying Assets with respect to which the Collateral Manager reasonably believes will default with respect to payment when next due, Defaulted Obligations or Replacement Assets) by multiplying the Principal Amount on such Measurement Date or date, as applicable, of each such Underlying Asset by its respective Moody's Rating Factor on such Measurement Date or date, as applicable, by (ii) the sum of the Aggregate Principal Amount on such Measurement Date or date, as applicable, of all Underlying Assets (other than Underlying Assets with respect to which the Collateral Manager reasonably believes will default with respect to payment when next due, Defaulted Obligations or Replacement Assets). The "**Moody's Rating Factor**" relating to any Underlying Asset is the number set forth in the table below opposite the Moody's Rating of such Underlying Asset, *provided that*, for the purposes of determining the Moody's Rating Factor for Synthetic Securities, the Moody's Rating Factor shall be that assigned by Moody's, *provided that*, Rating Agency Confirmation is received from Moody's at the time of such assignment:

Moody's Rating	Moody's Rating Factor
Aaa	1
Aa1	10

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

The "**Moody's Rating**" of any Underlying Asset will be determined as follows; provided, that for any Underlying Asset that is a Synthetic Security, references herein to such Synthetic Security's Reference Obligation shall be deemed to refer to such Synthetic Security, except to the extent such Synthetic Security has a Moody's Rating at the date of acquisition:

(i) if such Underlying Asset has a public rating with respect to the maximum promise for such Underlying Asset set forth in the governing documents for such Underlying Asset by Moody's, the Moody's Rating shall be such rating, or if such Underlying Asset does not have such a rating from Moody's, but the Issuer or the Collateral Manager on behalf of the Issuer has requested that Moody's assign a rating to such Underlying Asset, the Moody's Rating shall be the rating so assigned by Moody's; *provided that* (i) if such Underlying Asset is so rated by Moody's and is on review for possible downgrade by Moody's, then the Moody's Rating for such Underlying Asset shall be one subcategory below the then-current assigned rating and (ii) if such Underlying Asset is so rated by Moody's and is on watch for positive credit outlook, then the Moody's Rating for such Underlying Asset shall be one subcategory above the then-current assigned rating; *provided* further *that* (i) if such Underlying Asset is a CDO Security that is rated lower than "A1" but higher than "Baa3" by Moody's and such Underlying Asset is on review for possible downgrade by Moody's, then the Moody's Rating shall be two subcategories below the then-current assigned rating, (ii) if such Underlying Asset is a CDO Security that is rated "Baa3" or lower by Moody's and such Underlying Asset is on review for possible downgrade by Moody's, then the Moody's Rating shall be three subcategories below the then-current assigned rating, (iii) if such Underlying Asset is a Structured Finance Security that is rated "Aaa" or lower by Moody's and such Underlying Asset is on review for possible downgrade by Moody's, then Moody's Rating shall be assumed to be "Aa1", (iv) if such Underlying Asset is a Structured Finance Security that is rated less than "Aaa" on review for possible downgrade by Moody's, then Moody's Rating shall be assumed to be two notches below the current rating, and (v) if such Underlying Asset is a Structured Finance Security that is rated less than Aaa on review for possible upgrade by Moody's, then Moody's Rating shall be assumed to be two notches above the current rating;

(ii) with respect to any Structured Finance Security, if such Structured Finance Security does

not have a publicly available monitored rating (whether a full rating or a limited rating) or an estimated rating by Moody's, then the Moody's Rating of such Structured Finance Security shall be determined using the methods below:

(A) with respect to any Residential A Mortgage-Backed Security or Residential B/C Mortgage-Backed Security not rated by Moody's, if such Residential A Mortgage-Backed Securities or Residential B/C Mortgage-Backed Securities are rated by Standard & Poor's, then the Moody's Rating thereof will be (1) one rating subcategory below the Moody's equivalent rating assigned by Standard & Poor's if the rating assigned by Standard & Poor's is "AAA"; (2) two rating subcategories below the Moody's equivalent rating assigned by Standard & Poor's if the rating assigned by Standard & Poor's is "AA+", "AA", "AA-", "A+", "A", "A-", "BBB+", "BBB" or "BBB-"; and (3) three rating subcategories below the Moody's equivalent rating assigned by Standard & Poor's if the rating assigned by Standard & Poor's is below "BBB-";

(B) with respect to any (1) Home Equity Loan A Asset-Backed Securities; (2) Home Equity Loan B/C Asset-Backed Securities; or (3) Manufactured Housing Asset-Backed Securities not rated by Moody's, if such (1) Home Equity Loan A Asset-Backed Securities; (2) Home Equity Loan B/C Asset-Backed Securities; or (3) Manufactured Housing Asset-Backed Securities are rated by Standard & Poor's, then the Moody's Rating thereof will be (i) one rating subcategory below the Moody's equivalent rating assigned by Standard & Poor's if the rating assigned by Standard & Poor's is "AAA", "AA+" or "AA"; (ii) two rating subcategories below the Moody's equivalent rating assigned by Standard & Poor's if the rating assigned by Standard & Poor's is "AA-", "A+", "A", "A-", "BBB+", "BBB" or "BBB-"; and (iii) three rating subcategories below the Moody's equivalent rating assigned by Standard & Poor's if the rating assigned by Standard & Poor's is below "BBB-";

(C) (1) with respect to any CMBS Conduit Asset-Backed Security or CMBS Credit Tenant Lease Asset-Backed Security not rated by Moody's, if such CMBS Conduit Asset-Backed Security or CMBS Credit Tenant Lease Asset-Backed Security is rated by Standard & Poor's, then (i) if Moody's has rated a tranche or class of CMBS Conduit Asset-Backed Security or CMBS Credit Tenant Lease Asset-Backed Security senior to the relevant issuance, the Moody's Rating thereof shall be one and one-half rating subcategories below the Moody's equivalent rating assigned by Standard & Poor's or Fitch (whichever rating agency has assigned a lower rating); and (ii) if Moody's has not rated any such tranche or class, then the Moody's Rating thereof will be two rating subcategories below the Moody's equivalent rating assigned by Standard & Poor's or Fitch (whichever rating agency has assigned a lower rating); *provided that* if only one of Standard & Poor's or Fitch has rated such CMBS Conduit Asset-Backed Security or CMBS Credit Tenant Lease Asset-Backed Security, then the Moody's Rating thereof will be the Moody's equivalent rating assigned by Standard & Poor's or Fitch, as applicable; and

(2) with respect to CMBS Large Loan Asset-Backed Security not rated by Moody's, the Issuer or the Collateral Manager on behalf of the Issuer shall request Moody's to assign a Rating to such CMBS Large Loan Asset-Backed Security on a case-by-case basis; and

(D) with respect to any other Specified Types or any other type of Structured Finance Security that is of an Additional Specified Type, pursuant to any method specified by Moody's;

(iii) with respect to Corporate Obligations, if such Corporate Obligations does not have a publicly available monitored rating (whether a full rating or a limited rating) or an estimated rating by Moody's but another security or obligation of the guarantor or obligor (an "other security") is so rated by Moody's, and no rating has been assigned in accordance with clause (i), the Moody's Rating of such Underlying Asset shall be determined as follows:

(A) if the Corporate Obligation is of the same priority as the other security, the Moody's Rating of such Underlying Asset shall be the rating of the other security;

(B) if (A) above is not applicable, but there is another security rated by Moody's that is a senior unsecured obligation, and

(1) the Corporate Obligation is a senior secured obligation of the guarantor or obligor and the other security is a senior unsecured obligation (a) rated "Baa3" or higher by Moody's, the Moody's Rating of such Corporate Obligation shall be the rating of the other security or (b) rated "Ba1" or lower by Moody's, the Moody's Rating of such Corporate Obligation shall be one rating subcategory above the rating of the other security; or

(2) the Corporate Obligation is a subordinated obligation of the guarantor or obligor and the other security is a senior unsecured obligation (a) rated "B1" or higher by Moody's, the Moody's Rating of such Corporate Obligation shall be two rating subcategories below the rating of the other security or (b) rated "B2" or lower by Moody's, the Moody's Rating of such Corporate Obligation shall be one rating subcategory below the rating of the other security;

(C) if neither (A) nor (B) above is applicable, but there is an other security rated by Moody's that is a senior secured obligation, and

(1) the Corporate Obligation is a senior unsecured obligation of the guarantor or obligor and the other security is a senior secured obligation rated (a) "Ca" or higher by Moody's, the Moody's Rating of such Corporate Obligation shall be one rating subcategory below the rating of the other security or (b) rated less than "Ca" by Moody's, the Moody's Rating of such Corporate Obligation shall be "C"; or

(2) the Corporate Obligation is a subordinated obligation of the guarantor or obligor and the other security is a senior secured obligation rated (a) "Ba3" or higher by Moody's, the Moody's Rating of such Corporate Obligation shall be three rating subcategories below the rating of the other security or (b) rated less than "B1" or lower by Moody's, the Moody's Rating of such Corporate Obligation shall be two rating subcategories below the other security;

(D) if neither (A), (B) nor (C) above is applicable, but there is another security that is a subordinated obligation rated "B3" or higher by Moody's, and

(1) the Corporate Obligation is a senior secured obligation of the guarantor or obligor and the other security is a subordinated obligation (a) rated "Baa3" or higher by Moody's, the Moody's Rating of such Corporate Obligation shall be one rating subcategory above the rating of the other security, (b) rated below "Baa3" but above "B3" by Moody's, the Moody's Rating of such Corporate Obligation shall be two rating subcategories above the rating of the other security, or (c) rated "B3" by Moody's, the Moody's Rating of such Corporate Obligation shall be "B2"; or

(2) the Corporate Obligation is a senior unsecured obligation of the guarantor or obligor, the Moody's Rating of such Corporate Obligation shall be one rating subcategory above the rating of the other security; or

(E) if neither (A), (B), (C) nor (D) above are applicable, but there is another security that is a subordinated obligation rated below "B3" by Moody's, and the Corporate Obligation is a senior secured obligation or senior unsecured obligation, the Moody's Rating of such Corporate Obligation shall be the Moody's Rating of such other security; and

(iv) with respect to Corporate Obligations issued by U.S. or Qualifying Country guarantors or obligors, if such Corporate Obligation does not have a publicly available monitored rating (whether a full rating or a limited rating) or an estimated rating by Moody's, and no other security or obligation of the guarantor or obligor is rated by Moody's, then the Moody's Rating of such Corporate Obligation may be determined using the methods below:

(A) (1) if such Corporate Obligation is rated by Standard & Poor's, then the Moody's Rating of such Corporate Obligation will be (x) one rating subcategory below the Moody's equivalent of the rating assigned by Standard & Poor's if such security is rated "BBB-" or higher by Standard & Poor's and (y) two rating subcategories below the Moody's equivalent of the rating assigned by Standard & Poor's if such security is rated "BB+" or lower by Standard & Poor's; and

(2) if such Corporate Obligation is not rated by Standard & Poor's but another security or obligation of the guarantor or obligor is rated by Standard & Poor's (a "parallel security"), then the Moody's equivalent of the rating of such parallel security will be determined in accordance with the methodology set forth in subclause (1) above, and the Moody's Rating of such Corporate Obligation will be determined in accordance with the methodology set forth in clause (iii) above (for such purpose treating the parallel security as if it were rated by Moody's at the rating determined pursuant to this subclause (2));

(B) if such Corporate Obligation is not rated by Moody's or Standard & Poor's, and no other security or obligation of the guarantor or obligor is rated by Moody's or Standard & Poor's, then the Issuer or the Collateral Manager on behalf of the Issuer may present such Corporate Obligation to Moody's for an estimate of such Underlying Asset's rating factor, from which its corresponding Moody's rating may be determined, which shall be its Moody's Rating;

(C) with respect to a Corporate Obligation issued by a U.S. corporation, if (1) none of the guarantor and its affiliates or none of the obligor and its affiliates, as applicable, is subject to reorganization or bankruptcy proceedings, (2) no debt securities or obligations of the guarantor or obligor are in default, (3) none of the guarantor and its affiliates or none of the obligor and its affiliates, as applicable, have defaulted on any debt during the past two years, (4) the guarantor or obligor has been in existence for the past five years, (5) the guarantor or obligor is current on any cumulative dividends, (6) the fixed-charge ratio for the guarantor or obligor exceeds 125% for each of the past two fiscal years and for the most recent quarter, (7) the guarantor or obligor had a net profit before tax in the past fiscal year and the most recent quarter and (8) the annual financial statements of the guarantor or obligor are unqualified and certified by a firm of independent accountants of national reputation, and quarterly statements are unaudited but signed by a corporate officer, the Moody's Rating of such Corporate Obligation will be "B3";

(D) with respect to a Corporate Obligation issued by a non-U.S. guarantor or obligor, if (1) none of the guarantor and its affiliates or none of the obligor and its affiliates, as applicable, is subject to reorganization or bankruptcy proceedings and (2) no debt security or obligation of the guarantor or obligor has been in default during the past two years, the Moody's Rating of such Underlying Asset will be "Caa2"; and

(E) if a debt security or obligation of the guarantor or obligor has been in default during the past two years, the Moody's Rating of such Underlying Asset will be "Ca".

5.4 *The Weighted Average Recovery Rate Test*

The "**Weighted Average Recovery Rate Test**" will be satisfied as of any Measurement Date if the Weighted Average Recovery Rate is greater than or equal to 50%. The "**Weighted Average Recovery Rate**", as of any Measurement Date, is the number obtained by summing the products obtained by multiplying the Principal Amount of each Underlying Asset by the Applicable Recovery Percentage for such Underlying Asset, dividing such sum by the aggregate Principal Amount of all such Underlying Assets, multiplying the result by 100 and rounding to the first decimal place.

"**Applicable Recovery Percentage**": As of any Measurement Date, 100% less the Loss Rate.

"**Loss Rate**": With respect to Monoline Guaranteed Securities, 70%, with respect to equity securities, 100%, and, with respect to any other Underlying Asset, the applicable percentage relating to an Underlying Asset as set forth in the tables below (*provided that*, for the purposes of determining the Loss Rate for Synthetic Securities, the Loss Rate shall be that assigned by Moody's, *provided that*, Rating Agency Confirmation is received from Moody's at the time of such assignment).

Structured Finance Diversified Securities

% of Underlying	Rating of Underlying Asset					
Capital Structure[(1)]	Aaa	Aa	A	Baa	Ba	B
>70%	15%	20%	30%	40%	50%	60%
<=70%, >10%	25%	30%	40%	50%	60%	70%
<=10%	30%	35%	45%	55%	65%	75%

Structured Finance Residential Securities

% of Underlying	Rating of Underlying Asset					
Capital Structure[(1)]	Aaa	Aa	A	Baa	Ba	B
>70%	15%	20%	35%	45%	55%	70%
<=70%, >10%	25%	30%	45%	55%	65%	75%
<=10%, >5%	35%	45%	55%	60%	70%	80%
<=5%, >2%	45%	55%	60%	65%	75%	85%
<=2%	55%	65%	70%	75%	85%	90%

Structured Finance Undiversified Securities

% of Underlying	Rating of Underlying Asset					
Capital Structure[(1)]	Aaa	Aa	A	Baa	Ba	B
>70%	15%	20%	35%	45%	55%	70%
<=70%, >10%	25%	30%	45%	55%	65%	75%
<=10%, >5%	35%	45%	55%	65%	75%	85%
<=5%, >2%	45%	55%	65%	70%	80%	90%
<=2%	55%	65%	75%	80%	90%	95%

Diversified Collateralized Bond Obligation Securities

% of Underlying	Rating of Underlying Asset					
Capital Structure[(1)]	Aaa	Aa	A	Baa	Ba	B
>70%	15%	20%	35%	45%	55%	70%
<=70%, >10%	25%	30%	40%	50%	60%	75%
<=10%, >5%	35%	45%	50%	60%	70%	80%
<=5%, >2%	45%	55%	60%	65%	75%	90%
<=2%	55%	65%	70%	75%	90%	95%

Low Diversity Collateralized Bond Obligation Securities

% of Underlying	Rating of Underlying Asset					
Capital Structure[(1)]	Aaa	Aa	A	Baa	Ba	B
>70%	20%	25%	40%	50%	55%	70%
<=70%, >10%	30%	40%	45%	55%	65%	75%
<=10%, >5%	40%	50%	55%	65%	75%	85%
<=5%, >2%	50%	60%	65%	70%	80%	90%
<=2%	60%	75%	80%	85%	93%	96%

(1) Initial par amount of tranche to which Underlying Asset relates divided by initial par amount of total securities issued by Underlying Asset issuer.

5.5 *The Weighted Average Coupon Test*

The "**Weighted Average Coupon Test**" will be satisfied as of any Measurement Date, if (i) the sum of (a) the weighted average coupon ("**Weighted Average Coupon**") of all Underlying Assets (other than Underlying Assets with respect to which the Collateral Manager reasonably believes a default will occur or a scheduled payment will not be made when next due, Defaulted Obligations and Replacement Assets) bearing interest at a fixed rate ("**Fixed Underlying Assets**") multiplied by the outstanding principal amount of such Fixed Underlying Assets (the "**Fixed Par Amount**") as of such date, (b) the weighted average spread ("**Weighted Average Spread**") above EURIBOR (using, with respect to Underlying Assets whose reference index is not EURIBOR, the spread over such index, adjusted upward to the extent EURIBOR is less than such index and adjusted downward to the extent EURIBOR is greater than such index) of all Underlying Assets (other than Underlying Assets with respect to which the Collateral Manager reasonably believes a default will occur or a scheduled payment will not be made when next due, Defaulted Obligations and Replacement Assets) bearing interest at a floating rate ("**Floating Underlying Assets**") multiplied by the outstanding principal amount of such Floating Underlying Assets (the "**Floating Par Amount**") as of such date and (c) the annual

amount of payments to be received with respect to all Interest Only Securities is greater than (ii) the sum of (a) the product of the Required Weighted Average Coupon and the Fixed Par Amount and (b) the product of the Required Weighted Average Spread and the Floating Par Amount. For purposes of this definition, (i) any Fixed Underlying Asset that is the subject of an Asset Specific Hedge shall be considered a Floating Underlying Asset bearing interest at a floating rate equal to the implied spread over EURIBOR receivable by the Issuer pursuant to such Asset Specific Hedge, (ii) Zero Coupon Bonds shall be considered to be Fixed Underlying Assets bearing interest at 0%, and (iii) any Floating Underlying Asset that is the subject of an Asset Specific Hedge shall be considered a Fixed Underlying Asset bearing interest at a fixed rate equal to the implied fixed rate receivable by the Issuer pursuant to such Asset Specific Hedge, provided however that each Underlying Asset that is a CMBS that has an S&P Rating of "A" or below, if subject to an Available Funds Cap, the interest coupon payable thereon will be deemed to be the minimum margin produced following the prepayment of all the loans in the pool, except the lowest margin loan, at the first interest payment date and subsequent scheduled amortization of that remaining loan.

"**Required Weighted Average Coupon**" means, as of any Measurement Date, 4.75%. The Required Weighted Average Coupon may be modified from time to time by the Issuer (acting through the Investment Board upon a proposal of the Collateral Manager) upon receipt of a Rating Agency Confirmation with respect to such modification.

"**Required Weighted Average Spread**" means, as of any Measurement Date, 0.50%. The Required Weighted Average Spread may be modified from time to time by the Issuer (acting through the Investment Board upon a proposal of the Collateral Manager) upon receipt of a Rating Agency Confirmation with respect to such modification.

"**Available Funds Cap**" means in respect of a CMBS that has an S&P Rating of "A" or below, if on any interest payment date thereunder there are insufficient funds to pay interest in respect of the tranche of that CMBS which the Issuer proposes to acquire, then, in accordance with the terms of the relevant underlying instrument, such shortfall shall be extinguished and the Issuer would have no further claim against the obligor of such CMBS in respect of such amounts.

5.6 *Weighted Average S&P Recovery Rate Test*

The "**Weighted Average S&P Recovery Rate Test**" will be satisfied as of any Measurement Date if the Weighted Average S&P Recovery Rate of all Underlying Assets is greater than or equal to in respect of:

(i) Notes rated "AAA" by S&P, 55%;

(ii) Notes rated "AA", "AA+" or "AA-" by S&P, 60%;

(iii) Notes rated "A", "A+" or "A-" by S&P, 65%;

(iv) Notes rated "BBB", "BBB+" or "BBB-" by S&P, 70%; and

(v) Notes rated "BB", "BB+" or "BB-" by S&P, 78%.

The "**Weighted Average S&P Recovery Rate**" of all Underlying Assets, as of any Measurement Date, is the aggregate of the products obtained by multiplying the Principal Amount of each Underlying Asset by its S&P Recovery Rate, dividing such sum by the Aggregate Principal Amount of all such Underlying Assets, multiplying the result by 100 and rounding up to the first decimal place. For the purposes of each Weighted Average S&P Recovery Rate, the Principal Amount of a Defaulted Obligation shall be deemed to be zero.

A "**S&P Recovery Rate**" shall be determined for each Underlying Asset as follows; this definition is provided to the Issuer by S&P and the asset classes have the meanings ascribed thereto by S&P:

(A) *Underlying Assets (including cashflow CDOs of ABS and CDOs) other than Synthetic Securities and assets listed under (B) below*

Senior Asset Class	**Liability Rating**						
Rating of Underlying Asset upon acquisition by the Issuer thereof	"AAA"	"AA"	"A"	"BBB"	"BB"	"B"	"CCC"
"AAA"	80.0 per cent.	85.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.
"AA"	70.0 per cent.	75.0 per cent.	85.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.
"A"	60.0 per cent.	65.0 per cent.	75.0 per cent.	85.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.
"BBB"	50.0 per cent.	55.0 per cent.	65.0 per cent.	75.0 per cent.	85.0 per cent.	85.0 per cent.	85.0 per cent.

Junior Asset Class	**Liability Rating**						
Rating of Underlying Asset upon acquisition by the Issuer thereof	"AAA"	"AA"	"A"	"BBB"	"BB"	"B"	"CCC"
"AAA"	65.0 per cent.	70.0 per cent.	80.0 per cent.	85.0 per cent.	85.0 per cent.	85.0 per cent.	85.0 per cent.
"AA"	55.0 per cent.	65.0 per cent.	75.0 per cent.	80.0 per cent.	80.0 per cent.	80.0 per cent.	80.0 per cent.
"A"	40.0 per cent.	45.0 per cent.	55.0 per cent.	65.0 per cent.	80.0 per cent.	80.0 per cent.	80.0 per cent.
"BBB"	30.0 per cent.	35.0 per cent.	40.0 per cent.	45.0 per cent.	50.0 per cent.	60.0 per cent.	70.0 per cent.
"BB"	10.0 per cent.	10.0 per cent.	10.0 per cent.	25.0 per cent.	35.0 per cent.	40.0 per cent.	50.0 per cent.
"B"	2.5 per cent.	5.0 per cent.	5.0 per cent.	10.0 per cent.	10.0 per cent.	20.0 per cent.	25.0 per cent.
"CCC"	0.0 per cent.	0.0 per cent.	0.0 per cent.	0.0 per cent.	2.5 per cent.	5.0 per cent.	5.0 per cent.

An Underlying Asset is considered senior if it occupies the most senior position in the capital structure of the respective transaction. Underlying Assets not fitting this criteria will be considered subordinated for the purposes of determining the Weighted Average S&P Recovery

Rates.

(B) *Synthetic Securities, Project Finance, future flows, custom-made synthetics, CDO of ABS or CDOs with 50% or more of the CDOs portfolio referenced synthetically, guaranteed ABS, distressed debt CDOs, Synthetic CDOs (including CSOs), Emerging Market CDOs, market value CDOs and any Underlying Asset which is subject to an Asset Specific Hedge*

The rating and S&P Recovery Rate assigned by S&P with respect thereto.

The "**S&P Rating**" with respect to any Underlying Asset as of any date of determination shall be determined as follows:

(1) if an Underlying Asset is on credit watch for possible upgrade or downgrade by S&P for purposes of the Standard & Poor's CDO Monitor Test, such Underlying Asset shall be deemed to have an S&P Rating one subcategory above or below (respectively) the existing S&P Rating of such Underlying Asset until such Underlying Asset is no longer on credit watch for possible upgrade or downgrade (respectively) by S&P, whereupon such Underlying Asset's actual rating by S&P shall apply;

(2) if there is a credit rating of such Underlying Asset, or the guarantor who unconditionally and irrevocably guarantees such Underlying Asset, then the S&P Rating shall be such rating, provided that such guarantee is in a form satisfactory to S&P;

(3) if the Underlying Asset is not rated by S&P, then the Issuer or the Collateral Manager on behalf of the Issuer, may apply to S&P for a credit estimate, which shall be its S&P Rating, and pending receipt of such credit estimate, the rating shall be "CCC–"; and

(4) if such Underlying Asset is not rated by S&P and neither the Issuer nor the Collateral Manager obtains an S&P Rating for such Underlying Asset pursuant to sub paragraph (3) above, then the S&P Rating of such Underlying Asset may be determined using the methods provided in Provision 5.8, *provide that* if either the Issuer or the Collateral Manager actively seek a credit estimate from S&P pursuant to sub paragraph (3) above and S&P is not able to provide such credit estimate due to significant factors for which it was unable to provide ratings in the first place (including due to material legal risk), then the S&P Rating of such Underlying Asset may be determined as agreed with S&P on a case by case basis.

5.7 *Standard & Poor's CDO Monitor Test*

The "**Standard & Poor's CDO Monitor Test**" will be satisfied on any Measurement Date during the Reinvestment Period if after giving effect to the disposal of an Underlying Asset or the acquisition of an Underlying Asset (or both) (i)(x) the Class A1 Default Differential of the Proposed Portfolio is positive or (y) the Class A1 Default Differential of the Proposed Portfolio is greater than the Class A1 Default Differential of the Current Portfolio, (ii)(x) the Class A2 Default Differential of the Proposed Portfolio is positive or (y) the Class A2 Default Differential of the Proposed Portfolio is greater than the Class A2 Default Differential of the Current Portfolio, (iii)(x) the Class A3 Default Differential of the Proposed Portfolio is positive or (y) the Class A3 Default Differential of the Proposed Portfolio is greater than the Class A3 Default Differential of the Current Portfolio, (iv)(x) the Class B Default Differential of the Proposed Portfolio is positive or (y) the Class B Default Differential of the Proposed Portfolio is greater than the Class B Default Differential of the Current Portfolio, (v)(x) the Class C Default Differential of the Proposed Portfolio is positive or (y) the Class C Default Differential of the

Proposed Portfolio is greater than the Class C Default Differential of the Current Portfolio, (vi)(x) the Class D Default Differential of the Proposed Portfolio is positive or (y) the Class D Default Differential of the Proposed Portfolio is greater than the Class D Default Differential of the Current Portfolio (vii)(x) the Class E1 Default Differential of the Proposed Portfolio is positive or (y) the Class E1 Default Differential of the Proposed Portfolio is greater than the Class E1 Default Differential of the Current Portfolio and (vii)(x) the Class E2 Default Differential of the Proposed Portfolio is positive or (y) the Class E2 Default Differential of the Proposed Portfolio is greater than the Class E2 Default Differential of the Current Portfolio.

The "**Class A1 Break-Even Default Rate**", at any time, is the maximum percentage of defaults that the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Monitor, which after giving effect to S&P's assumptions on recoveries and timing and to the relevant Priorities of Payment, will result in sufficient funds remaining for the payment of the Class A1 Notes in full by their Stated Maturity and the timely payment of interest and the Class A1 Delayed Draw Note Commitment Fee.

The "**Class A1 Default Differential**", at any time, is the rate calculated by subtracting the Class A1 Scenario Default Rate at such time from the Class A1 Break-Even Default Rate at such time.

The "**Class A1 Scenario Default Rate**", at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a "AAA" rating of the Class A1 Notes by S&P, determined by application of the Standard & Poor's CDO Monitor.

The "**Class A2 Break-Even Default Rate**", at any time, is the maximum percentage of defaults that the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Monitor, which after giving effect to S&P's assumptions on recoveries and timing and to the relevant Priorities of Payment, will result in sufficient funds remaining for the payment of the Class A2 Notes in full by their Stated Maturity and timely payment of interest.

The "**Class A2 Default Differential**", at any time, is the rate calculated by subtracting the Class A2 Scenario Default Rate at such time from the Class A2 Break-Even Default Rate at such time.

The "**Class A2 Scenario Default Rate**", at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a "AAA" rating of the Class A2 Notes by S&P, determined by application of the Standard & Poor's CDO Monitor.

The "**Class A3 Break-Even Default Rate**", at any time, is the maximum percentage of defaults that the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Monitor, which after giving effect to S&P's assumptions on recoveries and timing and to the relevant Priorities of Payment, will result in sufficient funds remaining for the payment of the Class A3 Notes in full by their Stated Maturity and timely payment of interest.

The "**Class A3 Default Differential**", at any time, is the rate calculated by subtracting the Class A3 Scenario Default Rate at such time from the Class A3 Break-Even Default Rate at such time.

The "**Class A3 Scenario Default Rate**", at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a "AAA" rating of the Class A3 Notes by S&P, determined by application of the Standard & Poor's CDO Monitor.

The "**Class B Break-Even Default Rate**" at any time, is the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Monitor, which after giving effect to S&P's assumptions on recoveries and timing and to the relevant Priorities of Payment, will result in sufficient funds remaining for the payment of the Class B Notes in full by their Stated Maturity and the timely payment of interest on the Class B Notes.

The "**Class B Default Differential**", at any time, is the rate calculated by subtracting the Class B Scenario Default Rate at such time from the Class B Break-Even Default Rate at such time.

The "**Class B Scenario Default Rate**", at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with an "AA" rating of the Class B Notes by S&P, determined by application of the Standard & Poor's CDO Monitor at such time.

The "**Class C Break-Even Default Rate**", at any time, is the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Monitor, which after giving effect to S&P's assumptions on recoveries and timing and to the relevant Priorities of Payment, will result in sufficient funds remaining for the payment of the Class C Notes in full by their Stated Maturity and the ultimate (rather than timely) payment of interest on the Class C Notes.

The "**Class C Default Differential**", at any time, is the rate calculated by subtracting the Class C Scenario Default Rate as such time from the Class C Break-Even Default Rate at such time.

The "**Class C Scenario Default Rate**", at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with an "A" rating of the Class C Notes by S&P, determined by application of the Standard & Poor's CDO Monitor at such time.

The "**Class D Break-Even Default Rate**", at any time, is the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Monitor, which after giving effect to S&P's assumptions on recoveries and timing and to the relevant Priorities of Payment, will result in sufficient funds remaining for the payment of the Class D Notes in full by their Stated Maturity and the ultimate (rather than timely) payment of interest on the Class D Notes.

The "**Class D Default Differential**", at any time, is the rate calculated by subtracting the Class D Scenario Default Rate at such time from the Class D Break-Even Default Rate at such time.

The "**Class D Scenario Default Rate**", at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with an "BBB" rating of the Class D Notes by S&P, determined by application of the Standard & Poor's CDO Monitor at such time.

The "**Class E1 Break-Even Default Rate**", at any time, is the maximum percentage of defaults that the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Monitor, which after giving effect to S&P's assumptions on recoveries and timing and to the relevant Priorities of Payment, will result in sufficient funds remaining for the payment of the Class E1 Notes in full by their Stated Maturity and the ultimate (rather than timely) payment of interest on the Class E1 Notes.

The "**Class E1 Default Differential**", at any time, is the rate calculated by subtracting the Class E Scenario Default Rate at such time from the Class E1 Break-Even Default Rate at such time.

The "**Class E1 Scenario Default Rate**", at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a "BB" rating of the Class E1 Notes by S&P, determined by application of the Standard & Poor's CDO Monitor.

The "**Class E2 Break-Even Default Rate**", at any time, is the maximum percentage of defaults that the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Monitor, which after giving effect to S&P's assumptions on recoveries and timing and to the relevant Priorities of Payment, will result in sufficient funds remaining for the payment of the Class E2 Notes in full by their Stated Maturity and the ultimate (rather than timely) payment of interest on the Class E2 Notes.

The "**Class E2 Default Differential**", at any time, is the rate calculated by subtracting the Class E Scenario Default Rate at such time from the Class E2 Break-Even Default Rate at such time.

The "**Class E2 Scenario Default Rate**", at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a "BB" rating of the Class E2 Notes by S&P, determined by application of the Standard & Poor's CDO Monitor.

The "**Current Portfolio**" means the portfolio (measured by Principal Amount) of Underlying Assets, Principal Proceeds and Uninvested Proceeds held as cash and Eligible Investments purchased with Principal Proceeds or Uninvested Proceeds, existing immediately prior to the sale, maturity or other disposal of an Underlying Asset or immediately prior to the acquisition of an Underlying Asset, as the case may be.

The "**Proposed Portfolio**" means the portfolio (measured by Principal Amount) of Underlying Assets, Principal Proceeds and Uninvested Proceeds held as cash and Eligible Investments purchased with Principal Proceeds or Uninvested Proceeds, resulting from the sale, maturity or other disposal of an Underlying Asset or a proposed acquisition of an Underlying Asset, as the case may be.

The "**Standard & Poor's CDO Monitor**" is the model used to estimate the default rate the portfolio is likely to experience and which will be provided to the Collateral Manager and the Collateral Administrator on or before the Ramp-Up Effective Date. The Standard & Poor's CDO Monitor calculates the projected cumulative default rate of a pool of Underlying Assets consistent with a specified benchmark rating level based upon Standard & Poor's proprietary corporate debt default studies. In calculating the Class A1 Scenario Default Rate, Class A2 Scenario Default Rate, Class A3 Scenario Default Rate, the Class B Scenario Default Rate, Class C Scenario Default Rate, Class D Scenario Default Rate the Class E1 Scenario Default Rate and the Class E2 Scenario Default Rate, the Standard & Poor's CDO Monitor considers each obligor's issuer rating, the number of obligors in the portfolio, the obligor and industry concentrations in the portfolio and the remaining weighted average maturity of the Underlying Assets and Eligible Investments and calculates a cumulative default rate based on the statistical probability of distributions or defaults on the Underlying Assets and Eligible Investments.

There can be no assurance that actual defaults of the Underlying Assets 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. Neither the Collateral

Manager, the Collateral Administrator nor the Issuer make any representation as to the expected rate of defaults of the Underlying Assets or the timing of defaults or as to the expected recovery rate or the timing of recoveries.

5.8 *Notching by S&P*

If the Underlying Asset is not rated by S&P, S&P may, for purposes of conducting their analysis, proceed to notch such Underlying Asset in accordance with the following criteria:

With respect to any Underlying Asset that is in the reasonable opinion of the Collateral Manager primarily backed by European assets, if such Underlying Asset is not rated by S&P, the following notching provisions apply:

(A) with respect to any Underlying Assets which are in the following asset classes and are rated by both Moody's and Fitch:

ASSET CLASS	**Lower of Public Rating by Moody's or Fitch AAA to BBB-/Baa3**	**Lower of Public Rating by Moody's or Fitch below BBB-/Baa3**
Auto-Prime	1	2
Consumer Loans	1	2
Credit Card	1	2
Leases other than Italian Leases	1	2
Italian Leases	1	2
SME Loan Collateral Debt Obligations	1	2
Cash Flow Residential Mortgages – prime	1	2
Cash Flow Residential Mortgages – non prime	2	3
CMBS	2	3
Cashflow CBO/CLO backed by pool of corporate loans	1	2

(B) with respect to any Underlying Assets which are in the following asset classes and which do not fall under (A) above and are rated by both Moody's and Fitch:

ASSET CLASS	**Lower of Public Rating by Moody's or Fitch AAA to AA-/Aa3**	**Lower of Public Rating by Moody's or Fitch below AA-/Aa3 and above A-/A3**
Operating Company Securitisation Security rated by Moody's and Fitch	2	3
Non-Performing Loan Securities	1	n/a

provided that

aa. in the case of Italian Leases the highest S&P Rating for an Underlying Assets that is an Italian Lease determined pursuant to this provision shall be "AA-" unless the originator of such Underlying Asset is rated "Baa3" or higher by Moody's and

"BBB-" or higher by Fitch;

bb. an Underlying Asset which is a Synthetic CDO (including a CSO) and is rated "Aaa" by Moody's and "AAA" by Fitch shall be "AA+";

cc. a German RMBS that is not rated "Aaa" by Moody's and "AAA" by Fitch may not be determined by notching;

dd. a European RMBS with multi-family properties and/or construction dwellings may not be determined by notching;

ee. with respect to any Underlying Asset in respect of which the relevant obligor is organised in The Netherlands or in the opinion of the Collateral Manager is a Dutch RMBS, the relevant rating of Moody's and Fitch for the purposes of the foregoing shall be the lower of the ratings assigned by such Rating Agency to such obligor and any insurance company that guarantees payments in respect of such European RMBS;

ff. Underlying Assets may only be notched in accordance with the above provisions to the extent that the underlying assets of the Underlying Assets that are notched belong to jurisdictions such as Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom; and

gg. the Aggregate Principal Amount of Underlying Assets not publicly rated by S&P, but notched utilising the aforementioned notching provisions will comprise no more than 20% of the Aggregate Principal Amount.

With respect to any Underlying Asset which is a U.S. Security, if such Underlying Asset is not rated by S&P, its notching will be determined as agreed with S&P on a case by case basis.

6. Disposal of Underlying Assets and Reinvestment

6.1 *General*

The Collateral Manager may (and in certain cases set out below, shall) propose the disposal of Underlying Assets and the reinvestment of disposal proceeds to the Investment Board (which will consider such proposals and take decisions thereon on behalf of the Issuer) *provided that* (i) the Collateral Manager does not have actual knowledge of the occurrence of an Event of Default, (ii) the relevant requirements set out below are complied with and (iii) funds are available for such purpose in accordance with the Priority of Payments.

6.2 *Defaulted Obligations*

The Collateral Manager shall use all commercially reasonable efforts to propose the disposal of each Underlying Asset that becomes a Defaulted Obligation within one year (or at any other later time, if in the discretion of the Collateral Manager it is commercially reasonable to do). During the Reinvestment Period, and if all of the Coverage Tests are met, the Collateral Manager shall use commercially reasonable efforts to propose the purchase, within 90 days after the settlement date on which such Defaulted Obligation is sold, of additional Underlying Assets with an aggregate Principal Amount at least equal to the Disposition Proceeds from such sale, *provided that* immediately following the purchase of such additional Underlying Assets the Coverage Tests are satisfied.

6.3 *Replacement Assets*

The Collateral Manager shall use all commercially reasonable efforts to propose the disposal of each Replacement Asset within one year after the related conversion or exchange which produced such Replacement Asset (or within one year of such later date as such Replacement Asset may first be sold in accordance with its terms). During the Reinvestment Period, and if the Class A/B Overcollateralization Ratio Test, the Class A/B Interest Coverage Ratio Test and the Class C Overcollateralization Ratio Test are met, the Collateral Manager will use commercially reasonable efforts to propose the purchase, within 90 days after the settlement date on which such Replacement Asset is sold, of additional Underlying Assets with an aggregate Principal Amount at least equal to the Disposition Proceeds from such sale, *provided that* immediately following the purchase of such additional Underlying Assets the Coverage Tests are satisfied.

6.4 *Credit Risk Obligations*

The Collateral Manager may propose the disposal of Credit Risk Obligations at any time. During the Reinvestment Period, the Collateral Manager will use its commercially reasonable efforts to propose the purchase, within 20 Business Days after the settlement date on which such Credit Risk Obligation is sold, of additional Underlying Assets with an aggregate Principal Amount at least equal to the Disposition Proceeds from such sale.

6.5 *Credit Improved Obligations*

The Collateral Manager may propose the disposal of Credit Improved Obligations at any time; *provided that* if the sale price of such Credit Improved Obligation as a percentage of par is less than par, then such sale price must be greater than the price paid by the Issuer as a percentage of par upon initial acquisition thereof. During the Reinvestment Period, the Collateral Manager will use its commercially reasonable efforts to propose the purchase, within 10 Business Days after the settlement date on which such Credit Improved Obligation is sold, of additional Underlying Assets with the Disposition Proceeds from such sale; *provided that* such time period shall be 20 Business Days to the extent the Collateral Manager, in its commercially reasonable judgment, and using commercially reasonable efforts, will be able to propose the purchase of an additional Underlying Asset with a Principal Amount equal to 105% of the Principal Amount of the Credit Improved Obligation that has been sold. In any event, such additional Underlying Assets purchased shall have an aggregate Principal Amount at least equal to the aggregate Principal Amount of the Credit Improved Obligations sold.

6.6 *Discretionary Disposals and Reinvestments during the Reinvestment Period*

The Collateral Manager may propose the disposal of any Underlying Asset that is not a Defaulted Obligation, a Replacement Asset, a Credit Risk Obligation or a Credit Improved Obligation in its free discretion at any time during the Reinvestment Period if:

(i) the ratings as of the Ramp-Up Effective Date of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes and the Class C Notes have not been reduced or withdrawn by Moody's and the ratings as of the Ramp-Up Effective Date of the Class D Notes, the Class E1 Notes and the Class E2 Notes have not been reduced by more than three notches by Moody's;

(ii) the aggregate Principal Amount of all such dispositions for a given calendar year does not exceed 15% of the Aggregate Principal Amount at the beginning of that year or, in the calendar year during which the Ramp-Up Effective Date occurs, as of such date for the remainder of such year;

provided that if all the Noteholders of the Notes then outstanding agree the restrictions in (i)

above shall not apply and *provided further that* on or prior to the Ramp-up Effective Date, the restrictions in (i) and (ii) above shall not apply.

The Collateral Manager shall use its commercially reasonable efforts to propose the purchase, within 5 Business Days after the settlement date on which the relevant Underlying Asset is sold, of additional Underlying Assets with the Disposition Proceeds from such sale. The Underlying Assets proposed to be purchased shall have an aggregate Principal Amount at least equal to the aggregate Principal Amount of the disposed Underlying Assets.

If during the Reinvestment Period the Class A1 Par Erosion Balance is equal to or below EUR 214 million on the immediately preceding Determination Date, the Collateral Manager shall only arrange for the settlement of any purchase or disposal of Underlying Assets in accordance with the provisions of the Collateral Management Agreement if no Class A1 Noteholder Veto has been received by the Collateral Manager.

The "**Reinvestment Period**" shall be the period from the Closing Date and ending on the first of the following events or dates to occur: (i) the Payment Date falling in November 2011, (ii) the Payment Date immediately following the date on which the Collateral Manager notifies the Trustee that, in light of the composition of Underlying Assets, general market conditions and other factors, investments in additional Underlying Assets within the foreseeable future would be impractical, (iii) the end of the Due Period related to the date on which all of the Notes are optionally redeemed in full, (iv) the termination of the Reinvestment Period pursuant to the Trust Agreement following the occurrence of an Event of Default which is neither cured nor waived and (v) the 60th Business Day following delivery of a termination notice under the Collateral Management Agreement or the Investment Board Agreement, provided that no successor collateral manager or investment board provider (as relevant) has been appointed by such date.

"**Class A1 Noteholder Veto**": a notice to the Collateral Manager given by the Majority of the Class A1 Noteholders to veto a proposed purchase of Underlying Assets if (i) the Collateral Manager has given notice of any proposal to purchase the relevant Underlying Assets by e-mail or fax to the Class A1 Noteholders known to the Collateral Manager; and (ii) the Majority of the Class A1 Noteholders has sent an acknowledgement of the receipt of such notice to the Collateral Manager by e-mail or fax without undue delay; and (iii) such veto is received by the Collateral Manager no later than two (2) Business Days after such acknowledgement has been received by the Collateral Manager.

"**Class A1 Par Erosion Balance**" shall mean, with respect to any Determination Date, an amount equal to (A) the Net Outstanding Portfolio Collateral Balance minus (B) the aggregate Note Principal Amount of the Class A1 Notes on such Determination Date.

6.7 *General 20% Cap on Disposals per Year*

None of the disposals referred to under Provisions 6.1 through 6.6 above may be made if, apart from the substitution of Underlying Assets for the purpose of ensuring the size, the maturity and the risk structure of the Pledged Obligations, the aggregate Principal Amount of the Underlying Assets and Eligible Investments disposed of for any twelve months period (for the avoidance of doubt, including the proposed disposal) exceeds an amount of 20% of the Aggregate Principal Amount at the beginning of that twelve months period.

6.8 *Reinvestments after the Reinvestment Period*

The Collateral Manager shall not propose any purchase of Underlying Assets after the termination of the Reinvestment period, with the exception of the reinvestments of Unscheduled Principal Payments in Underlying Assets pursuant to Section 3.3(d)(iv) of the Terms and

Conditions, subject to Rating Agency Confirmation; and provided that the Notes have not been redeemed in full and Provision 4 above is complied with.

6.9 *Conversion or Exchange*

In the event that a Pledged Obligation becomes the subject of a conversion or exchange, whether voluntary or involuntary, by the issuer or a third party, the Collateral Manager may propose actions with the view to acquire the asset or instrument into which such Underlying Asset is convertible or exchangeable, *provided that* such asset would not require any additional commitments of the Issuer and immediately following such acquisition the Coverage Tests and Collateral Quality Test are satisfied and Provision 4 of the Portfolio Provisions is complied with. The restrictions in the immediately preceding sentence shall not apply to the Collateral Manager if Rating Agency Confirmation has been obtained from S&P or if all the Noteholders of the Notes then outstanding agree to such acquisition. In the event of an involuntary exchange or conversion of a Pledged Obligation, if the resulting asset or instrument would require any additional commitments of the Issuer or cause a breach of any of the Coverage Tests, Collateral Quality Tests or Provision 4 of the Portfolio Provisions, the Collateral Manager shall use its commercially reasonable efforts to propose the sale of such Pledged Obligation prior to conversion or exchange or as soon as possible thereafter and, in any event, shall make no proposal to accept or acquire the asset or instrument offered in exchange, unless Rating Agency Confirmation has been obtained from S&P to accept or acquire such asset or if all the Noteholders of the Notes then outstanding agree to such acceptance or acquisition.

6.10 *Disposal of the Entire Portfolio*

Provisions 6.1-6.9 shall not apply in respect of any disposals of Underlying Assets in connection with Section 8.1 (*Redemption - Auction Call Redemption*), Section 8.3 (*Redemption - Redemption upon a Withholding Tax Event*), Section 8.5 (*Redemption – Mandatory Auction Redemption*) and Section 8.6 (*Redemption - Redemption upon Maturity*) of the Terms and Conditions.

6.11 *Transactions with Noteholder Consent*

Notwithstanding anything contained in these Portfolio Provisions to the contrary, the Collateral Manager may propose any transaction which has been consented to by the Holders of Notes evidencing 100% of the Aggregate Outstanding Amount of each Class of Notes and of which each Rating Agency has been notified. The "**Aggregate Outstanding Amount**" when used with respect to any of the Notes outstanding at any time, means the aggregate outstanding principal amount of such Notes at such time.

7. The Coverage Tests

7.1 *General*

The "**Coverage Tests**" will consist of the Class A/B Coverage Tests and the Class C Overcollateralization Ratio Test applicable at the time of determination. The Coverage Tests will only take effect on and after the Ramp-Up Effective Date.

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

For purposes of the Coverage Tests (unless otherwise specified), a Synthetic Security will have the characteristics of such Synthetic Security and not of the related Reference Obligation.

Coverage Tests	Required Ratio
Class A/B Overcollateralization Ratio Test	103.5%
Class A/B Interest Coverage Ratio Test	104%
Class C Overcollateralization Ratio Test	101%

7.2 *The Overcollateralization Ratio Tests*

The "**Class A/B Overcollateralization Ratio Test**" will be met on any date, if the Class A/B Overcollateralization Ratio on such Measurement Date is equal to or greater than the Required Class A/B Overcollateralization Ratio for such test specified in the table in Provision 7.1 above, *provided that* if none of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, and the Class B Notes are outstanding, the Class A/B Overcollateralization Ratio Test shall be deemed to be met.

The "**Class A/B Overcollateralization Ratio**" as of any Measurement Date is the ratio (expressed as a percentage) calculated by dividing (i) the Net Outstanding Portfolio Collateral Balance, by (ii) the Aggregate Outstanding Amount of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, and the Class B Notes as of such Measurement Date.

The "**Class C Overcollateralization Ratio Test**" will be met on any Measurement Date on or after the Ramp–Up Effective Date on which any Class C Notes remain outstanding, if the Class C Overcollateralization Ratio on such Measurement Date is equal to or greater than the Required Class C Overcollateralization Ratio for such test specified in the table in Provision 7.1 above, *provided that* if no Class C Notes are outstanding, the Class C Overcollateralization Ratio Test shall be deemed to be met. The "**Class C Overcollateralization Ratio**" as of any Measurement Date is the ratio (expressed as a percentage) calculated by dividing (i) the Net Outstanding Portfolio Collateral Balance, by (ii) the Aggregate Outstanding Amount of the Class A1 Notes, the Aggregate Outstanding Amount of the Class A2 Notes, the Aggregate Outstanding Amount of the Class A3 Notes, and the Aggregate Outstanding Amount of the Class B Notes as of such Measurement Date and the Aggregate Outstanding Amount with respect to the Class C Notes (including any Class C Deferred Interest) as of such Measurement Date.

7.3 *The Interest Coverage Ratio Tests*

The "**Class A/B Interest Coverage Ratio Test**" will be met on any Measurement Date on which any Class A1 Notes, Class A2 Notes, Class A3 Notes, or the Class B Notes remain outstanding, if the Class A/B Interest Coverage Ratio as of such Measurement Date is equal to or greater than the Required Class A/B Interest Coverage Ratio for such test specified in the table in Provision 7.1 above as of such Measurement Date, *provided that* if none of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, and the Class B Notes are outstanding, the Class A/B Interest Coverage Ratio Test shall be deemed to be met.

The "**Class A/B Interest Coverage Ratio**" as of any Measurement Date will be calculated by dividing (i) the Net Collateral Interest Proceeds with respect to such Measurement Date, by (ii) the sum of the Class A1 Interest Distribution Amount, the Class A2 Interest Distribution Amount, the Class A3-a Interest Distribution Amount, the Class A3-b Interest Distribution Amount and the Class B Interest Distribution Amount for the Interest Accrual Period during which such Measurement Date occurs.

8. Hedge Agreements

8.1 *General; Definitions*

The Collateral Manager may, subject to Rating Agency Confirmation propose Hedge Agreements to be entered into by the Investment Board on behalf of the Issuer, including any amendments or termination thereof, subject to the requirements set out below.

"**Hedge Agreement**" or "**Hedge**" shall mean any interest rate protection agreement or option to enter into an interest rate protection agreement (including, but not limited to interest rate swaps, swaptions, interest rate caps, cancellable interest rate swaps, interest rate floors or an Asset Specific Hedge) entered into between the Issuer and a Hedge Counterparty which may, among others, set forth the terms of the Upfront Expense Payment, as amended from time to time, which agreement would not have the effect of shifting to the Hedge Counterparty any of the credit risk on the Underlying Assets or the benefits and burdens of changes in the value of the Underlying Assets due to changes in credit quality.

"**Asset Specific Hedge**": Any interest rate exchange Hedge Agreement between the Issuer and a Hedge Counterparty (aa) if entered into by the Issuer in connection with the purchase or holding of a fixed-rate obligation, entitles the Issuer to receive from the related Hedge Counterparty payments based on EURIBOR; (bb) if entered into by the Issuer in connection with the purchase or holding of a floating-rate obligation, entitles the Issuer to receive from the related Hedge Counterparty payments based on a fixed-rate of interest; (cc) the notional balance of which shall, at all times, be modified to equal the Principal Amount with respect to which interest is being paid of the fixed-rate obligation or floating-rate obligation to which it is related; (dd) the dates on which payments shall be made to the Issuer will match the dates on which interest payments shall be made to the Issuer on the related fixed-rate obligation or floating-rate obligation; (ee) which provides for all payments to the Hedge Counterparty to be subject to the Priority of Payments; (ff) which will not have the effect of obligating the Issuer to pay to the related Hedge Counterparty a rate of interest on the notional balance thereof that is greater than the rate of interest payable to the Issuer by the obligor of the related fixed-rate obligation or floating-rate obligation.

In the event that the Collateral Manager is notified by the Collateral Administrator that a Hedge Agreement has become subject to early termination by the Issuer, the Collateral Manager shall make proposals to the Investment Board regarding the exercise and enforcement of the rights of the Issuer thereunder and the entering into a replacement Hedge Agreement. The Collateral Manager shall use reasonable efforts to propose the termination of a Hedge Agreement such that it becomes effective simultaneously with the entry into a replacement Hedge Agreement.

8.2 *Requisite Provisions of Hedge Agreements*

The Collateral Manager shall only propose Hedge Agreements which satisfy the following requirements:

(a) In case of any Hedge other than a Hedge setting forth the terms of the Upfront Expense Payment, the Hedge Counterparty (or any guarantor of such person, if such person's obligations in respect of any Hedge Agreement entered into with the Issuer are fully and expressly guaranteed by such guarantor, provided that such guarantee is in a form satisfactory to S&P) shall be an entity, the long-term unsecured and unsubordinated debt of which is rated by Moody's at least "A1" (not on review for possible downgrade), the short-term unsecured and unsubordinated debt of which is rated by Moody's at least "P-1" (not on review for possible downgrade) or if it has no short-term rating from Moody's, the long term unsecured and unsubordinated rating of which is at least "Aa3" (not on review for possible downgrade), and the long-term unsecured and unsubordinated debt of which

is rated "A+" by S&P or the short-term unsecured and unsubordinated debt of which is rated "A-1" by S&P (the "**Third Party Approved Hedge Rating Thresholds**") at the time the relevant Hedge Agreement is entered into, or (cc) any other party subject to Rating Agency Confirmation

(b) In case of any Hedge other than a Hedge setting forth the terms of the Upfront Expense Payment, the Hedge Agreements provide that in the event that the long-term unsecured and unsubordinated debt rating of the Hedge Counterparty is "A3" or below or the short-term unsecured and unsubordinated debt rating is "P-1" and on review for possible downgrade or below by Moody's (if it has both a long term unsecured and unsubordinated debt rating and a short term unsecured and unsubordinated debt rating from Moody's) or "A2" or below by Moody's (if it has only a long-term unsecured and unsubordinated debt rating from Moody's), and its short-term unsecured and unsubordinated debt rating is rated below "A-1" by S&P or its long-term unsecured and unsubordinated debt rating is below "A+" by S&P, then within 30 days after any such rating events occur, the Hedge Counterparty (at its own expense) shall (i) assign its rights and obligations under the Hedge Agreement to a person whose ratings satisfy the Third Party Approved Hedge Rating Thresholds, or (ii) subject to the satisfaction of S&P, obtain a guaranty of, or a contingent agreement of another person whose ratings satisfy the Third Party Approved Hedge Rating Thresholds, to honour such person's obligations under the Hedge Agreement, or (iii) post collateral in an amount and in such a manner which will be sufficient for the Notes to receive the ratings that would be assigned with respect to such Notes if such person's ratings satisfied the Third Party Approved Hedge Rating Thresholds, and continue to seek an assignment pursuant to clause (i) above or (iv) establish such other arrangement which results in Rating Agency Confirmation;

(c) The Hedge Agreement shall contain appropriate limited recourse and non-petition provisions.

(d) The Hedge Agreement shall provide for all collateral received from the Hedge Counterparty to be deposited with the Custodian.

(e) Pursuant to the terms of the Hedge Agreement, any amendments shall only be permitted with the prior consent of the Trustee and subject to Rating Agency Confirmation.

8.3 *Specific Obligations*

The Collateral Manager shall not propose any Asset Specific Hedges (i) the aggregate notional amount of which exceeds 10% of the Maximum Investment Amount or (ii) with respect to an Underlying Asset that has a Moody's Rating of below "A3".

The Collateral Manager shall not propose any Asset Specific Hedges if the weighted average life of the relevant Underlying Asset deviates by more than one year from the base-case CPR if run at 50% CPR and 150% CPR.

The Collateral Manager shall propose an Asset Specific Hedge with respect to each Underlying Asset which bears interest at a fixed rate if such asset is acquired following the sale of an Underlying Asset previously held by the Issuer which bore interest at a fixed rate if the Issuer had entered into an Asset Specific Hedge with respect to such Underlying Asset previously held by the Issuer.

9. Eligible Investments

The net proceeds received by the Issuer from the issuance of the Notes not invested in

Underlying Assets and the cash balance available on the Issuer Accounts (excluding the Incentive Account and the Residual Account) from time to time (subject to applicable minimum investment thresholds) will be invested by the Collateral Administrator in Eligible Investments. The Collateral Administrator will dispose of Eligible Investments to the extent required to make cash payments owed by the Issuer or as otherwise required under the Transaction Documents or in order to acquire Underlying Assets.

The Aggregate Principal Amount of all Eligible Investments that have an S&P Rating of at least "A" and "A-1" shall not exceed 20% of the Aggregate Outstanding Amount of all Rated Notes.

10. Synthetic Securities

The Collateral Manager may make proposals for the acquisition of Synthetic Securities subject to the following conditions being met at the time of the acquisition by the Issuer of the relevant Synthetic Security:

(i) no amounts receivable by the Issuer from the Synthetic Security Counterparty thereto will be subject to withholding tax of any relevant jurisdiction, unless the Synthetic Security Counterparty is required to make "gross up" payments that cover the full amount of any such withholding tax;

(ii) such Synthetic Security will have a rating factor and a Loss Rate assigned by Moody's and a rating assigned by S&P;

(iii) such Synthetic Security does not serve as a means of leveraging the credit risk of the Issuer whether through the use of a basket of Reference Obligations or otherwise;

(iv) such Synthetic Security does not serve as a means of making future advances to a Synthetic Security Counterparty;

(v) it is commercially impractical, in the Collateral Manager's sole discretion after taking into account all of the restrictions and requirements of the Transaction Documents, for the Issuer to purchase the Reference Obligation of such Synthetic Security (or a security of the Reference Obligor comparable thereto) or unless the Collateral Manager otherwise believes in its sole discretion that the Issuer's purchase of the Synthetic Security is on commercial terms more favourable to the Issuer than the terms that would have been available to the Issuer if the Issuer had purchased directly the Reference Obligation to which the Synthetic Security relates (or a security of the Reference Obligor comparable thereto); and

(vi) Rating Agency Confirmation has been received with respect to the proposed acquisition of such Synthetic Security from S&P.

RATINGS OF THE NOTES

General

The Class A1 Notes have been rated as to the timely payment of interest (but, with regard to Moody's, the ultimate return of interest) and ultimate repayment of principal (but, with regard to Moody's, the ultimate return of principal) of the Class A1 Notes by the Stated Maturity, "Aaa" by Moody's and "AAA" by S&P. The Class A2 Notes have been rated as to the timely payment of interest (but, with regard to Moody's, the ultimate return of interest) and ultimate repayment of principal (but, with regard to Moody's, the ultimate return of principal) of the Class A2 Notes by the Stated Maturity, "Aaa" by Moody's and "AAA" by S&P. The Class A3-a Notes have been rated as to the timely payment of interest (but, with regard to Moody's, the ultimate return of interest) and ultimate repayment of principal (but, with regard to Moody's, the ultimate return of principal) of the Class A3-a Notes by the Stated Maturity, "Aaa" by Moody's and "AAA" by S&P. The Class A3-b Notes have been rated as to the timely payment of interest (but, with regard to Moody's, the ultimate return of interest) and ultimate repayment of principal (but, with regard to Moody's, the ultimate return of principal) of the Class A3-b Notes by the Stated Maturity, "Aaa" by Moody's and "AAA" by S&P. The Class B Notes have been rated as to the timely payment of interest (but, with regard to Moody's, the ultimate return of interest) and ultimate repayment of principal (but, with regard to Moody's, the ultimate return of principal) of the Class B Notes by the Stated Maturity, "Aa2" by Moody's and "AA" by S&P. The Class C Notes have been rated as to the ultimate payment of interest (but, with regard to Moody's, the ultimate return of interest) and ultimate repayment of principal (but, with regard to Moody's, the ultimate return of principal) of the Class C Notes by the Stated Maturity,"A2" by Moody's and "A" by S&P. The Class D Notes have been rated as to the ultimate payment of interest (but, with regard to Moody's, the ultimate return of interest) and ultimate repayment of principal (but, with regard to Moody's, the ultimate return of principal) of the Class D Notes by the Stated Maturity, "Baa2" by Moody's and "BBB" by S&P. The Class E1 Notes have been rated, as to the ultimate payment of interest (but, with regard to Moody's, the ultimate return of interest) and ultimate repayment of principal (but, with regard to Moody's, the ultimate return of principal) of the Class E1 Notes by the Stated Maturity, "Ba2" by Moody's and "BBB–" by S&P. The Class E2 Notes have been rated, as to the ultimate payment of interest (but, with regard to Moody's, the ultimate return of interest) and ultimate repayment of principal (but, with regard to Moody's, the ultimate return of principal) of the Class E2 Notes by the Stated Maturity, "Ba2" by Moody's and "BB" by S&P. The Class F Notes have not been rated by Moody's and S&P.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There can be no assurance that ratings by one or more additional rating agencies on the Notes will not be requested after the Closing Date or that any such rating agency will not rate the Notes without any request to do so. Any such rating may be below the ratings which may have been received with respect to the Notes.

The Issuer will request that each of S&P and Moody's confirm the ratings on the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes within 30 days after the Ramp-Up Effective Date. In the event either the S&P or Moody's rating on such Notes is not confirmed (in particular, is reduced or withdrawn) within 30 days after the Ramp-Up Effective Date, certain Interest Proceeds and Principal Proceeds will be diverted and used to pay principal of the Notes in the manner described under the Pre-enforcement Priority of Payments.

Moody's

Moody's assigns ratings to a security backed by other securities, where the expected losses on such security are expected to match the losses on the underlying securities, with equivalent ratings, Moody's analyzes the expected losses associated with each security included in the portfolio based on historical

default rates for similar securities, the historical volatility of such default rates (which increases as securities with lower ratings are added to the portfolio) and assumptions with respect to future fluctuations in default rates. Moody's then determines the level of credit protection necessary to achieve the expected loss associated with the rating of the structured securities, taking into account the expected volatility of the default rate of the portfolio based on the level of diversification by industry, issuer or type.

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

The long-term rating of the Notes (other than the Class F Notes) addresses the ultimate return of interest and the ultimate return of principal of the Class A1 Notes, the Class A2 Notes, the Class A3-a Notes, the Class A3-b Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, and the Class E2 Notes, respectively, by the Stated Maturity.

Standard & Poor's Ratings

S&P assigns ratings to the Notes (other than the Class F Notes) in a manner similar to the way it rates other structured issues. This requires an analysis of the following: (1) the credit quality of the portfolio of Underlying Assets securing any of the Notes rated by S&P; (2) the cash flow used to pay the Issuer's liabilities; (3) the structure/priority of these payments; and (4) qualitative issues and legal considerations. Based on these analyses, S&P determines the necessary level of credit enhancement needed to achieve a desired rating.

S&P's analysis includes the application of its proprietary default expectation model, the Standard & Poor's CDO Monitor (See *Portfolio Provisions – Provision 5.7*) which is used to estimate the default rate the portfolio is likely to experience. The Standard & Poor's CDO Monitor is based upon S&P's proprietary corporate debt default studies and takes into consideration each obligor rating, the number of obligors, the obligor/industry concentration, and the remaining weighted average maturity of the portfolio. The risks posed by these variables are accounted for by effectively adjusting the necessary default level needed to achieve a desired rating. The higher the desired rating, the higher the level of defaults the portfolio must withstand. For example, the higher the obligor/industry concentration or the longer the weighted average maturity, the higher the default level is assumed to be.

Credit enhancement to support a particular rating is then provided on the results of the Standard & Poor's CDO Monitor, as well as other more qualitative considerations such as legal issues and management capabilities. Credit enhancement is typically provided by a combination of overcollateralisation/subordination, cash collateral/reserve account, excess spread/interest, amortisation and bond insurance.

SECURITY FOR THE NOTES

Under the terms of the Trust Agreement, the Issuer has granted the following collateral to the Trustee on or about the Closing Date for the benefit of the Transaction Creditors:

(1) pursuant to the Trust Agreement, (aa) a German law pledge with regard to all its present and future claims and rights arising from the Collateral Management Agreement, the Collateral Administration Agreement, the Placement Agreement, the Class A1 Delayed Draw Note Purchase Agreement, any Transfer Agreement, the Investment Board Agreement, the Agency Agreement, the Listing Agent Appointment Agreement and the Master Agreement and (bb) a German law pledge regarding the claims of the Issuer under the Trust Agreement;

(2) pursuant to the Irish Security Deed, an Irish law assignment by way of security of all the Issuer's present and future claims, right, title and interest in and to the Administration Agreement;

(3) pursuant to the English Security Deed, an English law security in favour of the Trustee of all present and future rights in respect of any cash amount standing to the credit of each Issuer Account and the debt represented thereby; and

(4) pursuant to the Luxembourg Security Agreement, a Luxembourg law charge of the securities held by the Custodian on behalf of the Issuer from time to time, including in particular the present and future Underlying Assets as well as the Eligible Investments.

Pursuant to the provisions of the Trust Agreement, the Issuer shall grant a security interest which is satisfactory to the Trustee with respect to any other agreements or assets which it shall enter into or acquire from time to time after the Closing Date.

In the event of any realization of the Collateral, net proceeds therefrom will be allocated to the secured obligations of the Issuer in accordance with the Priority of Payments.

THE ISSUER ACCOUNTS

1. General

The Issuer has established with BNP Paribas Securities Services, London Branch with its address at 55 Moorgate, London EC2R 6PA, United Kingdom (the "**Account Bank**") certain current accounts identified as the interest collection account, the principal collection account, the expense account, the payment account, the reinvestment account, the incentive account, the residual account and the semi annual interest smoothing account, in Exhibit C to the Collateral Administration Agreement (including any replacement accounts thereto, the "**Interest Collection Account**", the "**Principal Collection Account**", the "**Expense Account**", the "**Payment Account**", the "**Reinvestment Account**", the "**Incentive Account**", the "**Residual Account**" and the "**Semi Annual Interest Smoothing Account**" respectively, and together, the "**Issuer Accounts**"). The Principal Collection Account and the Interest Collection Account are referred to together as the "**Collection Accounts**".

2. Collection Accounts

2.1 *Sources of Funds*

On the Closing Date, or, in the case of Class A1 Delayed Draw Note on each Funding Date, the Collateral Administrator shall procure that the net proceeds received by the Issuer from the issue of the Notes (including the Upfront Expense Payment) are credited to the Principal Collection Account. The Collateral Administrator shall procure that any Funding in respect of the Class A1 Delayed Draw Note (including the Class A1 Delayed Draw Note Commitment Amount on the Class A1 Delayed Draw Note Final Funding Date) required by the Issuer is credited to the Principal Collections Account promptly upon receipt thereof. The Collateral Administrator shall procure that all Principal Proceeds are paid into the Principal Collection Account and all Interest Proceeds are paid into the Interest Collection Account promptly upon receipt thereof by the Issuer.

The Collateral Administrator shall within five Business Days after receipt of any distribution or other proceeds which are not cash, sell such distribution or other proceeds for cash in an arm's-length transaction to a Person which is not an Affiliate of the Issuer or the Collateral Manager and deposit the proceeds thereof in the Principal Collection Account; *provided that* the Collateral Administrator need not sell such distributions or other proceeds if it delivers a certificate to the Trustee certifying that such distributions and other proceeds are Replacement Assets or constitute Eligible Investments.

2.2 *Use of Funds*

The Collateral Administrator shall procure that any credit on the Collection Accounts is disbursed as follows:

(i) from the Interest Collection Account, on the Business Day immediately following the Determination Date (save for (i) the Determination Date following the occurrence of an Event of Default and the acceleration of the Notes and (ii) the last Determination Date immediately prior to any redemption of the Notes in full), to the Semi Annual Interest Smoothing Account, the amounts equal to the Semi Annual Interest Smoothing Amount as of such Determination Date;

(ii) to the Payment Account on each Payment Date for application pursuant to Section 3.3(a) and (b) of the Terms and Conditions;

(iii) to the relevant creditor on any date other than a Payment Date, any payments referred to in Section 3.3(d) of the Terms and Conditions, provided however that no payments are made between a Determination Date (inclusive) and its immediately following Payment Date (exclusive).

3. Expense Account

3.1 *Sources of Funds*

On the Closing Date, the Collateral Administrator shall procure the transfer of EUR 4,000,000 from the Principal Collection Account to the Expense Account. In addition, the Issuer is obliged to transfer its paid-in share capital (amounting to EUR 38,100) to the Expense Account.

3.2 *Use of Funds*

The Collateral Administrator shall procure that credit on the Expense Account is applied to pay (on any day other than a Payment Date) any fees and expenses incurred by the Issuer in connection with the issue of the Notes. After the Collateral Administrator has determined that all such fees and expenses have been duly paid, it shall procure the transfer of all amounts credited to the Expense Account to the Principal Collection Account for application pursuant to Section 3.3 (*Rights and Obligations under the Notes - Pre-Enforcement Priority of Payments*) of the Terms and Conditions as Principal Proceeds.

4. Payment Account

The Collateral Administrator shall procure that all amounts credited to the Payment Account shall be disbursed in accordance with the Priority of Payments.

5. Reinvestment Account

5.1 *Sources of Funds*

The Collateral Administrator shall procure that any amount available pursuant to Sections 3.3(a)(26)(i) and 3.3(b)(12) of the Terms and Conditions is credited to the Reinvestment Account.

5.2 *Use of Funds*

The Collateral Administrator shall procure that any credit on the Reinvestment Account is disbursed as follows:

(i) to the relevant seller on any date (including a date other than a Payment Date), any amounts required to discharge the payment obligations of the Issuer with respect to Underlying Assets purchased in accordance with the Portfolio Provisions, provided however that no payments are made between a Determination Date (inclusive) and its immediately following Payment Date (exclusive);

(ii) to the Payment Account on each Payment Date for application pursuant to Section 3.3(b) of the Terms and Conditions.

6. Incentive Account

6.1 *Sources of Funds*

On each Payment Date until all the Notes have been redeemed in full, the Collateral Administrator shall procure that any amount available pursuant to Sections 3.3(a)(22), 3.3(a)(26)(ii) and 3.3(a)(27) of the Terms and Conditions is credited to the Incentive Account.

6.2 *Use of Funds*

Without prejudice to Section 3.3(c) of the Terms and Conditions whereby the Collateral Administrator shall procure the application of funds as specified thereunder, the Collateral Administrator shall procure that any credit on the Incentive Account is disbursed upon the redemption of all the Notes in full and any application of the amounts pursuant to Section 8.1(e) or Section 8.5(c) of the Terms and Conditions, to the Collateral Manager.

7. Residual Account

7.1 *Sources of Funds*

On each Payment Date until all the Notes have been redeemed in full, the Collateral Administrator shall procure that any amount available pursuant to Section 3.3(a)(29) of the Terms and Conditions is credited to the Residual Account.

7.2 *Use of Funds*

Without prejudice to Section 3.3(c) of the Terms and Conditions whereby the Collateral Administrator shall procure the application of funds as specified thereunder, the Collateral Administrator shall procure that any credit on the Residual Account is disbursed upon the redemption of all the Notes in full (subject to Section 7.1 of the Terms and Conditions) and any application of the amounts pursuant to Section 8.1(e) or Section 8.5(c) of the Terms and Conditions as follows:

(i) 50% to the Collateral Manager; and

(ii) 50%, on a *pari passu* and *pro rata* basis, to the holders of the Class E1 Notes and the Class E2 Notes.

8. Semi Annual Interest Smoothing Account

8.1 *Sources of Funds*

Subject to the provisions of the Collateral Administration Agreement, the Collateral Administrator, on behalf of the Issuer, will on each Determination Date (save for (i) the Determination Date following the occurrence of an Event of Default and the acceleration of the Notes and (ii) the last Determination Date immediately prior to any redemption of the Notes in full) determine the Semi Annual Interest Smoothing Amount, and procure the payment or transfer of such Semi Annual Interest Smoothing Amount from the Interest Collection Account to the Semi Annual Interest Smoothing Account on the Business Day immediately following such Determination Date.

8.2 *Use of Funds*

The Collateral Administrator, on behalf of the Issuer, will procure the payment or transfer of the following amounts out of the Semi Annual Interest Smoothing Account:

(i) at any time, any amount to be applied by the Issuer in the acquisition of Eligible Investments; and

(ii) on the Business Day following a Payment Date, all amounts standing to the credit of the Semi Annual Interest Smoothing Account (including, with respect to any principal related to the Eligible Investments therein), to the Interest Collection Account as Interest Proceeds with respect to the Due Period for the next succeeding Payment Date.

THE ISSUER

The Issuer was incorporated in Ireland, under registered number 424179, as a public company limited by shares under the Irish Companies Acts 1963 to 2005 under the name House of Europe Funding V PLC on 27 July 2006. The registered office of the Issuer is at 5 Harbourmaster Place, IFSC, Dublin 1, Ireland. The Issuer is incorporated for an indefinite length of life.

As of the Closing Date, the entire authorized share capital of the Issuer is EUR 38,100 divided into 38,100 ordinary shares of EUR 1.00 par value each, all of which are issued and full paid up (the "**Shares**") and held by Eurydice Charitable Trust Limited (12,698 shares), Badb Charitable Trust Limited (12,699 shares) and Medb Charitable Trust Limited (12,699 shares) (the "**Issuer Shareholders**") which are charitable trust companies incorporated under the laws of Ireland as companies limited by guarantee, and four nominees each of whom holds one share on trust for one of the Issuer Shareholders. The Issuer is not related to any of the Trustee, the Placement Agent, the Collateral Manager, the Investment Board Provider, the Account Bank or the Collateral Administrator.

The principal objects of the Issuer are set forth in its Memorandum and Articles of Association (the "**Issuer Charter**") and amongst other things are to carry on the business of securitization, including purchasing, acquiring, holding, collecting, discounting, financing, negotiating, managing, selling, disposing of and otherwise trading or dealing directly or indirectly in real or personal property of whatsoever nature (including, without limitation, securities, instruments or obligations of any nature whatsoever, howsoever described and financial assets of whatsoever nature howsoever described and trade accounts, receivables and book debts of whatsoever nature howsoever described and currencies) and any proceeds arising therefrom or in relation thereto and any participation or interest (whether legal or equitable) therein and any certificates of participation or interest (whether legal or equitable) therein and any agreements in connection therewith.

The Trust Agreement provides that the Issuer shall not engage in any business or activity other than issuing and selling the Notes, entering into, and performing its obligations under, the Hedge Agreements and the other Transaction Documents and acquiring, owning, disposing, holding and pledging and contracting for the management of and otherwise dealing with the Collateral Assets in connection therewith, and provides for certain other restrictions on the activities of the Issuer. See "The Trust Agreement".

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation under the Irish Companies Acts 1963 to 2005 and the authorization and issue of the Notes.

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

Corporate Administration

Deutsche International Corporate Services (Ireland) Limited, a limited liability company incorporated under the laws of Ireland (registered number 149528), will act as the administrator of the Issuer (the "**Administrator**"). The Administrator's registered office is 5, Harbourmaster Place, IFSC, Dublin 1, Ireland. 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 administrative functions on behalf of the Issuer. In consideration of the foregoing, the Administrator will receive various fees, other charges and expenses payable by the Issuer as provided for in the Administration Agreement.

The Administrator will be subject to the overview of the Issuer's board of directors. The Administration Agreement may be terminated by either the Issuer or the Administrator upon 90 days' written notice.

Termination of the Administration Agreement and Replacement of the Administrator

The following is the text of the termination of the Administration Agreement:

"Either party to this Agreement may terminate this Agreement by mutual agreement (including Trustee's) in writing. Moreover either party to this Agreement may terminate the Agreement at any time forthwith by notice in writing to the other party hereto if such other party ("Defaulting Party") shall at any time during the continuance of this Agreement:

(i) commit any material breach of this Agreement (which shall include, without limitation, non-payment of the full amount of either the Up-Front Fee or the Annual Service Fee) which is either incapable of remedy or has not been remedied within thirty (30) days of the other party serving notice upon the Defaulting Party requiring it to remedy same;

(i) be unable to pay its debts as they fall due or otherwise become insolvent or either into any composition or arrangement with or for the benefit of its creditors or any class thereof;

(iii) be the subject of any petition for the appointment of an examiner or similar officer to it;

(iv) have a receiver appointed over all or any substantial part of its undertaking, assets or revenues;

(v) be the subject of any effective resolution for the winding-up except in relation to a voluntary winding up for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other party; or

(vi) be the subject of a court order for its winding-up.

In the event of a termination of this Agreement by the Administrator pursuant to Clause 9.1, the Administrator shall immediately take all steps necessary in order to appoint a replacement Administrator. The replacement Administrator shall be (a) experienced in the provision of services of the type and scope provided for in this Agreement and (b) approved in writing by the Issuer. In the event of any termination of this Agreement, the replacement Administrator must be appointed and agree to act as Administrator prior to the effective date of the termination. Until a replacement Administrator has been appointed in accordance with the requirements of (a) and (b) of this Clause 9.3, the retiring Administrator shall be obliged to continue to provide the corporate administration services in accordance with this Agreement. In the event that this Agreement is terminated by the Administrator pursuant to Clause 9.1, each party shall bear its own costs incurred in relation to the termination, but the costs of the appointment of a replacement Administrator shall be borne by the Administrator. On the termination of the appointment of the Administrator under the provisions of Clause 9.1, the Administrator shall be entitled to receive all fees and other moneys accrued up to the date of such termination (the "Accrued Moneys") but shall not be entitled to compensation in respect of such termination. Upon payment of the Accrued Moneys, the Administrator shall deliver to the replacement Administrator all books of account, records, registers, correspondence, documents and assets relating to the affairs of or belonging to the Issuer in the possession of or under the control of the Administrator or any of its agents or delegates and provide the replacement Administrator with all co-operation necessary to facilitate a smooth transfer of all duties and functions of the retiring Administrator.

The termination of this Agreement shall be without prejudice to any rights that may have accrued hereunder to either party against the other party hereto before such termination."

Directors

The directors of the Issuer, each of whom is non-executive, and their respective addresses and other principal activities are:

Name	Address	Description
Michael Whelan	5 Harbourmaster Place IFSC Dublin 1 Ireland	Company Director
Jennifer Coyne	5 Harbourmaster Place IFSC Dublin 1 Ireland	Company Director

Michael Whelan is a director and employee of the Administrator. Jennifer Coyne is an employee of the Administrator.

The Issuer Charter does not require that directors of the Issuer hold any shares in the Issuer in order to qualify to act as director. The Issuer Charter provides that the remuneration of the directors shall from time to time be determined by the Issuer in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors of any committee of the directors or general meetings of the Issuer or in connection with the business of the Issuer.

Secretary

The secretary of the Issuer is Deutsche International Corporate Services (Ireland) Limited whose business address is 5 Harbourmaster Place, IFSC, Dublin 1, Ireland.

Capitalization and Indebtedness Statement

The capitalization of the Issuer immediately prior to the Closing Date, adjusted for the Notes now being issued on the Closing Date (and without giving effect to the Upfront Hedge Payment), is as follows:

	EUR (unaudited)
Capital and Reserves	
Authorized – 38,100 ordinary shares of EUR 1.00 each	38,100
Allotted, called up and fully paid – 38,100 ordinary shares of EUR 1.00 each.	38,100
Total capital and reserves	38,100

Indebtedness

Loan capital

EUR 200,000,000 Class A1 Delayed Draw Note due 2090	1
EUR 580,000,000 Class A1 Floating Rate Notes due 2090	580,000,000
EUR 70,000,000 Class A2 Floating Rate Notes due 2090	70,000,000
EUR 70,000,000 Class A3-a Floating Rate Notes due 2090	70,000,000
EUR 15,000,000 Class A3-b Fixed Rate Notes due 2090	15,000,000
EUR 21,000,000 Class B Floating Rate Notes due 2090	21,000,000
EUR 21,000,000 Class C Deferrable Floating Rate Notes due 2090	21,000,000
EUR 9,000,000 Class D Deferrable Floating Rate Notes due 2090	9,000,000
EUR 4,000,000 Class E1 Deferrable Floating Rate Notes due 2090	4,000,000
EUR 6,000,000 Class E2 Deferrable Floating Rate Notes due 2090	6,000,000
EUR 4,000,000 Class F Annuity Notes due by 2016	4,000,000
Total indebtedness	800,000,001
Total capitalization and indebtedness	800,038,101

Save as set out in this Prospectus, as at the Closing Date, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Financial Statements

Audited financial statements will be published on an annual basis. The Issuer will not prepare interim financial statements. The Issuer's accounting reference date in each year is 31 December. The first set of audited financial statements will be in respect of the period from the Closing Date to 31 December 2007. Since the date of incorporation of the Issuer no statutory financial statements have been prepared.

Auditors

The auditors of the Issuer are Ernst & Young, Ernst & Young Building, Harcourt Street, Dublin 2, Ireland. They are a member of the Institute of Chartered Accountants in Ireland.

Expenses

It is estimated that the expenses (including legal expenses, listing expenses and initial expenses of service providers) associated with the issue of the Notes (all of which expenses are payable by the Issuer) will be approximately EUR 4,000,000.

Material Change

Except as may be set out in this Prospectus, there has been no material adverse change in the financial position of the Issuer since its incorporation.

Commission

Commission (not including commission to sub-underwriters) is not payable by the Issuer to the Placement Agent for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for the Notes.

Accountant's Report

The following is the text of a report received by the directors of the Issuer from Ernst & Young, the auditors and reporting accountants to the Issuer.

26 October 2006

The Directors
House of Europe Funding V PLC
5 Harbourmaster Place
IFSC
Dublin 1
Ireland

Dear Sirs,

RE: HOUSE OF EUROPE FUNDING V PLC (the "Company")

We report on the financial information set out below. This financial information has been prepared for inclusion in the prospectus dated 26 October 2006 of House of Europe Funding V PLC (the "Prospectus").

BASIS OF PREPARATION

The financial information set out below is based on the audited balance sheet of the Company as at 26 October 2006 to which no adjustments were considered necessary.

RESPONSIBILITY

The balance sheet is the responsibility of the directors of the Company who approved its issue.

The Directors of the Company are responsible for the contents of the Prospectus dated 26 October 2006 in which this report is included.

It is our responsibility to compile the financial information set out in our report, to form an opinion on the financial information and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the balance sheet underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the balance sheet underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we

considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity of error.

OPINION

In our opinion, the financial information gives, for the purposes of the Prospectus dated 26 October 2006, a true and fair view of the state of affairs of the Company as at 26 October 2006.

FINANCIAL INFORMATION

The Company was incorporated and registered as a public limited company in Ireland on 27 July 2006.

Since its incorporation, the Company has not traded and has not declared or paid any dividends. No material contracts or transactions have been entered into save for those detailed in the Prospectus in connection with the issue of the Notes which this report forms part of.

We were appointed as auditors of the Company on 25 October 2006.

The audited balance sheet of the Company as at 26 October 2006 was as follows:

Assets Employed (€)	
Current assets- cash in hand	€ 38,100
Financed by	
Equity Shareholders' funds	
Called up Share Capital:	
Issued 38,100 ordinary shares of € 1.00, fully paid	€ 38,100

The authorised share capital of the Company, as at 26 October 2006 comprised 38,100 Ordinary Shares of € 1.00 each.

This information does not constitute the Company's statutory accounts.

Yours faithfully

_____

ERNST & YOUNG
Registered Auditor

THE COLLATERAL MANAGER

Collineo Asset Management GmbH

Collineo Asset Management GmbH ("**Collineo**") is a financial service company for institutional clients in Germany and abroad. The core business of Collineo is advisory service for innovative capital market products, in particular in the field of syndication, securitisation and risk trading.

Collineo was founded in December 2004 and has its offices at Brinkhoffstrasse 4, 44137, Dortmund, Germany with the telephone number +49 (0) 231 1082 1. The managing directors (*Geschäftsführer*) of Collineo are Dirk Bergander and Dr. Michael Thiemann. Collineo has obtained a license for the operation of the business of portfolio management (*Finanzportfolioverwaltung*), investment advice (*Anlageberatung*) and contract broking (*Abschlussvermittlung*) from its German supervisory authority Bundesanstalt für Finanzdienstleistungsaufsicht in May 2005 und has commenced its business in June 2005. Collineo will act in its capacity as Collateral Manager under the Collateral Management Agreement.

Until 24 August 2005 Collineo was a wholly-owned subsidiary of Hypo Real Estate Bank AG, Munich, a subsidiary of Hypo Real Estate Holding AG which is listed on the German stock exchange since October 2003. Pursuant to an agreement dated 24 August 2005, Hypo Real Estate Bank AG transferred all its shares in Collineo to Hypo Public Finance Bank, which is also a subsidiary of Hypo Real Estate Holding AG. With a total mortgage volume of approximately 65 billion Euro, the Hypo Real Estate Group is one of the largest providers of finance to commercial real estate customers in Europe and, as such, one of the largest real estate finance institutions. As of December 31, 2005, Hypo Real Estate Group had total assets of approximately 153 billion Euro.

Collineo has a successful track record since 1999. The team primarily emerged from the Securitisation & Structured Finance Division of Hypo Real Estate Bank, Germany, and has a strong background in capital market products and securitisation.

Upon written request,Collineo will provide without charge to each person to whom this Prospectus is delivered a copy of the most recent annual report of Hypo Real Estate Holding AG. Written requests for such annual reports or any additional information concerning Collineo should be directed to Brinkhoffstrasse 4, 44137, Dortmund, Germany with the telephone number +49 (0) 231 1082 1, Attention: Dirk Bergander.

Collineo has supplied the information relating to it in this section entitled "The Collateral Manager". Collineo does not accept responsibility for any information contained in this Prospectus other than the information contained in this section relating to Collineo. Delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Collineo since the date of this Prospectus or that the information contained or referenced in this section is correct as of any time subsequent to the date set forth herein.

Overview

As an investment manager, the Collateral Manager is an active participant in the European and US MBS markets. The Collateral Manager manages portfolios including mortgage-backed and other asset-backed securities, CDOs of MBS and non-conforming assets. The Collateral Manager is expected to continue to be active in these areas; and the characteristics of its business, investment and credit underwriting policies that are described herein and under "Investment Process" below are expected to be characteristic of its business, investment and credit underwriting policies as they relate to the Issuer.

As of August 2006, Collineo managed approximately 13.8 billion Euro in ABS, MBS and other

structured finance securities. The total included more than 5.9 billion Euro in RMBS and more than 2.5 billion Euro in CMBS. The assets under management in ten cash CDO's amounted to approximately 5.8 billion Euro.

The sources of the Collateral Manager's investment recommendations will include, but are not limited to, investment banks, commercial banks, transaction sponsors and other intermediaries, including the Counterparty.

The Collateral Manager currently employs 15 professionals in its investment activities. Its investment experience is enhanced by its former experience in credit underwriting activities, which include structuring and arranging financing and securitization transactions. As a result of these activities, the Collateral Manager's professionals have developed a strong background in credit analysis and the structuring of various types of debt transactions.

Investment Process

The Collateral Manager's general investment strategy has been and will continue to be a "buy and hold duration neutral" approach. The Collateral Manager seeks to maximize a stream of net interest earnings while minimizing credit risk and interest rate risk. In order to achieve this objective, the portfolio under management concentrates on holdings with investment grade ratings and relatively short interest rate duration.

The Collateral Manager uses a "top down relative value" strategy which enables it to capture value between fixed income sectors. It uses this process to identify industry sectors that match its investment philosophy and meet its investment criteria. The Collateral Manager focuses on relatively stable industries and sectors that have and can generate predictable cash flows or provide significant asset protection.

The Collateral Manager also uses a "bottom up" strategy on individual securities which will offer relative value to comparable securities. The "bottom up" strategy enables the Collateral Manager to focus on an undervalued sector or issue. After identifying industries or sectors that it believes are attractive, the Collateral Manager applies a rigorous approach to identifying specific investments at the company and issue levels. It will select securities based upon a thorough assessment of the underlying collateral quality and stress scenarios on the structure. Other important assessments are the amount of subordinate capitalization, the level of collateral coverage and protection, the degree of covenant protection, servicer quality, financial strength and information reporting systems and the impact of other structural factors such as call or redemption provisions and premiums.

The Collateral Manager has a contract with Hypo Real Estate Bank AG ("HRE") in place to run a credit surveillance process to monitor portfolio investments on a regular basis which it considers as important as the initial decision to purchase the security. HRE performs quarterly credit surveillance on all fixed income structured finance assets in the surveillance portfolio. This process includes a review of remittance reports, collateral reports or a review of summary data reports provided by dealers. HRE prepares and maintains for its own use a "Watch List of Potential Credit and Market Risks". The credit surveillance process has generally allowed the Collateral Manager to make certain preemptive moves with regard to selling potential problem credits.

The managing directors of the Portfolio Manager are:

Dirk Bergander (Chief Executive Officer, Managing Director)

Since the company's foundation Dirk Bergander is speaker of the executive board and member of the management committee of Hypo Public Finance Bank, Dublin. He took the responsibility for the creation of the spin-off and independent company "Collineo" in which Hypo Real Estate Bank placed all its portfolio management activities. As managing director he assumes responsibility of the

following areas of the portfolio manager: business strategy, origination, investor relations, portfolio management and research. Dirk Bergander holds a degree in economics from the University of Bochum. He first started his career in 1991 at Deutsche Bank. In 1993 he joined WestHyp (since 2003 Hypo Real Estate Bank) within the controlling and risk management department where he was engaged in monitoring capital market products. Since 1999 he established a credit, trading and portfolio management platform. In 2001 he became head of the securitisation and structured finance department. Since then he is promoting the extension of the asset management business.

Dr. Michael Thiemann (Chief Investment Officer, Managing Director)

Dr. Michael Thiemann has joined Collineo's executive board since December 1, 2005 as chief investment officer. He has a Masters in Business Administration from the University of Muenster and a PhD from the University of Leipzig. Michael has 14 years of business experience, of which he spent over 8 years in capital markets. In 1991 he started his career with Ernst & Young before he moved on to WGZ-Bank Group in 1993. Most recently Michael Thiemann was Deputy Managing Director and General Manager with WGZ-Bank Ireland plc, Dublin. There he managed a liquid credit portfolio of over EUR 4bn in CDO's, ABS, corporate and financials. He positioned the bank within the group as the center of competence for structured finance and additionally he set-up an ABCP facility. Before his time in Dublin he was in charge of asset and wealth management, credit analysis and relationship manager for German and European corporate risk.

THE COLLATERAL MANAGEMENT AGREEMENT

The following is the text of the Collateral Management Agreement (excluding its recitals and Exhibits) dated 31 October 2006 between the Issuer and the Collateral Manager. The Collateral Management Agreement is attached as Annex C to the Terms and Conditions and constitutes an integral part thereof. In case of any overlap or inconsistency in the definition of a term or expression in the Collateral Management Agreement and elsewhere in this Prospectus, the definition in the Collateral Management Agreement will prevail.

1. INTERPRETATION AND CONSTRUCTION

Capitalized terms used but not defined herein shall have the meanings set forth in the Master Definitions Agreement dated on or about the date hereof, which shall also govern the construction of this Agreement.

2. OBLIGATIONS OF THE COLLATERAL MANAGER

2.1 Appointment of the Collateral Manager

The Issuer hereby appoints Collineo Asset Management GmbH as the Collateral Manager hereunder. The Collateral Manager shall render collateral management advice to the Issuer regarding the purchase and sale of Underlying Assets and ancillary services in accordance with the portfolio provisions attached as Exhibit A hereto (the "**Portfolio Provisions**") and the other terms of this Agreement in the ordinary course of its business.

2.2 Regular Collateral Management Services

The Collateral Manager shall:

(i) observe the market and gather information it considers relevant for potential investments to be made by the Issuer and evaluate opportunities for such investments;

(ii) prepare proposals with respect to the acquisition, sale or liquidation of assets in accordance with the Portfolio Provisions;

(iii) give notice of proposals pursuant to sub-paragraph (ii) above to the Collateral Administrator for the purpose of performing a review of such proposals and preparing a compliance certificate in accordance with the provisions of the Collateral Administration Agreement;

(iv) submit its proposals together with the related certificate of the Collateral Administrator and with a credit risk analysis documentation to the Investment Board in a timely manner (based on the time required to duly evaluate and decide upon the relevant proposal);

(v) in the case of an approval by the Investment Board (on behalf of the Issuer) regarding any proposals made by the Collateral Manager, arrange for the implementation and the settlement of the relevant trades.

(vi) make any other proposals to the Investment Board as set forth in the Transaction Documents.

2.3 Early Redemption of the Notes

(a) Upon receipt by the Collateral Manager of a notice from the Trustee indicating that the Notes shall be redeemed in accordance with Sections 8.1 or 8.3 of the Terms and Conditions, the Collateral Manager shall:

(i) submit a proposal to the Investment Board for setting the Redemption Date, and in case of its approval, deliver such approved proposal to the Trustee for notification of the Redemption Date on behalf of the Issuer pursuant to Section 8.1(b) of the Terms and Conditions;

(ii) make proposals to the Investment Board for the realization of the Collateral Assets (including but not limited to the sale or liquidation of the Underlying Assets, Eligible Investments and Hedge Agreements) in compliance with the requirements of Section 8.1(c) of the Terms and Conditions;

(iii) use reasonable efforts to furnish to the Trustee not later than on the 8th Business Day prior to the scheduled Redemption Date evidence (which may be in the form of fax or electronic mail indicating firm bids satisfactory to the Trustee) that the Investment Board on behalf of the Issuer has entered into a binding agreement or agreements which satisfy the requirements of Section 8.1(c) of the Terms and Conditions and provide any other information reasonably requested by the Trustee in connection therewith.

(b) In the case of a mandatory auction redemption in accordance with Sections 8.5 of the Terms and Conditions, the Collateral Manager shall:

(i) make proposals to the Investment Board for the realization of the Collateral Assets (including but not limited to the sale or liquidation of the Underlying Assets, Eligible Investments and Hedge Agreements) in compliance with the requirements of Section 8.5(b) of the Terms and Conditions;

(ii) use reasonable efforts to furnish to the Trustee not later than on the 8th Business Day prior to the Payment Date falling in November 2016 evidence (which may be in the form of fax or electronic mail indicating firm bids satisfactory to the Trustee) that the Investment Board on behalf of the Issuer has entered into a binding agreement or agreements which satisfy the requirements of Section 8.5(b) of the Terms and Conditions and provide any other information reasonably requested by the Trustee in connection therewith.

2.4 Redemption of the Notes at Stated Maturity

In the event of a redemption of the Notes at the Stated Maturity pursuant to Section 8.6 of the Terms and Conditions, the Collateral Manager shall use reasonable efforts make proposals to the Investment Board for the sale and liquidation of the Collateral Assets such that the settlement dates and proceeds thereof are in immediately available funds not later than one Business Day prior to the date of the Stated Maturity.

2.5 Funding Requests; Notification of Delayed Draw Note Final Funding Date

The Collateral Manager shall render advice to the Investment Board in connection with any Funding Request with respect to the Class A1 Delayed Draw Note and make relevant proposals in accordance with the terms of the Class A1 Delayed Draw Note Purchase Agreement. With respect to any Fundings, the Collateral Manager shall not make any proposals whereby the Investment Board (on behalf of the Issuer) would enter into any binding commitment to

purchase additional Underlying Assets therewith, until such Fundings have been desposited into Principal Collections Account. In the case of an approval by the Investment Board (on behalf of the Issuer) regarding any such proposals, the Collateral Manager shall forward such approval (in each case either by fax, telephone or otherwise) to the Collateral Administrator.

Promptly upon the occurrence of the Delayed Draw Note Final Funding Date, the Collateral Manager shall give notice thereof to the Class A1 Delayed Draw Noteholder.

2.6 Special Amortization

In the event that the Collateral Manager has been unable during the Reinvestment Period, for a period of at least 60 consecutive days, to identify assets that it determines would be appropriate and would meet the Portfolio Criteria in sufficient amounts to permit the investment of funds available to the Issuer for such purpose, the Collateral Manager shall promptly notify the Trustee and the Issuer of such event and of the relevant Special Amortisation Amount.

2.7 Hedge Agreements

The Collateral Manager shall render advice to the Investment Board in connection with hedging strategies and make proposals regarding Hedge Agreements in accordance with Provision 8 of the Portfolio Provisions. In the case of an approval by the Investment Board (on behalf of the Issuer) regarding any such proposals, the Collateral Manager shall forward such approval to the relevant person or entity.

2.8 Noteholder Action

The Collateral Manager shall prepare proposals for the Investment Board regarding any declarations to be made and other actions to be taken by the Issuer in its capacity as holder of the Pledged Obligations. In particular, such proposals shall be made regarding the exercise of noteholders' voting and similar rights under the Pledged Obligations. In the case of an approval by the Investment Board (on behalf of the Issuer) regarding any such proposals, the Collateral Manager shall forward such approval to the relevant person or entity.

2.9 Conversion or Exchange of Pledged Obligations

In the event that a Pledged Obligation may be converted or exchanged, by its issuer or a third party, at the option of the Issuer or pursuant to an offer made to the holders of such Pledged Obligation, the Collateral Manager shall propose a course of action to the Investment Board, in particular with respect to the presentation and/or surrender of such Pledged Obligation or any declarations to be made and other actions to be taken by the Issuer in connection therewith. In the case of an approval by the Investment Board (on behalf of the Issuer) regarding any such proposals, the Collateral Manager shall forward such approval to the relevant person or entity.

2.10 Enforcement of Claims

In the event that the Collateral Manager is notified by the Collateral Administrator of the non-payment of any claim of the Issuer with respect to any Pledged Obligation or any Hedge Agreement when due or any other event of default thereunder, and of the continuation of such non-payment or event of default following a reminder notice given by the Collateral Administrator, the Collateral Manager:

(i) shall advise and make proposals to the Investment Board on the enforcement or restructuring of such defaulted Pledged Obligation or Hedge Agreement or any collateral granted in respect thereto;

(ii) may in its sole discretion propose to the Investment Board a non-German resident Person for appointment by the Investment Board in order to effect the enforcement or restructuring of such defaulted Pledged Obligation or Hedge Agreement on behalf of the Issuer.

In the case of an approval by the Investment Board (on behalf of the Issuer) regarding any such proposals, the Collateral Manager shall forward such approval to the relevant person or entity.

2.11 Provision of Information

The Collateral Manager shall provide information available to it upon reasonable request by (i) any Rating Agency in connection with its monitoring obligations and (ii) the Issuer, the Collateral Administrator, the Trustee or the Investment Board Provider in connection with the performance of their respective obligations under the Transaction Documents.

The Collateral Manager shall give notice to the Collateral Administrator if a CMBS that has an S&P Rating of "BBB" or below is subject to an Available Funds Cap on any interest payment date thereunder.

The Collateral Manager shall notify each Rating Agency promptly in the event any of the criteria relating to the Initial Investment Period as set out in Provision 2 of the Portfolio Provisions are not met.

2.12 Monitoring of Rating Actions

The Collateral Manager shall regularly verify whether any Underlying Assets of the Issuer have been placed on a watch list of securities by any Rating Agency, and promptly notify the Trustee of such occurrence.

2.13 Other Services

The Collateral Manager shall render advice and perform other services stipulated to be given or rendered by the Collateral Manager in the other Transaction Documents to the relevant recipient identified therein. Upon request, the Collateral Manager shall employ reasonable efforts to assist the Issuer, the Trustee, the Collateral Administrator and the Investment Board in the performance of their respective obligations under the Transaction Documents.

2.14 Proposals to the Issuer

The Collateral Manager may submit any proposal hereunder directly to the Issuer in lieu of the Investment Board.

3. GENERAL TERMS OF APPOINTMENT

3.1 Standard of Care

The Collateral Manager shall perform its obligations hereunder with the same standard of care that it exercises in connection with the management of a portfolio of securities comparable to the Underlying Assets and the Eligible Investments for its own account or the provision of collateral management advice in respect of such a portfolio for others, and in a manner which it reasonably believes to be consistent with practices and procedures followed by institutional investment advisers of national standing relating to assets of the nature and character of the Underlying Assets and the Eligible Investments, except as expressly provided otherwise in this Agreement or the other Transaction Documents. To the extent not inconsistent with the

foregoing, the Collateral Manager may follow its customary standards, policies and procedures in performing its duties hereunder.

3.2 Investment Objectives; Limitation of Responsibility

In performing its duties hereunder, the Collateral Manager will seek to advise and make recommendations with the view to maximise the value of the Pledged Obligations for the benefit of the Issuer and the Noteholders, and in such a way that timely payments are made on the Notes and no Event of Default occurs under the Terms and Conditions, *provided that* the Collateral Manager shall only be responsible for such objectives not being achieved if it has intentionally (*vorsätzlich*) breached its obligations hereunder. The Collateral Manager shall not be responsible for any inability to select, acquire, sell or liquidate any Underlying Assets or any Eligible Investments as a result of factors beyond its control, including the condition of certain financial markets, general economic conditions and international political events, nor for any determinations or judgements made hereunder in respect of the Underlying Assets or the Eligible Investments unless made with intentional breach of its obligations hereunder.

3.3 Arm's Length Transactions

All transactions shall be proposed hereunder on an arm's length basis for fair market value, and may be effected with the Issuer, the Trustee or a Person Affiliated with the foregoing or the Collateral Manager itself, but on terms as favourable to the Holders of Notes as could be obtained in a commercially reasonable manner from Persons other than the foregoing.

3.4 Limitation of Duties

The Collateral Manager shall have no obligation hereunder to perform any other duties other than those referred to or as specified herein. In particular, (i) the Collateral Manager shall not be subject to any fiduciary or implied duties, (ii) the Collateral Manager shall not have any duty to take any discretionary action, except when making any proposals as contemplated hereunder or as otherwise expressly contemplated hereby, and (iii) except as expressly set forth herein or as required by law, the Collateral Manager shall not have any duty to disclose any information relating to any issuer of any Underlying Asset, obligor of any Eligible Investment or any Affiliates of the foregoing.

3.5 Reliance

The Collateral Manager (i) shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person and (ii) may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Collateral Manager may consult with legal counsel (which may be counsel for the Issuer or an obligor of any Underlying Assets or any Eligible Investment or any of its Affiliates), accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in respect of its obligations hereunder in good faith in accordance with the advice of any such counsel, accountants or experts.

3.6 Agents

The Collateral Manager may at its own cost delegate the performance of its obligations hereunder, in whole or in part, to vicarious agents (*Erfüllungsgehilfen*, § 278 of the German Civil Code (*Bürgerliches Gesetzbuch*)). A more extensive delegation of its duties is not permitted. The exculpatory provisions of this Clause 3 shall apply to any such agent.

3.7 Services Non-exclusive; Conflicts of Interest

The services of the Collateral Manager to be rendered hereunder are non-exclusive. Nothing herein shall prevent the Collateral Manager or any of its Affiliates from engaging in other businesses, as principal or in an advisory or other capacity with, or have any economic interests in or other relationship with, the Trustee, the Collateral Administrator, the Noteholders, the Issuer, any obligor of Pledged Obligations, any Affiliate of the foregoing or any other Person. In particular, the Collateral Manager or its Affiliates may:

(i) render services similar to the services to be rendered hereunder to any Person and may enter into transactions for their own account or for the account of others, or render any services in respect of investments which would qualify as Underlying Assets or Eligible Investments;

(ii) engage in negotiations leading to the restructuring of investments held for their own account or for the account of others which are also held by the Issuer, without any duty to act in any way which is favourable to the interests of the Issuer or the Noteholders;

(iii) acquire or provide advisory or other services in respect of investments that rank pari passu, senior or junior to an investment held by the Issuer, have any other economic interests in or other relationships with the relevant obligor, or serve as director, agent or in any other capacity of such obligor.

Each of the foregoing may give rise to conflicts of interest or restrictions on transactions in the relevant investments by the Collateral Manager. In such instances, the Collateral Manager and its Affiliates may in their discretion make investment recommendations, take decisions or otherwise act in a way that may be the same as or different from actions hereunder with respect to the Issuer's investments. The Collateral Manager may refrain from any action hereunder which, in the sole discretion of the Collateral Manager, would give rise to a conflict of interest.

3.8 Actions in Relation to Reference Obligations

Nothing contained in this Agreement shall prevent the Collateral Manager or any of its Affiliates, acting either as principal or agent on behalf of others, from undertaking, or omitting to undertake, any action in relation to an Underlying Assets, the relevant obligor, or any obligation of or guaranteed by such obligor, which results in, or supports, the occurrence of a credit event in respect an Underlying Asset, the relevant obligor, or any such obligation or guarantee or otherwise may have an adverse effect on any of the foregoing.

3.9 Material Non-public Information

The Collateral Manager, in connection with its other business activities, may in its sole discretion acquire material non-public confidential information that may restrict it from purchasing or selling securities, render advisory services or otherwise using such information for its own benefit or the benefit of third parties. The Issuer acknowledges and agrees that the receipt of such information, including in connection with unrelated activities, could have an adverse effect on the ability of the Collateral Manager to render the services to be provided by it hereunder. The Collateral Manager may refrain from making any proposals in respect of entities in relation to which the Collateral Manager, its Affiliates have information which the Collateral Manager deems confidential, non-public, price sensitive or which otherwise might prohibit it from making a proposal in accordance with applicable laws including, without limitation, any insider dealing laws.

3.10 Maintain Authorisations

The Collateral Manager shall maintain in full force and effect all consents of any governmental or other authority that are material to its ability to perform its obligations hereunder and will use reasonable efforts to obtain any such consents that may become necessary therefor.

3.11 Compliance with Laws

The Collateral Manager shall comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations hereunder.

3.12 Actions Adversely Affecting the Issuer

Unless otherwise specifically required herein or by applicable law, the Collateral Manager shall use reasonable efforts not to take any action that it knows (i) is not permitted under the Issuer's constitutional documents, (ii) would violate any law, rule or regulation of any governmental body or agency having jurisdiction over the Issuer the violation of which has or could reasonably be expected to have an adverse effect on the Issuer, any Pledged Obligation or the Noteholders, or (iii) would result in the Issuer violating the Terms and Conditions or the terms of any other Transaction Documents to which it is a party.

3.13 German Investment Tax Act

For the purpose of meeting the requirements of the German Investment Tax Act (*Investmentsteuergesetz*; "**InvTA**") for a fully transparent investment fund, the Collateral Manager may, if and to the extent reasonably requested by a Noteholder resident in Germany, (i) make any disclosure regarding the Pledged Obligations in order to comply with the aforementioned requirements of the InvTA, (ii) advise the Issuer on the appointment of a suitable person as defined in Sec. 5 (1) no. 3 of the InvTA in order to certify compliance with the relevant provisions of the ITA, and (iii) arrange for any publication required in respect thereto. Any such Noteholder request shall be made not later than 3 months prior to any Payment Date and shall only relate to such disclosure and certification pursuant to the InvTA for the immediately following Payment Date.

4. FEES AND EXPENSES

4.1 On each Payment Date, the Issuer shall pay to the Collateral Manager, the Senior Collateral Management Fee, the Mezzanine Collateral Management Fee and the Junior Collateral Management Fee.

4.2 In addition to Clause 4.1 above, the Issuer shall pay to the Collateral Manager, if and to the extent funds are available therefor, an amount equal to the amount available for distribution and payable under Section 3.3(a)(28)(i) and Section 3.3(b)(17)(i) of the Terms and Conditions and Clause 4.5(20) of the Trust Agreement (as applicable). Upon the redemption of all the Notes in full in accordance with the Terms and Conditions and any application of the amounts pursuant to Section 8.1(e) or Section 8.5(c) of the Terms and Conditions, the Issuer shall pay to the Collateral Manager all amounts standing on the credit of the Incentive Account and 50% of any amounts standing to the credit of the Residual Account.

4.3 The Collateral Manager shall be responsible for all ordinary expenses incurred in the performance of its obligations under this Agreement. The Issuer shall reimburse any extraordinary expenses reasonably incurred by the Collateral Manager in the proper performance of its obligations hereunder, including any cost of retaining external legal counsel

or other advisers and third party costs in connection with actions taken pursuant to Clauses 2.7 – 2.10 and Clause 3.13 (including any costs in connection with the appointment of a suitable person pursuant to Clause 3.13(ii) and the costs of publication pursuant to Clause 3.13(iii)).

4.4 All payments under this Agreement to the Collateral Manager will be made without set-off, deduction or counterclaim for any amount including any amount on account of income or other taxes (including value-added taxes).

5. LIMITATION OF RESPONSIBILITY; INDEMNITY

5.1 The Collateral Manager shall be liable for its acts or omissions under or in connection with this Agreement only if and to the extent that such acts or omissions constitute an intentional or grossly negligent (*vorsätzliche oder grob fahrlässige*) breach of its obligations hereunder. The Collateral Manager shall also be liable with respect to written information prepared by or on behalf of the Collateral Manager and approved in writing by the Collateral Manager for inclusion in information materials provided to or presentations made to prospective investors in the Notes and written information provided by the Collateral Manager to the Issuer relating to the performance of the Collateral Manager or any accounts managed by it, as a result of such information containing any untrue statement of material fact or omitting to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Notwithstanding anything in the Transaction Documents to the contrary, the Collateral Manager shall not be liable for indirect damages (*mittelbare Schäden*) of any kind whatsoever (including but not limited to lost profits), unless the Collateral Manager has acted intentionally.

5.2 The Issuer shall indemnify the Collateral Manager and its Affiliates against all losses, liabilities, obligations (including any taxes other than taxes on the Collateral Manager's and its Affiliates' overall income or gains, which are imposed in the future on the services hereunder), actions in and out of court and costs and disbursements incurred by the Collateral Manager or its Affiliates in connection with this Agreement, unless such losses, liabilities, obligations, actions, costs and disbursements are incurred due to the reasons mentioned under Clause 5.1 above or constitute ordinary expenses of the Collateral Manager (Clause 4.3, first sentence). The obligations of the Issuer under this Clause 5.2 shall survive the termination of this Agreement.

6. REPRESENTATIONS

6.1 Representations of the Issuer

The Issuer represents to the Collateral Manager that, as of the date hereof:

(a) The Issuer is duly incorporated and validly existing under the laws of Ireland with the power to enter into this Agreement and to perform its obligations hereunder.

(b) The execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the Issuer's part and does not contravene its constitutional documents, any agreement or instrument to which it is a party or by which it or any of its property is bound, or any law, judgment or governmental rule, regulation or order applicable to it.

(c) All governmental consents that are required to have been obtained by the Issuer with respect to this Agreement have been obtained and are in full force and effect and all conditions of any such consents have been complied with.

(d) This Agreement constitutes legal, valid, binding and enforceable obligations of the Issuer, subject to limitations imposed by any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and the qualifications set out in the legal opinions delivered in respect of this Agreement.

(e) There is no pending or threatened action, proceeding, governmental investigation or arbitration affecting the Issuer or its properties before any court, governmental agency or arbitrator which would materially adversely affect the Issuer's ability to perform its obligations hereunder.

(f) The Prospectus as of the date thereof and as of the Closing Date does not contain any untrue statement of a material fact and does not omit to state any material fact necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading. The preceding sentence does not apply to information in the section entitled "The Collateral Manager" and any other information concerning the Collateral Manager contained in the Prospectus.

6.2 Representations of the Collateral Manager

The Collateral Manager represents to the Issuer that, as of the date hereof:

(a) The Collateral Manager is duly incorporated and validly existing under the laws of Germany with the power to enter into this Agreement and to perform its obligations hereunder.

(b) The execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the Collateral Manager's part and does not contravene its constitutional documents, any agreement or instrument to which it is a party or by which it or any of its property is bound, or any law, judgment or governmental rule, regulation or order applicable to it.

(c) All governmental consents that are required to have been obtained by the Collateral Manager with respect to this Agreement have been obtained and are in full force and effect and all conditions of any such consents have been complied with.

(d) There is no pending or threatened action, proceeding, governmental investigation or arbitration affecting the Collateral Manager or its properties before any court, governmental agency or arbitrator which would materially adversely affect the Collateral Manager's ability to perform its obligations hereunder.

(e) All written information provided by the Collateral Manager on or prior to the date hereof to the Issuer or the Rating Agencies in connection with this Agreement and with regard to the Collateral Manager and its collateral management methodology, personnel and trading record is, as of the date of the information, true, accurate and complete in every material respect. The section entitled "The Collateral Manager" and any other information concerning the Collateral Manager contained in the Prospectus as of the date thereof and as of the Closing Date does not contain any untrue statement of a material fact and does not omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

7. TERMINATION

7.1 Termination without Cause

This Agreement may be terminated without cause by either party hereto by giving at least 30 days' prior written notice to the respective other party. In the event that such notice is given by or on behalf of the Issuer, it shall pay to the Collateral Manager the fair value of all amounts then due and payable as of the date the termination becomes effective as well as of all expected future amounts owed to the Collateral Manager hereunder, which amount shall be determined in good faith and in a commercially reasonable manner by the Collateral Manager.

7.2 Termination for Cause

This Agreement may be terminated by the Issuer for cause by giving at least 10 Business Days' prior written notice to the Collateral Manager upon the occurrence of any of the following events:

(i) a breach by the Collateral Manager of any of its obligations hereunder (aa) which is materially prejudicial to the interest of the Noteholders, and such breach remains uncured for 30 days after written notice thereof is given or (bb) such breach is made wilfully;

(ii) the Collateral Manager is unable to pay its debts as they fall due (zahlungsunfähig) or is overindebted (überschuldet), becomes subject to insolvency proceedings, a motion to institute such proceedings is filed and not discharged within 90 days, or such proceedings are not instituted for lack of assets;

(iii) any representation made by the Collateral Manager hereunder proves to have been materially incorrect or materially misleading when made;

(iv) the Collateral Manager is no longer legally authorized to carry out its duties hereunder;

(v) an action by the Collateral Manager in connection with its business which constitutes fraud or criminal activity;

(vi) either (aa) the Senior Manager is no longer employed by the Collateral Manager or an Affiliate or (bb) the members of the Investment Board no longer satisfy the requirements of the Investment Board Agreement and such non-compliance is not remedied within 20 Business Days after having received written notice thereof. "**Senior Manager**" shall mean the senior manager presently employed by the Collateral Manager and who is identified in the Prospectus in the section headed "The Collateral Manager" as the 'Chief Executive Officer'.

In case an event set out in (vi) occurs, the Collateral Manager shall promptly give notice thereof to the Issuer and to the Trustee. The termination right due to the occurrence of such event shall expire within 60 Business Days after notice has been given pursuant to the preceding sentence.

7.3 Notices

Copies of any termination notice hereunder shall be delivered to the Trustee, the Collateral Administrator, the Investment Board Provider and the Rating Agencies.

7.4 Effectiveness of Termination

Any termination of this Agreement shall become effective on the day a replacement collateral manager is appointed in accordance with Clause 7.5, *provided that* if such appointment has not

been made by the 60th Business Day following the delivery of the termination notice, this Agreement (as well as the Reinvestment Period pursuant to Provision 6.6 of the Portfolio Provisions) shall terminate on such day.

7.5 Appointment of Replacement Collateral Manager

A replacement collateral manager may not be appointed unless (i) it has agreed in writing to assume all of the Collateral Manager's duties and obligations under this Agreement and the other Transaction Documents, (ii) the Trustee has given its prior written consent and (iii) Rating Agency Confirmation has been obtained. The Collateral Manager shall take such action consistent with this Agreement and reasonably required by the Trustee as shall be necessary to effect any such replacement.

7.6 Mandatory Law

Nothing herein shall prejudice any right to terminate this Agreement for good cause (*aus wichtigem Grund*) as a matter of mandatory law. In the event that the Collateral Manager exercises such a termination right hereunder, the Issuer shall pay to the Collateral Manager an amount determined pursuant to Clause 7.1.

8. LIMITED RECOURSE AND NON-PETITION

All payment obligations of the Issuer hereunder constitute exclusively obligations to make payments in an amount limited to any credit on the Issuer Accounts and proceeds from the Collateral Assets received by the Trustee pursuant to the Trust Agreement and other Transaction Documents, in each case in accordance with and subject to the Priority of Payments and Clause 4.1 of the Trust Agreement. Funds available for such payments will be generated by, and limited to, notably (i) payments received in respect of the Pledged Obligations and (ii) any Fundings and any payments received under the Hedge Agreements. This Agreement shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly.

To the extent that such assets, or the proceeds from the realisation thereof, prove ultimately insufficient to satisfy the claims of the Collateral Manager in full, then any shortfall arising shall be extinguished and the Collateral Manager shall have no further claims against the Issuer, *provided that* the foregoing shall be without prejudice to any termination rights, set-off rights and rights of retention. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Collateral Manager, and neither assets nor proceeds will be so available thereafter.

The Collateral Manager shall not take steps against the Issuer to recover any sum so unpaid and, in particular, the Collateral Manager shall not petition or take any other step or action for the winding up, examinership, liquidation or dissolution of the Issuer nor for the appointment of a liquidator, examiner, receiver or other person in respect of the Issuer or its assets until after the expiry of a period of two years and one day (or, if longer, the then applicable preference period as provided for in the applicable bankruptcy laws) following the payment of all amounts payable under the Terms and Conditions of the Notes.

9. COMMUNICATIONS

All communications hereunder shall be made in English by e-mail, mail or by fax, *provided that* notices regarding the termination of this Agreement given by e-mail or fax shall be confirmed

by mail. Subject to written notification of any change of address, all communications hereunder shall be directed to the addresses set out in Exhibit A to the Master Definitions Agreement.

10. AMENDMENTS; NOTICE OF PLEDGE; ASSIGNMENT

10.1 This Agreement (including this Clause 10.1) may only be amended by agreement of all parties hereto in writing and upon receipt of Rating Agency Confirmation. The parties hereto shall only agree to any amendment hereto (i) subject to the prior written consent of the Trustee or (ii) if such amendment is made in order to comply with any requirements of the Luxembourg Stock Exchange or any alternative stock exchange with regard to the listing of the Notes, subject to such requirements and to the prior written consent of the Trustee.

10.2 The Issuer hereby gives notice to the Collateral Manager that it has pursuant to the Trust Agreement pledged to the Trustee all its present and future, actual and contingent claims and rights arising hereunder as a security for the Trustee Claim as defined in the Trust Agreement. The Collateral Manager hereby acknowledges the receipt of the above notice of, and agrees to, such pledge and confirms that it has knowledge of the provisions of the Trust Agreement relating thereto. The Collateral Manager hereby waives any pledge or other security interest (whether pursuant to its standard terms and conditions or otherwise) relating to the claims being the subject of the pledge, and confirms that it is not aware of any rights of third parties in respect of such claims.

10.3 Neither party may assign all or a portion of its rights or obligations hereunder except as permitted herein or in the other Transaction Documents.

11. SEVERABILITY

11.1 If any provision of this Agreement is or becomes invalid in whole or in part, the remaining provisions shall remain unaffected thereby. Invalid provisions shall be replaced by such valid provisions which taking into consideration the purpose and intent of this Agreement have to the extent legally possible the same economic effect as the invalid provisions. The foregoing provisions shall apply *mutatis mutandis* with regard to any contractual gaps.

11.2 Each party to this Agreement undertakes *vis-à-vis* the respective other party to take all actions that become necessary pursuant to Clause 11.1 or for other reasons to implement this Agreement.

12. GOVERNING LAW; JURISDICTION

12.1 This Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

12.2 The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with this Agreement shall be the District Court (*Landgericht*) in Frankfurt am Main. The Issuer hereby submits to the jurisdiction of such court. The Issuer has appointed FIDEUROP Treuhandgesellschaft für den Gemeinsamen Markt mbH, Wirtschaftsprüfungsgesellschaft, with its seat on the date hereof Bockenheimer Anlage 15, Mozartplatz, 60322 Frankfurt am Main, Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court.

13. CONDITION PRECEDENT

This Agreement and the rights and obligations hereunder are subject to the condition precedent that the Notes will be issued and that the Issue Price for the Notes (except for the Class A1 Delayed Draw Note) will be paid pursuant to the Placement Agreement.

14. COUNTERPARTS

This Agreement may be executed in one or more counterparts. Each signed counterpart shall constitute an original, but all of which together shall constitute one and the same agreement.

DESCRIPTION OF THE COLLATERAL ADMINISTRATION AGREEMENT

Pursuant to the Collateral Administration Agreement between the Issuer, the Collateral Administrator, the Account Bank and the Custodian, certain administrative duties of the Issuer with respect to the Collateral Assets will be performed on behalf of the Issuer by BNP Paribas Securities Services, London Branch, in its capacity as the Collateral Administrator. Such duties include interest determination and calculations in respect of the Notes, confirming compliance with the Portfolio Provisions and the other provisions of the Transaction Documents to the Trustee and the Collateral Manager with regard to any purchase and sale proposal made by the Collateral Manager to the Issuer with respect to Underlying Assets and the performance of certain calculations with respect to the Collateral Quality Tests and the Coverage Tests. Not later than the 2nd Business Day preceding the related Payment Date, the Collateral Administrator will deliver a Note Valuation Report, *inter alios*, to the Luxembourg Intermediary and Listing Agent and, upon request therefor in writing, by e-mail or fax (together with evidence to the satisfaction of the Collateral Administrator regarding the Notes held by it), to any Holder of a Note free of charge. Not later than on the 5th Business Day after the 8th day of each month, commencing December 2006, the Collateral Administrator will deliver a Monthly Report, *inter alios*, to the Luxembourg Intermediary and Listing Agent and, upon request upon a request therefor in writing, by e-mail or fax (together with evidence to the satisfaction of the Collateral Administrator regarding the Notes held by it), to any Holder of a Note free of charge.

Pursuant to the Collateral Administration Agreement, the Issuer will appoint the Account Bank and the Account Bank will confirm that the Issuer Accounts have been opened. The Collateral Administrator will perform certain account management services in relation to each of the Issuer Accounts and as the lawful agent of the Issuer will direct the Account Bank to effect payments and transfers of securities into and out of each of the Issuer Accounts in order to discharge the payment and other obligations of the Issuer, and to effect other transfers between the Issuer Accounts, in accordance with the provisions of the Transaction Documents. See "The Issuer Accounts".

The Collateral Administrator will be liable for its acts or omissions under or in connection with the Collateral Administration Agreement only if and to the extent that its acts or omissions constitute an intentional or negligent (*vorsätzliche oder fahrlässige*) breach of its obligations thereunder. The Issuer will indemnify the Collateral Administrator and its Affiliates against all losses, liabilities, obligations (including any taxes other than taxes on the Collateral Administrator's and its Affiliates' overall income or gains, which are imposed in the future on the services under the Collateral Administration Agreement), actions in and out of court and costs and disbursements incurred by the Collateral Administrator or its Affiliates in connection with the Collateral Administration Agreement, unless such losses, liabilities, obligations, actions, costs and disbursements are incurred due to an intentional or negligent breach by the Collateral Administrator of its obligations thereunder.

The Collateral Administration Agreement may be terminated without cause by any party upon not less than 60 days' prior written notice to each party thereto.

The Collateral Administration Agreement may (and if so instructed by a Majority of the Notes, will) be terminated by the Issuer for cause by giving at least 10 Business Days' prior written notice to the Collateral Administrator, if certain events specified in the Collateral Administration Agreement occur.

DESCRIPTION OF THE COLLATERAL ADMINISTRATOR, THE PAYING AGENT AND THE ACCOUNT BANK

BNP Paribas Securities Services, London Branch acts as the Collateral Administrator and the Account Bank.

BNP Paribas Securities Services, Luxembourg Branch acts as the Paying Agent.

Responsibilities of the Collateral Administrator

For a description of the duties of the Collateral Administrator, see "Description of the Collateral Administration Agreement".

Termination and Replacement of the Collateral Administrator

The following is the text of the provisions of the Collateral Administration Agreement relating to the termination and replacement of the Collateral Administrator:

"8. Termination

8.1 *Termination without Cause*

This Agreement may be terminated without cause by any party hereto by giving at least 60 days' prior written notice to each of the other parties hereto.

8.2 *Termination by Issuer for Cause*

This Agreement may (and if so instructed by a Majority of the Notes, shall) be terminated by the Issuer for cause by giving at least 10 Business Days' prior written notice to the Collateral Administrator upon the occurrence of any of the following events:

(i) a breach by the Collateral Administrator of any of its obligations hereunder which is materially prejudicial to the interest of the Noteholders, and (aa) such breach remains uncured for 30 days after written notice thereof or (bb) such breach is made wilfully;

(ii) any representation made by the Collateral Administrator hereunder proves to have been incorrect or misleading in any material respect when made;

(iii) the Collateral Administrator is dissolved (other than pursuant to a consolidation, amalgamation or merger) or has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(iv) the Collateral Administrator consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another Person and either (1) at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee Person fails to assume all the obligations of such party under this Agreement by operation of law or pursuant to an agreement reasonably satisfactory to the Issuer, the Collateral Manager and the Trustee or (2) the creditworthiness of the resulting, surviving or transferee Person is materially weaker than that of such party immediately prior to such action;

(v) a court shall enter a decree or order for relief in respect of the Collateral Administrator in any involuntary case under any applicable bankruptcy, insolvency or other similar law

now or hereafter in effect, or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Collateral Administrator or for any substantial part of its property, or order the winding-up or liquidation of its affairs; or

(vi) the Collateral Administrator shall commence a voluntary case under applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Collateral Administrator or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due.

If any of the events specified in clause (iii) – (vi) above shall occur, the Collateral Administrator shall give written notice thereof to the Issuer and the Trustee within one Business Day after the occurrence of such event.

8.3 *Termination by Collateral Administrator for Cause*

The Collateral Administrator may resign from its duties hereunder without any requirement that a successor Collateral Administrator be obligated hereunder and without any liability for further performance of any duties hereunder upon at least 60 days' prior written notice to the Issuer upon the occurrence of any of the following events and the failure to cure such event within such 60-day notice period: (i) failure of the Issuer to pay any of the amounts specified in Clause 4 hereof within 90 days after receipt by the Issuer of an invoice from the Collateral Administrator for such amount (unless the Issuer and the Collateral Administrator are engaged in good faith efforts to resolve any dispute with respect to such amounts) or (ii) failure of the Issuer to provide any indemnity payment to the Collateral Administrator hereunder within 60 days of the receipt by the Issuer of a written request for such payment (unless the Collateral Administrator and the Issuer are engaged in good faith efforts to resolve any dispute with respect to such payments).

8.6 *Notices*

Copies of any termination notice hereunder shall be delivered to the Trustee, the Collateral Manager, the Investment Board Provider and the Rating Agencies.

8.7 *Effectiveness of Termination*

Except when the Collateral Administrator shall be removed pursuant to Clause 8.2 or shall resign pursuant to Clause 8.3, no termination of this Agreement shall be effective until the date as of which a successor Collateral Administrator reasonably acceptable to the Collateral Manager, the Trustee and the Issuer shall have agreed in writing to assume all of the Collateral Administrator's rights and obligations pursuant to this Agreement and in respect of which a Rating Agency Confirmation has been received. The Collateral Administrator shall deliver the information contained in the Portfolio Database as well as any documents and other information relating to the Collateral Assets, and take such other action as reasonably required by the Trustee for the purpose of effecting any such replacement.

8.8 *Mandatory Law*

Nothing herein shall prejudice any right to terminate this Agreement for good cause (*aus wichtigem Grund*) as a matter of mandatory law."

Responsibilities of the Paying Agent

The following is a summary of the responsibilities of the Paying Agent:

The Paying Agent shall give notices with respect to the determinations and calculations in respect of the Notes as set out in the Transaction Documents, with a copy of such notices to the Issuer, the Registrar, the Trustee, the Collateral Administrator (where relevant) and (so long as any of the Notes are listed) the relevant listing agent.

As set forth in the Terms and Conditions and the Agency Agreement, on the Exchange Date, the Paying Agent shall deliver the Permanent Global Notes duly executed on behalf of the Issuer and authenticated by the Paying Agent for exchange of the Permanent Global Notes against the Temporary Global Notes to the Common Depositary.

The Paying Agent shall pay or cause to be paid on behalf of the Issuer on each due date the amounts payable in respect of the Global Notes to Euroclear and Clearstream, Luxembourg, as relevant, in accordance with the Terms and Conditions and the Agency Agreement.

The Paying Agent shall, in accordance with the Terms and Conditions and the Agency Agreement, cause to be delivered any replacement Global Notes which the Issuer may determine to issue in lieu of Global Notes which have been lost, stolen, damaged or destroyed. All Global Notes which are redeemed, exchanged or replaced shall be cancelled by the Paying Agent. A certificate stating the security identification numbers of the Notes and aggregate principal amount of Notes cancelled shall be given to the Issuer and the Trustee by the Paying Agent as soon as reasonably practicable and in any event within three months after the date of redemption or, as relevant, exchange or replacement. The Paying Agent shall destroy all cancelled Global Notes and upon such destruction provide the Issuer and the Trustee with a certificate thereof.

Termination of the Paying Agent and Appointment of a Replacement Paying Agent

The following is the text of the provisions of the Agency Agreement relating to the termination and replacement of the Paying Agent:

"9. Termination and Variation of Appointment

9.1 In the event that the Paying Agent (or any guarantor thereof, if such Paying Agent's obligations are guaranteed by such guarantor and *provided that* such guarantee is in a form satisfactory to S&P) no longer has a short-term debt Moody's Rating of at least "P-1" or a short-term debt rating by S&P of at least "A-1", the Issuer shall, or if the Issuer fails to do so, the Trustee may in its discretion, within 30 calendar day's upon becoming aware of thereof terminate the appointment of the Paying Agent by giving not less than 5 calendar day's prior notice to the Paying Agent and appoint another bank or financial institution as a Paying Agent *provided that* such successor (or any guarantor thereof, if such successor's obligations are guaranteed by such guarantor and *provided that* such guarantee is in a form satisfactory to S&P) shall have a short-term S&P Rating of A-1 and Moody's Rating of P-1. The Paying Agent shall promptly notify the Issuer, the Collateral Administrator and the Trustee if its rating is withdrawn or falls below either of the ratings set out in the preceding sentence.

9.2 Without prejudice to Clause 9.1, the Issuers may with the prior written consent of the Trustee remove the Paying Agent and/or the Registrar or the Paying Agent or the Registrar may resign its appointment hereunder at any time, at least 30 calendar day's prior written notice to the other parties, such notice to be given to the Noteholders (in accordance with Section 11 of the Terms and Conditions) and in case of resignation, the Trustee, *provided that* any removal or resignation shall only become effective if a

replacement Paying Agent or Registrar (as relevant), in either case which is a bank or financial institution capable of assuming such functions and in case of the Paying Agent (or any guarantor thereof, if such Paying Agent's obligations are guaranteed by such guarantor and *provided that* such guarantee is in a form satisfactory to S&P), having the ratings set out in Clause 9.1 above, has been appointed. If a replacement Paying Agent or Registrar (as relevant) is not appointed within the 60 calendar days after the notice referred to herein, the Paying Agent or Registrar (as relevant) shall be entitled to appoint a replacement Paying Agent or Registrar (as the case may be) subject to the other requirements in this Clause 9.2.

9.3 Without prejudice to Clause 9.1, the Issuer may also with the prior written consent of the Trustee appoint any additional agents with regard to some or all of the Paying Agent's or Registrar's functions, upon at least 30 calendar day's prior written notice to the Paying Agent, the Registrar and the Noteholders (in accordance with Section 11 of the Terms and Conditions). The Paying Agent and the Registrar agree to cooperate with such additional agents. For the avoidance of doubt the short-term rating requirement set out in Clause 9.1 above shall also apply to any additional Paying Agent (or any guarantor thereof, if such additional Paying Agent's obligations are guaranteed by such guarantor and *provided that* such guarantee is in a form satisfactory to S&P) appointed hereunder."

DESCRIPTION OF THE INVESTMENT BOARD AGREEMENT AND THE INITIAL INVESTMENT BOARD MEMBERS

Pursuant to the Investment Board Agreement between the Issuer, the Investment Board Provider and the Collateral Manager, the Issuer has appointed HPF, and HPF has agreed, to establish the Investment Board which will take investment decisions on behalf of the Issuer in respect of proposals regarding the purchase, sale or liquidation of assets, as well as decisions relating to proposals on certain hedging arrangements, the exercise and enforcement of the Issuer's rights in respect of the Underlying Assets, instructions to the Collateral Administrator to make any Funding Requests with respect to the Class A1 Delayed Draw Note and certain other matters, such proposals in each case made by the Collateral Manager from time to time pursuant to the Collateral Management Agreement. The Investment Board will take decisions on behalf of the Issuer with regard to each proposal submitted to it by the Collateral Manager, in each case in its reasonable discretion giving due regard to the interests of the Noteholders. No purchase or sale of assets will be approved if the Investment Board has been notified in writing, on or prior to such date of purchase or sale, of the occurrence of an Event of Default which is continuing and unless the Collateral Manager has received (and forwarded to the Investment Board) a certificate by the Collateral Administrator confirming that the execution of the proposed purchase or sale complies with the Portfolio Provisions and the Transaction Documents. In the case of an approval of a purchase or a sale of assets, the Investment Board will instruct the Collateral Manager to arrange for the implementation and the settlement of the relevant purchase or sale so approved. As consideration for performance of its services under the Investment Board Agreement, the Issuer will pay to the Investment Board Provider an annual fee.

The Investment Board comprises of two members who are non-German resident officers or employees, holding at least the position of 'Director', of the capital markets division of HPF, Hypo Public Finance USA, Inc. or (subject to Rating Agency Confirmation) any non-German subsidiary of HPF as may be agreed with the Issuer. The Investment Board Provider is entitled to cancel the appointment of existing members and appoint new members to the Investment Board at any time which satisfy the foregoing requirements. The Investment Board Provider is responsible for all actions of the Investment Board at all times during the term of the Investment Board Agreement.

The Investment Board Provider is liable for its acts or omissions under or in connection with the Investment Board Agreement (including any actions of the Investment Board and any delegees appointed under the Investment Board Agreement) only if and to the extent that such acts or omissions constitute an intentional or grossly negligent (*vorsätzliche oder grob fahrlässige*) breach of its obligations thereunder. Notwithstanding anything in the Transaction Documents to the contrary, the Investment Board Provider is not liable for indirect damages (*mittelbare Schäden*) of any kind whatsoever (including but not limited to lost profits), even if the Investment Board Provider has been advised of the likelihood of such damages and regardless of the form of action, unless the Investment Board Provider has acted intentionally. The Issuer will indemnify the Investment Board Provider and its Affiliates against all losses, liabilities, obligations (including any taxes other than taxes on the Investment Board Provider's and its Affiliates' overall income or gains, which are imposed in the future on the services under the Investment Board Agreement), actions in and out of court and costs and disbursements incurred by the Investment Board Provider or its Affiliates in connection with the Investment Board Agreement, unless such losses, liabilities, obligations, actions, costs and disbursements are incurred due to an intentional or grossly negligent breach by the Investment Board Provider of its obligations under the Investment Board Agreement. Moreover, the Collateral Manager has agreed to indemnify the Investment Board Provider with respect to certain actions of the Collateral Manager or related persons.

The Investment Board Agreement may be terminated upon at least 30 days prior written notice by either the Investment Board Provider or the Issuer provided such notice is given to the respective other parties along with a copy to each Rating Agency and the Trustee. Any termination of the Investment Board Agreement will become effective if a replacement investment board provider is appointed or a

replacement investment board provider has not been appointed on the 60th Business Day following delivery of notice of termination by either party. If such day occurs within the Reinvestment Period, the Reinvestment Period will terminate on such day unless the requirement of a replacement investment board provider is waived by the Trustee and the Rating Agencies notify the Trustee in writing that such waiver will not result in a reduction or a withdrawal of the then existing rating of any Class of the Notes. A replacement investment board provider may not be appointed unless (i) a replacement party has agreed in writing to assume all of HPF's duties and obligations under the Investment Board Agreement and the Transaction Documents, (ii) the Trustee gives its prior written consent, (iii) the Rating Agencies notify the Trustee in writing that such appointment will not result in a reduction or a withdrawal of the then existing rating of any Class of the Notes and (iv) any fees accrued up to the termination date have been paid by the Issuer to the Investment Board Provider.

The Investment Board Provider may in its sole discretion transfer all its rights and obligations under the Investment Board Agreement (*Vertragsübernahme*) to any affiliate with the meaning of §§ 15 et seq. Stock Corporation Act (*Aktiengesetz*) by giving 30 Business Days' prior notice thereof to the Trustee, the Issuer and the Rating Agencies. Upon such transfer becoming effective, the Investment Board Provider will be released of all its obligations under the Investment Board Agreement and the relevant affiliate shall be the successor Investment Board Provider. The Issuer will irrevocably agree to any such transfer in the Investment Board Agreement.

Initially, the Investment Board shall comprise of Ms. Shervyn J. von Hoerl and Mr. Thomas Savino who are part of the Credit Markets Group at HPF.

Shervyn J. von Hoerl

Since March of 2004 Shervyn J. von Hoerl has been a Director and Senior Structurer for Hypo Public Finance USA, Inc. ('HPF USA') a wholly owned USA subsidiary of Hypo Public Finance Bank with a focus on credit derivative products, asset-backed commercial paper ('ABCP') conduits and synthetic CLOs. Mr. von Hoerl has extensive experience with the structuring of asset backed products running the gamut from ABCP conduits to commercial mortgage backed securities to cash flow and synthetic collateralized debt obligations ('CDOs'). From 2002 to 2004 Mr. von Hoerl was a Director and Structurer in Bayerische Hypo- und Vereinsbank AG's Securitization Group working on European synthetic CLO structures, US and European ABCP conduits and commercial real estate securitization in New York, London and Munich. He was the senior structurer for HVB's Arabella Funding, Ltd., IFR's ABCP conduit of the year in 2002. From 1999 to 2000 HVB, Mr. von Hoerl was an Associate at the Aaa/AAA/AAA-rated monoline, Financial Security Assurance, Inc. (FSA). At FSA he was a member of the CDO and Esoteric Asset-backed Risk Management Group were he focused on CDOs and a variety of structured products which were backed by unusual asset classes. He joined FSA from Moody's Investors Service where he was a Senior Associate in the ABCP Group. He graduated *cum Laude* from Dartmouth College with a B.A. in History.

Thomas Savino:

Treasurer, Chief Financial Officer and Managing Director of Hypo Public Finance USA, Inc., Hypo Capital Markets, Inc. and Collineo Asset Management USA, Inc., (the USA subsidiaries of Hypo Public Finance Bank), conducting capital & credit markets activities primarily as advisor. Mr. Savino is a Certified Public Accountant licensed in New York, USA and has extensive financial experience overseeing management accounting, operational and compliance for introducing securities broker-dealers, investment advisors and asset management activities. In such capacity Mr. Savino has satisfied US securities industries licensing requirements to oversee as General Securities and Financial Operations Principal covering the securities industry. From April 1995 to July 2004, Mr. Savino held same positions for the USA subsidiaries of Hypo-Vereinsbank AG as Treasurer and Chief Financial Officer.

From 1993 to April 1995, he served as Chief Financial Officer for Reinoso & Company, a USA

securities broker dealer primarily providing underwriting activities for municipalities and from October 1986 to January 1993 as Vice President of Finance & Administration of GAMCO Investors, Inc., a USA securities investment advisor and Gabelli & Company, Inc, a US securities broker-dealer for over 1000 clients in the US equities markets for approximately $5 billion of assets under management. Mr. Savino, from 1978 to 1986 worked in the Public Accounting Industry servicing primarily financial institutions with Spicer & Oppenheim, an international certified public accounting firm.

Mr. Savino obtained a B.B.A. in Business Administration majoring in Public Accountancy from Bernard M. Baruch College (New York, NY, USA) in 1977.

GERMAN TAX CONSIDERATIONS

The following is a general discussion of certain German tax consequences of the acquisition and ownership of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS OF GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

Tax Residents

Payments of interest on the Notes, including interest having accrued up to the disposition of a Note and credited separately for such portion of the interest of the current interest payment period which is attributable to the period up to the disposition of the Note ("**Accrued Interest**"), if any, to persons who are tax residents of Germany (*i.e.*, persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to German personal or corporate income tax (plus solidarity surcharge (*Solidaritätszuschlag*) at a rate of 5.5% thereon). Such interest may also be subject to trade tax if the Notes form part of the property of a German trade or business. If coupons are disposed of separately, the proceeds from the disposition of the coupons are subject to tax. The same applies to proceeds from the redemption of coupons if the note is disposed of separately. Accrued Interest paid upon the acquisition of the Notes may give rise to negative income if the Note is held as a non-business asset.

If for the determination of the issue price of the Note the redemption amount is reduced by a discount or if the redemption amount is increased as compared with the issue price of the Note (as, for example, in the case of a discounted Note or a Note with accrued interest added), the difference between the redemption amount and the issue price of the Note ("**Original Issue Discount**") realized when a Note held as a non-business asset is redeemed by its initial subscriber will constitute taxable investment income, however, only if the Original Issue Discount exceeds certain thresholds; in such case, the Note is classified as a financial innovation under German tax law.

Upon the disposition, assignment or redemption of a Note a holder holding the Note as a non-business asset will have to include in his taxable income further amounts if the Note can be classified as a financial innovation (*Finanzinnovation*) under German tax law (including floating rate notes or discounted notes, provided the discount exceeds certain thresholds). In this case, generally the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price is deemed to constitute interest income subject to income tax (plus the solidarity surcharge) in the year of the disposition, assignment or maturity of the Note. Alternatively, the holder of the Note may show that such difference is greater than the excess of the redemption over the issue price of the Note to the extent this excess amount is attributable to the period over which the holder has held such Note (the "prorated excess amount"). In this case only such prorated excess amount is taxed as interest income, *provided that* the Note has an identifiable yield to maturity. Where a Note forms part of the property of a German trade or business, in each year the part of the difference between the issue price of the Note and its redemption price attributable to such year as well as interest accrued must be taken into account as income and may also be subject to trade tax.

Capital gains from the disposition of Notes, other than income described in the preceding paragraph, are only taxable to a German tax-resident individual if the Notes are disposed of within one year after

their acquisition or form part of the property of a German trade or business. In the latter case the capital gains may also be subject to trade tax.

Capital gains derived by German-resident corporate holders of Notes will be subject to corporate income tax (plus solidarity surcharge at a rate of 5.5% thereon) and trade tax, even if the Notes cannot be classified as financial innovations.

If the Notes are held in a custodial account which the German-resident Noteholder maintains with a German branch of a German or non-German bank or financial services institution (the "**Disbursing Agent**") a 30% withholding tax on interest payments (*Zinsabschlag*), plus 5.5% solidarity surcharge on such tax, will be levied, resulting in a total tax charge of 31.65% of the gross interest payment. Withholding tax is also imposed on Accrued Interest. If the Notes can be classified as financial innovations, as explained above, withholding tax at the aforementioned rate will also be withheld from the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price of the Notes if the Note has been kept in a custodial account with such Disbursing Agent since the time of issuance or acquisition, respectively. If the Notes have been transferred into the custodial account of the Disbursing Agent after subscription or acquisition, withholding tax at the aforementioned rate will be levied on a lump-sum basis on 30 % of the proceeds from the disposition, assignment or redemption of the Notes.

In computing the tax to be withheld the Disbursing Agent may deduct from the basis of the withholding tax any Accrued Interest paid by the holder of a Note to the Disbursing Agent during the same calendar year. In general, no withholding tax will be levied if the holder of a Note is an individual (i) whose Note does not form part of the property of a German trade or business nor gives rise to income from the letting and leasing of property, and (ii) who filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the holder of the Note has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung)* issued by the relevant local tax office.

If the Notes are not kept in a custodial account with a Disbursing Agent, withholding tax will apply at a rate of 35 % (plus solidarity surcharge at a rate of 5.5 % thereon), resulting in a total tax charge of 36.925 %, on 30 % of the proceeds from the disposition, assignment or redemption of a Note, provided that the Notes can be classified as financial innovations. Where the 35 % withholding tax (plus solidarity surcharge) applies, no Accrued Interest paid may be deducted in determining the withholding tax base.

Withholding tax and the solidarity surcharge thereon are credited as prepayments against the German personal or corporate income tax and the solidarity surcharge liability of the German resident. Amounts overwithheld will entitle the holder of a Note to a refund, based on an assessment to tax.

Nonresidents

Interest, including Accrued Interest and (in the case of financial innovations) Original Issue Discount, and capital gains derived by persons not resident in Germany are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of a Note or (ii) the interest income otherwise constitutes German source income (such as income from the letting and leasing of certain German-situs property). In the cases of (i) and (ii) a tax regime similar to that explained in the preceding subsection ("Tax Residents") applies; capital gains from the disposition of Notes are, however, only taxable in the case of (i).

Nonresidents are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax is levied as explained in the preceding subsection ("Tax Residents").

Where Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the disposition, assignment or redemption of a Note are paid by a Disbursing Agent to a Nonresident, the withholding tax will apply at a rate of 35% as explained in the preceding subsection ("Tax Residents"), provided the interest is subject to German taxation as set forth in the first paragraph of this subsection ("Nonresidents"). The withholding tax may be refunded based upon an applicable tax treaty.

Proposal for the introduction of a flat tax on investment income

Based upon a July 12, 2006 Ministry of Finance press release, the coalition government has reached agreement on the introduction of a flat tax on investment income (so-called *Abgeltungssteuer*). While details have not been announced the flat tax would likely be collected by withholding from interest paid on the Notes after 2007 and would satisfy the income tax liability of a non-business investor. The flat tax could conceivably extend to gain realized upon the disposition of non-business financial assets, irrespective of any holding period. In this case the new tax regime would likely also apply to interest-bearing notes or bonds and could subject any gain realized upon the sale of redemption of a Note to personal income tax. The tax would most likely apply to gain realized after 2007 whether or not the Note was acquired prior to 2008. Steps to initiate the formal legislative procedure required to change the current tax regime described herein have not been taken, and no further details of the envisaged legislative changes are currently available.

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Note will arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

EU Savings Tax Directive

On June 3, 2003 the Council of the European Union approved a directive regarding the taxation of interest income (the "**EU Savings Tax Directive**"). Accordingly, each EU Member State must require paying agents (within the meaning of the EU Savings Directive) established within its territory to provide its competent authority details of the payment of interest made to any individual resident in another EU Member State as the beneficial owner of such interest. The competent authority of the EU Member State of the paying agent (within the meaning of the EU Savings Directive) is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria, Belgium and Luxembourg may opt instead to withhold tax from interest payments within the meaning of the EU Savings Directive at a rate of 15% for the first three years from application of the provisions of such directive, of 20% for the subsequent three years, and of 35% from the seventh year after application of the provisions of such directive.

In conformity with the prerequisites for the application of the EU Savings Tax Directive, Switzerland, Liechtenstein, San Marino, Monaco and Andorra have confirmed that from July 1, 2005 they will apply measures equivalent to those contained in such directive, in accordance with agreements entered

into by them with the European Community. It has also been confirmed that certain dependent or associated territories (the Channel Islands, the Isle of Man and certain dependent or associated territories in the Caribbean) will apply from that same date an automatic exchange of information or, during the transitional period described above, apply a withholding tax in the described manner. Consequently, the Council of the European Union noted that the conditions have been met to enable the provisions of the EU Savings Tax Directive to enter into force as from July 1, 2005.

By legislative regulations dated January 26, 2004 the Federal Government enacted the provisions for implementing the EU Savings Tax Directive into German law. These provisions apply as from July 1, 2005.

Holders should note that the Issuer will not pay any additional amounts in respect of any withholding tax imposed as a result of the EU Savings Tax Directive or otherwise.

Taxation of the Issuer

Liability of the Issuer to German taxes on profits. Business profits derived by the Issuer would be subject to German corporate income tax if the Issuer had its place of effective management and control (*Geschäftsleitung*) or otherwise maintained a permanent establishment (*Betriebsstätte*), or appointed a permanent representative (*ständiger Vertreter*), for its business in Germany. Business profits derived by the Issuer would be subject to German trade tax if the Issuer had its place of effective management and control or otherwise maintained a permanent establishment for its business in Germany, and to the extent that any net income derived by the Issuer is attributable to such permanent establishment.

For German tax purposes, the place of effective management and control of the Issuer is defined as the place where the preponderance of managerial decisions is taken that are relevant in conducting the day-to-day business of the Issuer. The place of effective management and control constitutes a permanent establishment. A permanent establishment is otherwise constituted by any fixed place of business or facility which serves the purposes of the Issuer and over which the Issuer's management has effective power of disposal (*Verfügungsmacht*), such as an office or a branch.

A permanent representative of the Issuer is defined as a person who habitually acts in an agency capacity and – subject to the instructions of the Issuer in respect of business dealings of the Issuer – in particular concludes contracts in the name of the Issuer or acts as an intermediary with respect to contracts concluded by the Issuer. Pursuant to the German-Irish Double Taxation Treaty, persons acting in the capacity of a broker, general commission agent, or any other agent of independent status in the ordinary course of its business would not qualify as a permanent representative.

The only activity in Germany which could be attributable to the Issuer for tax purposes would be the functions performed by the Collateral Manager. Although these functions are economically significant for the Issuer, the Collateral Manager will act in an advisory capacity and perform certain administrative functions only. The Collateral Manager will furthermore not enter into contracts in the name of, and having a binding effect on, the Issuer. Given that the Collateral Manager will act as an agent of independent status in the ordinary course of its business, its contract intermediation services would not qualify it as a permanent representative of the Issuer pursuant to the relevant provisions of the German-Irish Double Taxation Treaty. All material management decisions regarding the investments or divestments proposed by the Collateral Manager will be taken outside Germany on behalf of the Issuer by the Investment Board whose members are non-German resident officers or employees of the capital markets division of Hypo Public Finance Bank or its non-German subsidiaries. Moreover, the Investment Board will enter into all agreements regarding the purchase and sale of securities on behalf of the Issuer. The Issuer has been advised that on this basis, its core management functions would not be performed in Germany, it would not have the power to dispose of business premises in Germany, it would not engage the activities of a person having the power to bind it contractually and consequently, the Issuer would not be subject to German corporate income tax or trade tax.

Investors should note however, that there can be no assurance that the German tax authorities would agree with this assessment. If the Issuer were treated as effectively managed and controlled or otherwise maintaining a permanent establishment, or as having appointed a permanent representative, in Germany, the Issuer would be subject to German corporate income tax. In calculating the corporate income tax base the Issuer would, however, be entitled to deduct all expenses accrued in a given tax year, including the interest currently payable on the Notes. The Issuer could therefore be expected to have a relatively small if not a flat corporate income tax base. By contrast, if the Issuer were viewed as maintaining a permanent establishment at its place of effective management and control, or otherwise, in Germany and the tax authorities were to take the position that the requirements of a non-German permanent establishment to which the indebtedness of the Issuer under the Notes may be attributed are not met, trade tax would arise with respect to taxable income of the Issuer attributable to its German permanent establishment. In that case, the net income subject to trade tax would be computed by including in such income half of the interest paid by the Issuer under the Notes.

German Value Added Tax. It is expected that the advisory services supplied by the Collateral Manager will be deemed supplied where received, i.e. at the situs of the Issuer's place of effective management and control in Ireland. This presupposes, *inter alia*, that the Issuer will be treated as a taxable person (*entrepreneur*) for the purposes of the German VAT Act. If, against expectations, the Issuer did not qualify as a taxable person the services would be viewed as supplied in Germany. In that case the services would arguably fall into an exempt category of services. If the German tax administration were to reject this view the services would be subject to German VAT, which would have to be paid by the Collateral Manager; however, pursuant to Clause 4.4 of the Collateral Management Agreement, the Collateral Manager may be allowed to on-charge the amount of German VAT paid or payable by it, to the Issuer.

APPLICATION OF THE GERMAN INVESTMENT TAX ACT

The Issuer will be acquiring and disposing of a diversified and managed portfolio consisting mainly of structured finance securities. Due to this fact and to further circumstances, a German resident Noteholder could be viewed as having acquired in substance units of a foreign investment fund, i.e. an asset that represents units in respect of a portfolio of assets within the meaning of the German Investment Act (*Investmentgesetz;* "**IA**"), which portfolio consists of securities falling within the scope of the IA and is invested according to the principle of risk diversification as required by §§ 1, 2nd sentence, 2(8) IA.

There are good and valid reasons why the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes should not be treated as coming under the IA as the performance of such Notes will not, in the ordinary course of the transaction, be contingent on the performance of the portfolio of assets held by the Issuer. According to a Federal Ministry of Finance circular dated June 2, 2005, CDOs do not constitute investment units if the investors do not effectively participate in the issuer's profits or losses. Such participation should not occur with respect to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes. However, there is a more evident risk that the relevant tax authorities would view the Class F Notes as profit or loss participating. Nevertheless, based on the said circular, the latter Notes would also not qualify as foreign investment units if, apart from the substitution of securities (*Schuldtitel*) for the purpose of ensuring the size, the maturity and the risk structure only up to 20% per annum of the assets (*Vermögen*) of the issuer may, pursuant to the contractual terms, be traded on a discretionary basis. As the Portfolio Provision 6.7 covers the 20% cap, the Notes should not qualify as foreign investment units.

Generally, one may expect that the tax authorities follow their interpretation of the IA and the Investment Tax Act (*Investmentsteuergesetz*; "**InvTA**") as laid down in the Federal Ministry of Finance circular dated June 2, 2005 and that, if they decide to adopt a different position, they would -

although this cannot be ruled out entirely - not do this with retroactive or retrospective effect. The tax authorities may, however, change their position with effect for the future. In addition, it needs to be noted that the circular has no binding effect on tax courts and that it cannot be ruled out that a tax court would take a different position and characterise such Notes as investment units. If this were the case or if, to some extent contrary to expectations, the tax authorities changed their position with respect to a characterization of CDOs as investment funds, it cannot be ruled out that the entire issue of Notes could be qualified as investment units as a consequence. If one or more Classes of Notes were to be qualified as investment units within the IA, the tax rules of the InvTA would apply.

Prospective German purchasers of the Notes are strongly advised to consult their own tax advisors as to whether and to what extent the reporting pursuant the Transaction Documents meets the requirements stipulated in the InvTA for a fully transparent investment fund. If such requirements were not fully met and the Notes were to be characterized as investment units under the IA, a German Noteholder would, in principle, be taxed annually based on the distributions, interim earnings (*Zwischengewinn*) and, in addition, 70 % of the excess of the last over the first redemption price, market price or stock exchange price of the underlying units for the calendar year; in any case a minimum of 6 % of the redemption price, market price or stock exchange price computed last for the calendar year is taken into account in accordance with § 6 InvTA.

IRISH TAX CONSIDERATIONS

The commentary below is of a general nature and is based on Irish laws, regulations, rulings, practice and decisions (and interpretations thereof) in effect or published as at the date hereof (all of which are subject to change). They do not purport to be a complete description of all of the tax considerations that may be relevant to a decision to purchase the Notes. They relate only to the position of persons who are the absolute beneficial owners of the Notes and may not apply to certain other classes of persons such as dealers in securities. Any prospective investors who are in doubt as to their tax position or may be subject to tax in a jurisdiction other than Ireland should consult their own professional advisers

TAXATION OF THE ISSUER

It is important to the Irish tax treatment of the Issuer and of certain payments to be made by it that it should be treated as similar to a company carrying on a trading activity. Section 110 of the Taxes Consolidation Act 1997 ("**TCA 1997**") provides for special treatment in relation to qualifying companies. A qualifying company means a company;

(a) which is resident in Ireland;

(b) which carries on in Ireland the business of holding, managing or both the holding and managing of qualifying assets;

(c) which, apart from activities ancillary to that business, carries on no other activities in Ireland;

(d) in relation to which;

  (i) the market value of all qualifying assets held or managed; or

  (ii) the market value of all qualifying assets in respect of which the company has entered into legally enforceable arrangements,

  is not less than EUR 10,000,000 on the day on which the qualifying assets are first acquired, first held, or an arrangement is first entered into by the company; and

(e) which has notified in writing the Irish Revenue Commissioners that it is or intends to be a qualifying company.

It provides that, for the purposes of the Irish Tax Acts, profits arising from the activities of a qualifying company shall be treated as annual profits and gains within Schedule D and shall be chargeable to Irish corporation tax under Case III of that Schedule and for that purpose shall be computed in accordance with the provisions applicable to Case I of that Schedule. The rate of corporation tax applicable is 25%.

Taxation of Noteholders

As a general rule, persons who are resident in Ireland are liable to Irish taxation on their world-wide income whereas persons who are not resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

A Note issued by the Issuer may be regarded as property situate in Ireland on the grounds that a debt is deemed to be situate where the debtor resides. However, the interest earned on such Notes is exempt from income tax if paid to a person who for the purposes of Section 198 TCA 1997 is regarded as

being a resident of a relevant territory. A relevant territory for this purpose is a Member State of the European Union (other than Ireland) or not being such a Member State a territory with which Ireland has entered into a double tax treaty. As of the date of this Prospectus, Ireland has entered into a double tax treaty with each of Australia, Austria, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Israel, Italy, Japan, Korea (Rep. of), Latvia, Lithuania, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Pakistan, Poland, Portugal, Romania, Russia, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, U.S.A. and Zambia.

If the above exemption does not apply there is a long standing unpublished practice whereby no action will be taken to pursue any liability to such Irish tax in respect of persons who are regarded as not being resident in Ireland except where such persons:

(a) are chargeable to Irish tax in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or

(b) seek to claim relief and/or repayment of Irish tax deducted at source in respect of taxed income from Irish sources; or

(c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to Irish income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

Withholding Taxes

In general, Irish withholding tax at the rate of 20 per cent. must be deducted from interest payments made by an Irish company. However, Section 246 TCA 1997 ("**Section 246**") provides that this general obligation to withhold tax does not apply in respect of, inter alia, interest payments made by the Issuer to a person, who by virtue of the law of the relevant territory, is resident for the purposes of tax in that territory (a relevant territory for this purpose is as stated in the paragraph entitled "Taxation of Noteholders" above). The exemption does not apply if the interest is paid to a company in connection with a trade or business which is carried on in Ireland by the recipient through a branch or agency.

Apart from Section 246, Section 64 TCA 1997 (the Section 64) provides for the payment of interest on a "quoted Eurobond" without deduction of tax in certain circumstances. A quoted Eurobond is defined in Section 64 as a security which: (a) is issued by a company; (b) is quoted on a recognised stock exchange (this term is not defined but is understood to mean an exchange which is recognised in the country in which it is established; and (c) carries a right to interest.

There is no obligation to withhold tax on quoted Eurobonds where: (i) the person by or through whom the payment is made is not in Ireland; or (ii) the payment is made by or through a person in Ireland and: (aa) the quoted Eurobond is held in a recognised clearing system (the Irish authorities have designated as recognised clearing systems both Euroclear and Clearstream, Luxembourg; or (bb) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate declaration to this effect.

As the Global Notes to be issued by the Issuer will qualify as quoted Eurobonds, and as they will be held in Euroclear and Clearstream, Luxembourg, the payment of interest on such Global Notes should be capable of being made without tax, regardless of where the Noteholder is resident.

In certain circumstances, Irish encashment tax may be required to be withheld at the standard rate (currently 20%) from interest on any quoted Eurobond, where such interest is collected by a person in Ireland on behalf of any holder of Notes who is resident in Ireland for tax purposes.

Capital Gains Tax

A holder of a Note will not be subject to Irish taxes on capital gains *provided that* such holder is neither resident nor ordinarily resident in Ireland and such holder does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency or a permanent representative in each case to which or to whom the Notes are attributable.

Capital Acquisitions Tax

If the Notes are comprised in a gift or inheritance taken from an Irish domiciled, resident or ordinarily resident disponer or if the disponer's successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situate in Ireland, the disponer's successor may be liable to Irish capital acquisitions tax. As stated in the paragraph entitled "Taxation of Noteholders" above, the Notes issued by the Issuer may be regarded as property situate in Ireland. Accordingly, if such Notes are comprised in a gift or inheritance, the disponer's successor may be liable to Irish capital acquisitions tax, even though the disponer may not be domiciled resident or ordinarily resident disponer in Ireland.

Stamp duty

For as long as the Issuer is a qualifying company within the meaning of Section 110 TCA 1997, no Irish stamp duty will be payable on either the issue or transfer of the Notes, *provided that* the money raised by the issue of the Notes is used in the course of the Issuer's business.

SUBSCRIPTION AND SALE

Subject to the terms and conditions set forth in a placement agreement entered into on 31 October 2006, between the Issuer and the Placement Agent (the "**Placement Agreement**"), the Placement Agent has agreed to place the Class A1 Floating Rate Notes, the Class A2 Notes, the Class A3-a Notes, the Class A3-b Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes, the Class E2 Notes and the Class F Notes with investors. Subject to the terms and conditions set out in the Class A1 Delayed Draw Note Purchase Agreement, the Issuer has agreed to issue and the Class A1 Delayed Draw Note Purchaser has agreed to purchase from the Issuer the Class A1 Delayed Draw Note.

WestLB AG will act as the Placement Agent.

The Notes placed by the Placement Agent have been and will be sold to non-U.S. persons (as defined in Regulation S) in offshore transactions in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Placement Agent has agreed with the Issuer that it will not offer, sell or deliver the Notes (other than the Class A1 Delayed Draw Note), and the Class A1 Delayed Draw Note Purchaser has agreed that it will not offer, sell or deliver the Class A1 Delayed Draw Note (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes or the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period, as defined in Regulation S under the Securities Act, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer whether or not participating in the offering may violate the registration requirements of the Securities Act.

The Notes will be in bearer form for U.S. federal income tax purposes and therefore subject to U.S. tax law requirements, and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Notwithstanding that the Class A1 Delayed Draw Note will be issued in registered form at the Closing Date, the Class A1 Delayed Draw Note will convert into bearer form on the Class A1 Consolidation Date and so will be deemed to be in bearer form as of the Closing Date for U.S. federal income tax purposes.

United Kingdom

The Placement Agent has represented to and agreed with the Issuer in the Placement Agreement, and the Class A1 Delayed Draw Note Purchaser has represented to and undertaken with the Issuer in the Class A1 Delayed Draw Note Purchase Agreement, that:

(1) it has not offered or sold, and prior to the expiry of the period of six months after the date of issue of the Notes, will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (the "**U.K. Regulations**");

(2) it has complied and will comply with all applicable provisions of the U.K. Regulations and of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(3) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

Ireland

The Placement Agent has represented to and agreed with the Issuer in the Placement Agreement that it has not offered or sold the Notes to the public within Ireland except in circumstances which do not require the prior publication of a prospectus pursuant to Article 3(2) of Directive 2003/71/EC. Further the Placement Agent has represented to and agreed with the Issuer in the Placement Agreement, and the Class A1 Delayed Draw Note Purchaser has represented to and undertaken with the Issuer in the Class A1 Delayed Draw Note Purchase Agreement that it has not and will not do anything in Ireland in connection with the Notes that might constitute a breach of Sections 9(1), 23(1), 23(6), 23(7) and 50 of the Investment Intermediaries Act 1995 and the code of conduct issued under Section 37 thereof.

The Placement Agent has agreed in the Placement Agreement that anything done in Ireland with respect to the Notes will only be done in conformity with the provisions of the Irish Market Abuse Directive (2003/6/EC) Regulations 2005.

Japan

The Notes have not been, and will not be, registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**"). Neither the Notes nor any interest therein shall be offered, sold, resold or otherwise transferred, directly or indirectly, in Japan or to or for the account of any resident of Japan except in circumstances which result in compliance with an exemption from the registration provisions of the Securities and Exchange Law available thereunder and in compliance with the other relevant laws and regulations of Japan. For the purpose of this paragraph, "**resident of Japan**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan, and, with respect to any entity organised under the laws of a jurisdiction other than Japan, its branches or offices located in Japan.

Cayman Islands

The Notes may not be sold by or on behalf of the Issuer within the Cayman Islands (nor may they be offered from a place of business in the Cayman Islands or through an internet service provider or other electronic service provider located in the Cayman Islands) if such sale (or offering) would require the Issuer to be registered as a foreign company under the Companies Law (2004 Revision) of the Cayman Islands.

General

The Placement Agent has agreed with the Issuer in the Placement Agreement, and the Class A1 Delayed Draw Note Purchaser has represented to and undertaken with the Issuer in the Class A1 Delayed Draw Note Purchase Agreement that, it will not offer, sell or deliver any of the Notes, directly or indirectly, or distribute this Prospectus or any other offering material relating to the Notes, in or from any jurisdiction except under circumstances that will to its best knowledge and belief result in compliance with the applicable laws and regulations thereof.

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

The Issuer extends to each prospective investor the opportunity, prior to the consummation of a sale of the Notes, to receive the Transaction Documents, to ask questions of, and receive answers from, the Issuer concerning the Notes and the terms and conditions of this offering and to obtain any additional information it may consider necessary in making an informed investment decision and any information in order to verify the accuracy of the information set forth herein, to the extent the Issuer possess the same. Requests for such additional information can be directed to WestLB AG, at its principal office at Herzogstrasse 15, 40217 Düsseldorf, Attention: Mr. Jan Wilmanns or Mr. Joachim Erhardt.

GENERAL INFORMATION

1. Application has been made to list the Notes of the Luxembourg Stock Exchange and for admission to trade on the regulated market of the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission on the Closing Date (other than the Class A1 Delayed Draw Note until the Class A1 Consolidation Date). The Notes may be listed on an alternative stock exchange. In that event the Issuer will make any legal notices as may be required by the rules of such alternative stock exchange. The Issuer has appointed BNP Paribas Securities Services, Luxembourg Branch, as the initial listing agent for the Luxembourg Stock Exchange and as the initial Luxembourg Intermediary and Listing Agent. The Luxembourg Intermediary and Listing Agent will act as intermediary between the Issuer and the holders of the Notes listed on the Luxembourg Stock Exchange appearing on the list of regulated markets issued by the European Commission. For as long as any of the Notes are listed on the regulated market of the Luxembourg Stock Exchange or on an alternative stock exchange the Issuer will maintain a Luxembourg Intermediary and Listing Agent or and will appoint any intermediary or agent, as applicable, required by the rules of such alternative stock exchange.

2. As long as any Notes are listed on the regulated market of the Luxembourg Stock Exchange, copies of the Issuer Charter, the Administration Agreement, the Trust Agreement, the Collateral Management Agreement, the Investment Board Agreement and the Collateral Administration Agreement will be available for inspection, and the annual financial statements of the Issuer will be obtainable, on reasonable notice during normal business hours, free of charge at the offices of BNP Paribas Securities Services, Luxembourg Branch (the "**Luxembourg Intermediary and Listing Agent**") at 33, rue de Gasperich, Howald - Hesperange, 2085 Luxembourg, Luxembourg.

   In case the Notes are listed on an alternative stock exchange, copies of any documents will be available if and to the extent required by the rules of such alternative stock exchange.

3. As long as any Notes are listed on the regulated market of the Luxembourg Stock Exchange, copies of the Monthly Reports and the Note Valuation Reports with respect to the Notes and the Underlying Assets will be available, on reasonable notice during normal business hours, free of charge in the City of Luxembourg at the offices of the Luxembourg Intermediary and Listing Agent.

   In case the Notes are listed on an alternative stock exchange, copies of any documents will be available if and to the extent required by the rules of such alternative stock exchange.

4. Save as disclosed in this Prospectus there has been no material adverse change in the financial position of the Issuer since its incorporation.

5. The Issuer is not involved in any litigation or arbitration proceedings relating to claims on amounts which may have a significant effect on its financial position, so far as the Issuer is aware, is any such litigation or arbitration involving it pending or threatened.

6. The issuance of the Notes was authorized by resolutions of the board of directors of the Issuer on 25 October 2006.

7. Ernst & Young have given and not withdrawn their written consent to the inclusion of their report relating to the Issuer in the form and context in which it is included in the sub heading 'Accountant's Report' under the heading "THE ISSUER".

8. The Notes (other than the Class A1 Delayed Draw Note) have been accepted for clearance

through Clearstream, Luxembourg and Euroclear. The ISIN, Common Code and WKN numbers allocated to the Notes are as follows:

	ISIN	**Common Code**	**WKN**
Class A1 Notes	XS0272910661	027291066	A0G0VK
Class A2 Notes	XS0272911479	027291147	A0G0VL
Class A3-a Notes	XS0272911552	027291155	A0G0VP
Class A3-b Notes	XS0272911982	027291198	A0G0VM
Class B Notes	XS0272912287	027291228	A0G0VN
Class C Notes	XS0272912873	027291287	A0G0VQ
Class D Notes	XS0272913095	027291309	A0G0VF
Class E1 Notes	XS0272913335	027291333	A0G0T3
Class E2 Notes	XS0272913764	027291376	A0G0VG
Class F Notes	XS0272914143	027291414	A0G0VR

9. On the Class A1 Consolidation Date, the Class A1 Delayed Draw Note will be accepted for clearance through Clearstream, Luxembourg and Euroclear and will be allocated the ISIN and Common Code set out above for the Class A1 Term Notes.

10. This Prospectus will be made available to the public by publication in the electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu). In case the Notes are listed on an alternative stock exchange, the Prospectus will be made available in accordance with the rules of such alternative stock exchange.

APPENDIX A
MASTER DEFINITIONS AGREEMENT

The following are the main provisions of the Master Definitions Agreement (excluding its Exhibit). The text is attached as Schedule 1 to the Trust Agreement and constitutes an integral part thereof.

1. INTERPRETATION

In any agreement, instrument or deed expressly and specifically incorporating by reference this Agreement the following expressions shall, except where the context otherwise requires and save where otherwise defined therein, have the following meanings:

"**1963 Act**": The Companies Act 1963 (as amended) of Ireland.

"**1990 Act**": The Irish Companies (Amendment) Act, 1990, as amended.

"**Account Bank**": BNP Paribas Securities Services, London Branch, with its address at 55 Moorgate, London EC2R 6PA, United Kingdom, with respect to the Issuer Accounts.

"**Accrued Interest**": Interest having accrued up to the disposition of a Note and credited separately for such portion of the interest of the current interest payment period which is attributable to the period up to the disposition of the Note.

"**Additional Specified Type**": After the Closing Date, any type of Structured Finance Security so designated by the Investment Board (upon a proposal of the Collateral Manager) in a notice to the Trustee for which designation Rating Agency Confirmation has been obtained.

"**Administration Agreement**": The Administration Agreement, dated as of 31 October 2006, between the Issuer and the Administrator.

"**Administrative Expenses**": The amounts (excluding any amount due under any Hedge Agreement) payable by the Issuer to: (i) the Trustee in respect of its fees and expenses pursuant to Clause 11 of the Trust Agreement as well as in respect of any indemnification payments (including expenses relating to indemnification obligations) owed to it pursuant to the Trust Agreement; (ii) each of the Collateral Administrator and the Account Bank in respect of its fees, expenses and any indemnification payments (including expenses relating to indemnification obligations) pursuant to the Collateral Administration Agreement; (iii) any Person in respect of any costs incurred in connection with a redemption or attempted redemption of the Notes; (iv) the Issuer shareholders, the accountants, agents and counsel of the Issuer for fees and expenses; (v) the Rating Agencies for fees and expenses in connection with any rating of the Notes, including fees associated with credit estimates and any on-going surveillance expenses of the Rating Agencies; (vi) the Collateral Manager in respect of any expense and indemnification payments (including expenses relating to indemnification obligations) owed to it pursuant to the Collateral Management Agreement, but excluding any Collateral Management Fee; (vii) the Investment Board Provider in respect of any indemnification payments (including payments relating to indemnification obligations) pursuant to the Investment Board Agreement, but excluding its fees thereunder; (viii) any Person in respect of any governmental fee, charge or tax (other than withholding taxes); (ix) any Person in respect of any other fees, expenses or indemnification payments (including expenses relating to indemnification obligations) set out in the Transaction Documents and the related documents; (x) the Class A1 Delayed Draw Note Purchaser under the Class A1 Delayed Draw Note Purchase Agreement, but excluding the the Class A1 Delayed Draw Note Commitment Fee and any interest payable on the Class A1 Delayed Draw Note; and (xi) any other fees and expenses incurred by the Issuer (including

expenses incurred in relation to the liquidation of the Issuer).

"**Administrator**": Deutsche International Corporate Services (Ireland) Limited, a private company, incorporated in Ireland.

"**Advisor**": The meaning set out in Clause 10.2 of the Trust Agreement.

"**Affiliate**": Unless expressly defined otherwise, with respect to a Person, (i) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person or (ii) any other Person who is a director, officer or employee (a) of such Person, (b) of any subsidiary or parent company of such Person or (c) of any Person described in clause (i) above. For the purposes of this definition, control of a Person shall mean the power, direct or indirect, (i) to vote more than 50% of the securities having ordinary voting power for the election of directors or their equivalent 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* for the avoidance of doubt, the Affiliates of the Issuer shall not include any companies, other than the Issuer, controlled by the Administrator solely by virtue of such control.

"**Agency Agreement**": The agency agreement dated on as of 31 October 2006, as amended from time to time, between the Issuer, the Paying Agent and the Registrar.

"**Agents**": The Luxembourg Intermediary and Listing Agent, the Registrar and the Paying Agent(s) together.

"**Aggregate Class A1 Funded Amount**": On any day, the sum of the aggregate Class A1 Funded Amount in respect of each Class A1 Floating Rate Note and the aggregate Class A1 Funded Amount in respect of the Class A1 Delayed Draw Note.

"**Aggregate Outstanding Amount**": When used with respect to any of the Notes outstanding at any time, the aggregate outstanding principal amount of such Notes at such time.

"**Aggregate Principal Amount**": With respect to Pledged Obligations, the sum of the Principal Amounts of all Pledged Obligations securing the Notes on the date of determination.

"**Applicable Recovery Percentage**": As of any Measurement Date, 100 % less the Loss Rate.

"**Asset Specific Hedge**": Any interest rate exchange Hedge Agreement between the Issuer and a Hedge Counterparty (aa) if entered into by the Issuer in connection with the purchase or holding of a fixed-rate obligation, entitles the Issuer to receive from the related Hedge Counterparty payments based on EURIBOR; (bb) if entered into by the Issuer in connection with the purchase or holding of a floating-rate obligation, entitles the Issuer to receive from the related Hedge Counterparty payments based on a fixed-rate of interest; (cc) the notional balance of which shall, at all times, be modified to equal the Principal Amount with respect to which interest is being paid of the fixed-rate obligation or floating-rate obligation to which it is related; (dd) the dates on which payments shall be made to the Issuer will match the dates on which interest payments shall be made to the Issuer on the related fixed-rate obligation or floating-rate obligation; (ee) which provides for all payments to the Hedge Counterparty to be subject to the Priority of Payments; (ff) which will not have the effect of obligating the Issuer to pay to the related Hedge Counterparty a rate of interest on the notional balance thereof that is greater than the rate of interest payable to the Issuer by the obligor of the related fixed-rate obligation or floating-rate obligation.

"**Asset-Backed Security**" or "**ABS**": Any obligation, other than a "catastrophe bond", that is either (i) a security or an obligation that is primarily serviced by the cash flows of a discrete pool of receivables or other financial assets or assets that may be referenced to other financial

instruments, either fixed or revolving, and that, by its terms converts into cash within a finite time period, plus any rights or other assets designed to assure the servicing or timely distribution of proceeds to the holders thereof or (ii) an "asset-backed security" as such term may be defined from time to time in the "General Instructions to Form S-3 Registration Statement" promulgated under the Securities Act.

"**Auction Call Redemption**": The meaning specified in Section 8.1 of the Terms and Conditions.

"**Authorised Officer**": With respect to the Issuer, any director or officer who is authorized to act for the Issuer in matters relating to, and binding upon, the Issuer. Each party may receive and accept a certification of the authority or incumbency of any other party as conclusive evidence of the authority of any person to act, and such certification may be considered as in full force and effect until receipt by such other party of written notice to the contrary.

"**Automobile Securities**" means Structured Finance 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 Structured Finance Securities) on the cash flow from instalment sale loans made to finance the purchase of, or from leases of, automobiles, generally having the following characteristics: (1) the loans or leases may have varying contractual maturities; (2) the loans or leases are obligations of numerous borrowers or lessors and accordingly represent a diversified pool of obligor credit risk; (3) 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 (4) 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.

"**Available Funds Cap**": In respect of a CMBS that has an S&P Rating of "A" or below, if on any interest payment date thereunder there are insufficient funds to pay interest in respect of the tranche of that CMBS which the Issuer proposes to acquire, then, in accordance with the terms of the relevant underlying instrument, such shortfall shall be extinguished and the Issuer would have no further claim against the obligor of such CMBS in respect of such amounts.

"**Business Day**": A day which is a TARGET Settlement Day, a Frankfurt Business Day, a Dublin Business Day, a Luxembourg Business Day and a London Business Day.

"**CDO of ABS**", "**CDO of ABS Securities**" or "**CDO Securities**": Structured Finance Securities that entitle the holders thereof to receive payments that depend on the cash flow from a portfolio of corporate debt securities, securities issued by a sovereign issuer, asset backed securities, REIT Debt Securities, Commercial Mortgage-Backed Securities and Residential Mortgage-Backed Securities or any combination of the foregoing, generally having the following characteristics: (1) the loans and securities have varying contractual maturities; (2) the loans and securities are obligations of a relatively limited number of obligors or issuers and accordingly represent a relatively undiversified pool of obligor credit risk; (3) repayment thereof can vary substantially from the contractual payment schedule (if any), with early prepayment of individual bank 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; (4) proceeds from such repayments can for a limited period and subject to compliance with certain eligibility criteria be reinvested in additional loans and/or securities. For the purposes of this Prospectus, CDO of ABS Securities shall not be considered an Asset-Backed Security; and shall always have the following characteristics: (A) at least 50% of such portfolio is comprised of Asset-Backed Securities and MBS Securities, no more than 15% of such portfolio is comprised of a specified pool of corporate loans or debt securities and such porfolio shall not comprise of securities that

synthetically reference corporate risk; and (B) if secured by interest in or representing one or more credit default swaps or total return swaps or other synthetic or similar instruments, (i) the CDO of ABS needs to have a fully funded reference portfolio, or (ii) if the reference portfolio is not fully funded, then the CDO of ABS is required to be a static transaction and if the underlying assets are amortizing assets, the notional amount referenced in respect of an asset reduces in line with the amortization of such asset, if any (unless by the Majority of the Class A1 Notes).

"**Certificate**": Has the meaning given to that term in Section 2.5 (*Title and Transfer*) of the Terms and Conditions.

"**Class**": Each of the Class A1 Notes, the Class A2 Notes, the Class A3-a Notes, the Class A3-b Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes, the Class E2 Notes and the Class F Notes. The Class A3-a Notes and the Class A3-b Notes shall together be referred to as the Class A3 Notes.

"**Class A1 Break-Even Default Rate**": The meaning given to that term in Provision 5.7 of the Portfolio Provisions.

"**Class A1 Consolidation Date**": The Payment Date falling in August 2007.

"**Class A1 Default Differential**": The meaning given to that term in Provision 5.7 of the Portfolio Provisions.

"**Class A1 Delayed Draw Noteholder**": The holder of the Class A1 Delayed Draw Note from time to time.

"**Class A1 Delayed Draw Note**": The EUR 200,000,000 Class A1 Delayed Draw Note due 2090.

"**Class A1 Delayed Draw Note Commitment**": In respect of a Class A1 Delayed Draw Note from (and including) the Closing Date to (but excluding) the Ramp-Up Effective Date, an amount equal to EUR 200,000,000; and at any time from (and including) the Ramp-Up Effective Date, the Class A1 Funded Amount in respect of such Class A1 Delayed Draw Note at that time.

"**Class A1 Delayed Draw Note Commitment Amount**": In respect of a Class A1 Delayed Draw Note on any day, the excess (if any) of the Class A1 Delayed Draw Note Commitment in respect of such Class A1 Delayed Draw Note over the Class A1 Funded Amount in respect of such Class A1 Delayed Draw Note on that day.

"**Class A1 Delayed Draw Note Commitment Fee**": In respect of a Class A1 Delayed Draw Noteholder and a Funding Period, the fee payable in arrear to such Class A1 Delayed Draw Noteholder in respect of the Class A1 Delayed Draw Note held by it in accordance with the terms of the Class A1 Notes Purchase Agreement being, in respect of a Funding Period during which no Delayed Draw Note Funding Event of Default has occurred or subsisted in respect of such Class A1 Delayed Draw Noteholder, the higher of (A) EUR 50,000 and (B) the amount accrued in respect of that Funding Period at an annualised fixed rate of 0.10% calculated on the average daily Class A1 Delayed Draw Note Commitment Amount during such Funding Period on the basis of the actual number of days in that Funding Period and a year of 360 days, and, in respect of a Funding Period during which a Delayed Draw Note Funding Event of Default has occurred or subsisted in respect of such Class A1 Delayed Draw Noteholder, zero.

"**Class A1 Delayed Draw Note Purchase Agreement**": The Class A1 Delayed Draw Note Purchase Agreement dated on or about the Closing Date, as amended from time to time, between the Issuer, the Class A1 Delayed Draw Note Purchaser and the Trustee.

"**Class A1 Delayed Draw Note Purchase Price**": The meaning given to that term in Clause 2 of the Class A1 Delayed Draw Note Purchase Agreement.

"**Class A1 Delayed Draw Note Purchaser**": Danske Bank A/S, London Branch, 75 William Street, London EC4N 7DT, United Kingdom.

"**Class A1 Floating Rate Notes**": The EUR 580,000,000 Class A1 Floating Rate Notes due 2090.

"**Class A1 Funded Amount**": (a) in respect of a Class A1 Floating Rate Note, the principal amount outstanding of such Class A1 Floating Rate Note, (b) in respect of a Class A1 Delayed Draw Note (i) on or prior to the Ramp-Up Effective Date, the aggregate amount of each outstanding Funding in respect of such Class A1 Delayed Draw Note; and (ii) after the Ramp-Up Effective Date, the principal amount outstanding of such Class A1 Delayed Draw Note.

"**Class A1 Notes**": The Class A1 Floating Rate Notes and the Class A1 Delayed Draw Note.

"**Class A1 Interest Distribution Amount**": With respect to any Payment Date, the sum of:

(i) the aggregate amount of interest accrued at the applicable Class A1 Interest Rate in effect during the Interest Accrual Period immediately preceding such Payment Date on the Aggregate Outstanding Amount of the Class A1 Notes on the first day of such Interest Accrual Period (after giving effect to any redemption or other payment of principal of the Class A1 Notes or any prepayment thereof on any preceding Payment Date), and

(ii) any previously unpaid interest on Class A1 Notes.

"**Class A1 Interest Rate**": The Interest Rate payable on the outstanding principal amount of the Class A1 Floating Rate Notes for the first Interest Accrual Period at a floating rate equal to EURIBOR for a designated maturity interpolated between six and seven months *plus* 0.17% p.a. and for each Interest Accrual Period thereafter at a floating rate equal to EURIBOR for a designated maturity of three months *plus* 0.17% p.a.

"**Class A1 Noteholder Veto**": a notice to the Collateral Manager given by the Majority of the Class A1 Noteholders to veto a proposed purchase of Underlying Assets if (i) the Collateral Manager has given notice of any proposal to purchase the relevant Underlying Assets by e-mail or fax to the Class A1 Noteholders known to the Collateral Manager; and (ii) the Majority of the Class A1 Noteholders has sent an acknowledgement of the receipt of such notice to the Collateral Manager by e-mail or fax without undue delay; and (iii) such veto is received by the Collateral Manager no later than two (2) Business Days after such acknowledgement has been received by the Collateral Manager.

"**Class A1 Par Erosion Balance**": With respect to any Determination Date, an amount equal to (A) the Net Outstanding Portfolio Collateral Balance minus (B) the aggregate Note Principal Amount of the Class A1 Notes on such Determination Date.

"**Class A1 Scenario Default Rate**": The meaning given to that term in Provision 5.7 of the Portfolio Provisions.

"**Class A2 Break-Even Default Rate**": The meaning given to that term in Provision 5.7 of the Portfolio Provisions.

"**Class A2 Default Differential**": The meaning given to that term in Provision 5.7 of the Portfolio Provisions.

"**Class A2 Interest Distribution Amount**": With respect to any Payment Date, the sum of:

(i) the aggregate amount of interest accrued at the applicable Class A2 Interest Rate in effect during the Interest Accrual Period immediately preceding such Payment Date on the Aggregate Outstanding Amount of the Class A2 Notes on the first day of such Interest Accrual Period (after giving effect to any redemption or other payment of principal of the Class A2 Notes or any prepayment thereof on any preceding Payment Date), and

(ii) any previously unpaid interest on Class A2 Notes.

"**Class A2 Interest Rate**": The Interest Rate payable on the outstanding principal amount of the Class A2 Notes for the first Interest Accrual Period at a floating rate equal to EURIBOR for a designated maturity interpolated between six and seven months *plus* 0.28% p.a. and for each Interest Accrual Period thereafter at a floating rate equal to EURIBOR for a designated maturity of three months *plus* 0.28% p.a.

"**Class A2 Notes**": The EUR 70,000,000 Class A2 Floating Rate Notes due 2090.

"**Class A2 Scenario Default Rate**": The meaning given to that term in Provision 5.7 of the Portfolio Provisions.

"**Class A3 Break-Even Default Rate**": The meaning given to that term in Provision 5.7 of the Portfolio Provisions.

"**Class A3 Default Differential**": The meaning given to that term in Provision 5.7 of the Portfolio Provisions.

"**Class A3-a Interest Distribution Amount**": With respect to any Payment Date, the sum of:

(i) the aggregate amount of interest accrued at the applicable Class A3-a Interest Rate in effect during the Interest Accrual Period immediately preceding such Payment Date on the Aggregate Outstanding Amount of the Class A3-a Notes on the first day of such Interest Accrual Period (after giving effect to any redemption or other payment of principal of the Class A3-a Notes or any prepayment thereof on any preceding Payment Date), and

(ii) any previously unpaid interest on Class A3-a Notes.

"**Class A3-a Interest Rate**": The Interest Rate payable on the outstanding principal amount of the Class A3-a Notes for the first Interest Accrual Period at a floating rate equal to EURIBOR for a designated maturity interpolated between six and seven months *plus* 0.34% p.a. and for each Interest Accrual Period thereafter at a floating rate equal to EURIBOR for a designated maturity of three months *plus* 0.34% p.a.

"**Class A3-a Notes**": The EUR 70,000,000 Class A3-a Floating Rate Notes due 2090.

"**Class A3 Scenario Default Rate**": The meaning given to that term in Provision 5.7 of the Portfolio Provisions.

"**Class A3-b Interest Distribution Amount**": With respect to any Payment Date, the sum of:

(i) the aggregate amount of interest accrued at the applicable Class A3-b Interest Rate in effect during the Interest Accrual Period immediately preceding such Payment Date on the Aggregate Outstanding Amount of the Class A3-b Notes on the first day of such

Interest Accrual Period (after giving effect to any redemption or other payment of principal of the Class A3-b Notes or any prepayment thereof on any preceding Payment Date), and

(ii) any previously unpaid interest on Class A3-b Notes.

"**Class A3-b Interest Rate**": The Interest Rate payable on the outstanding principal amount of the Class A3-a Notes at a fixed rate equal to 4.30% p.a.

"**Class A3-b Notes**": The EUR 15,000,000 Class A3-b Fixed Rate Notes due 2090.

"**Class A3 Notes**": The Class A3-a Notes and the Class A3-b Notes together.

"**Class A/B Coverage Tests**": The Class A/B Overcollateralization Ratio Test and the Class A/B Interest Coverage Ratio Test.

"**Class A/B Interest Coverage Ratio**": As of any Measurement Date, the ratio calculated by dividing:

(i) the Net Collateral Interest Proceeds with respect to such Measurement Date; by

(ii) the sum of the Class A1 Interest Distribution Amount, the Class A2 Interest Distribution Amount, the Class A3-a Interest Distribution Amount, the Class A3-b Interest Distribution Amount and the Class B Interest Distribution Amount for the Interest Accrual Period during which such Measurement Date occurs.

"**Class A/B Interest Coverage Ratio Test**": For so long as any Class A1 Notes, Class A2 Notes, Class A3 Notes or Class B Notes remain outstanding, a test satisfied on any Measurement Date if the Class A/B Interest Coverage Ratio as of such Measurement Date is equal to or greater than the Required Class A/B Interest Coverage Ratio as of such Measurement Date, *provided that* if none of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class B Notes are outstanding, the Class A/B Interest Coverage Ratio Test shall be deemed to be met.

"**Class A/B Overcollateralization Ratio**": As of any Measurement Date, the ratio (expressed as a percentage) calculated by dividing:

(i) the Net Outstanding Portfolio Collateral Balance; by

(ii) the Aggregate Outstanding Amount of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class B Notes as of such Measurement Date.

"**Class A/B Overcollateralization Ratio Test**": For so long as any Class A1 Notes, Class A2 Notes, Class A3 Notes or Class B Notes remain outstanding, a test satisfied on any Measurement Date if the Class A/B Overcollateralization Ratio on such Measurement Date is equal to or greater than the Required Class A/B Overcollateralization Ratio, *provided that* if none of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class B Notes are outstanding, the Class A/B Overcollateralization Ratio Test shall be deemed to be met.

"**Class B Break-Even Default Rate**": The meaning given to such term in Provision 5.7 of the Portfolio Provisions.

"**Class B Default Differential**": The meaning given to sucht term in Provision 5.7 of the Portfolio Provisions.

"**Class B Interest Distribution Amount**": With respect to any Payment Date, the sum of: (i) the aggregate amount of interest accrued at the applicable Class B Interest Rate in effect during the Interest Accrual Period immediately preceding such Payment Date, on the Aggregate Outstanding Amount of the Class B Notes on the first day of such Interest Accrual Period (after giving effect to any redemption or other payment of principal of the Class B Notes or any prepayment thereof on any preceding Payment Date) and (ii) any previously unpaid interest on the Class B Notes.

"**Class B Interest Rate**": The Interest Rate payable on the outstanding principal amount of the Class B Notes for the first Interest Accrual Period at a floating rate equal to EURIBOR for a designated maturity interpolated between six and seven months *plus* 0.50% p.a. and for each Interest Accrual Period thereafter at a floating rate equal to EURIBOR for a designated maturity of three months *plus* 0.50% p.a.

"**Class B Notes**": The EUR 21,000,000 Class B Floating Rate Notes due 2090.

"**Class B Scenario Default Rate**": The meaning given to such term in Provision 5.7 of the Portfolio Provisions.

"**Class C Break-Even Default Rate**" The meaning given to such term in Provision 5.7 of the Portfolio Provisions.

"**Class C Default Differential**": The meaning given to such term in Provision 5.7 of the Portfolio Provisions.

"**Class C Deferred Interest**": With respect to any Payment Date, the Interest Amount that was otherwise due but not paid to the Class C Note on such date after application of funds in accordance with the Priority of Payments. Class C Deferred Interest realized on any Payment Date shall accrue interest at the Interest Rate payable on the Class C Notes until paid in accordance with the Priority of Payments.

"**Class C Notes**": The EUR 21,000,000 Class C Deferrable Floating Rate Notes due 2090.

"**Class C Overcollateralization Ratio**": As of any Measurement Date, the ratio (expressed as a percentage) calculated by dividing:

(i) the Net Outstanding Portfolio Collateral Balance; by

(ii) the Aggregate Outstanding Amount of the Class A1 Notes, the Aggregate Outstanding Amount of the Class A2 Notes, the Aggregate Outstanding Amount of the Class A3 Notes and the Aggregate Outstanding Amount of the Class B Notes as of such Measurement Date and the Aggregate Outstanding Amount with respect to the Class C Notes (including any Class C Deferred Interest) as of such Measurement Date.

"**Class C Overcollateralization Ratio Test**": For so long as any Class C Notes remain outstanding, a test satisfied on any Measurement Date on or after the Ramp–Up Effective Date if the Class C Overcollateralization Ratio on such Measurement Date is equal to or greater than the Required Class C Overcollateralization Ratio, *provided that* if no Class C Notes are outstanding, the Class C Overcollateralization Ratio Test shall be deemed to be met.

"**Class C Scenario Default Rate**": The meaning given to such term in Provision 5.7 of the Portfolio Provisions.

"**Class D Break-Even Default Rate**": The meaning given to such term in Provision 5.7 of the

Portfolio Provisions.

"**Class D Default Differential**": The meaning given to such term in Provision 5.7 of the Portfolio Provisions.

"**Class D Deferred Interest**": With respect to any Payment Date, the Interest Amount that was otherwise due but not paid to the Class D Note on such date after application of funds in accordance with the Priority of Payments. Class D Deferred Interest realized on any Payment Date shall accrue interest at the Interest Rate payable on the Class D Notes until paid in accordance with the Priority of Payments.

"**Class D Notes**": The EUR 9,000,000 Class D Deferrable Floating Rate Notes due 2090.

"**Class D Scenario Default Rate**": The meaning given to that term in Provision 5.7 of the Portfolio Provisions.

The "**Class E1 Break-Even Default Rate**": The meaning given to such term in Provision 5.7 of the Portfolio Provisions.

The "**Class E1 Default Differential**": The meaning given to such term in Provision 5.7 of the Portfolio Provisions.

"**Class E1 Deferred Interest**": With respect to any Payment Date, the Interest Amount that was otherwise due but not paid to the Class E1 Note on such date after application of funds in accordance with the Priority of Payments. Class E1 Deferred Interest realized on any Payment Date shall accrue interest at the Interest Rate payable on the Class E1 Notes until paid in accordance with the Priority of Payments.

"**Class E1 Notes**": The EUR 4,000,000 Class E1 Deferrable Floating Rate Notes due 2090.

The "**Class E1 Scenario Default Rate**": The meaning given to such term in Provision 5.7 of the Portfolio Provisions.

The "**Class E2 Break-Even Default Rate**": The meaning given to such term in Provision 5.7 of the Portfolio Provisions.

The "**Class E2 Default Differential**": The meaning given to such term in Provision 5.7 of the Portfolio Provisions.

"**Class E2 Deferred Interest**": With respect to any Payment Date, the Interest Amount that was otherwise due but not paid to the Class E2 Note on such date after application of funds in accordance with the Priority of Payments. Class E2 Deferred Interest realized on any Payment Date shall accrue interest at the Interest Rate payable on the Class E2 Notes until paid in accordance with the Priority of Payments.

"**Class E2 Notes**": The EUR 6,000,000 Class E2 Deferrable Floating Rate Notes due 2090.

The "**Class E2 Scenario Default Rate**": The meaning given to such term in Provision 5.7 of the Portfolio Provisions

"**Class F Annuity Accrual Period**": In respect of the first Payment Date, the period commencing on (and including) the Closing Date and ending on (but excluding) May 8, 2007 and in respect of any subsequent Payment Date, the three-month period commencing on (and including) the 8th day of the calendar month three months before the month in which the relevant Payment Date occurs and ending on (but excluding) the 8th day of the month in which such

Payment Date occurs.

"**Class F Note Annuity Amount**": The meaning given to such term in Section 7.7 of the Terms and Conditions.

"**Class F Notes**": The EUR 4,000,000 Class F Annuity Notes due by 2016.

"**Class F Redemption Amount**": For any relevant scheduled Redemption Date, an amount equal to the aggregate of the Class F Note Redemption Amounts corresponding to such scheduled Redemption Date.

"**Class F Note Redemption Amount**": The meaning given to such term in Section 8.1(c) of the Terms and Conditions.

"**Class Principal Amount**": With respect to each Class, the aggregate of the Note Principal Amounts of such Class.

"**Clearstream Luxembourg**": Clearstream Banking, société anonyme, a corporation organized under the laws of the Grand Duchy of Luxembourg.

"**CLO Securities**": CDO securities of which the underlying assets include commercial and industrial bank loans.

"**Closing Date**": 31 October 2006.

"**CMBS**" or "**Commercial Mortgage-Backed Securities**": CMBS Conduit Asset-Backed Securities, CMBS Large Loan Asset-Backed Securities and Single Property CMBS.

"**CMBS Conduit Asset-Backed Securities**": Structured Finance Securities (A) typically issued by a trust or other entity that acquired assets from one or more sellers of commercial mortgage loans or by a single-seller or multi-seller conduit under which the holders of such Structured Finance 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 their holders 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 Structured Finance 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 and frequently do not amortize or amortize only slightly over their terms; (2) the terms of the commercial mortgage loans are substantially uniform; (3) 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 used for such purchase or improvement); (4) 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 Asset-Backed Securities and CMBS Credit Tenant Lease Asset-Backed Securities) and accordingly represent a relatively undiversified pool of obligor credit risk; (5) upon original issuance of such Structured Finance Securities, there are no less than 60 commercial loans and no commercial loan represents more than 10% of, and no 3 commercial mortgage loans account in the aggregate for more than 20% of, the aggregate principal balance of the entire pool of commercial mortgage loans supporting payments on such securities; (6) repayment of such securities can vary substantially from their contractual payment schedules (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/or a lockout period; and (7) the terms of the loans acquired from any single seller are relatively uniform.

"**CMBS Credit Tenant Lease Asset-Backed Securities**": Structured Finance Securities (other than CMBS Large Loan Asset-Backed Securities and CMBS Conduit Asset-Backed Securities) that entitle their holders 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 Structured Finance Securities) on the cash flow from a pool of commercial mortgage loans made to finance the acquisition, construction and improvement of properties leased to creditworthy corporate tenants, generally have the following characteristics: (1) the commercial mortgage loans and related leases have varying contractual maturities although the leases have terms at least as long as the related loans; (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 securing the commercial mortgage loans are obligations of a relatively limited number of (and sometimes a single) obligors, and accordingly represent a relatively undiversified pool of obligor credit risk; (4) payment of such loans can vary from their payment schedules computed based on the lease schedule, although generally prepayment other than in connection with a sale by the obligor of the mortgaged property is much less likely than in a loan to an individual; (5) prepayment of individual loans or termination of leases depends 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; (6) the loans generally are fully or nearly amortized over their terms from payments on the leases; and (7) the creditworthiness of such corporate tenants is the primary factor in any decision to invest in these securities.

"**CMBS Large Loan Asset-Backed Securities**": Structured Finance Securities (other than CMBS Conduit Asset-Backed Securities and CMBS Credit Tenant Lease Asset-Backed Securities) that entitle their holders 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 Structured Finance Securities) on the cash flow from a pool of commercial mortgage loans made to finance the acquisition, construction and improvement of properties, and which generally have the following characteristics: (1) the commercial mortgage loans have varying contractual maturities but typically include call protection in the form of a lockout period, a prepayment premium, or both; (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 used for such purchase or improvement); (3) the commercial mortgage loans are obligations of a limited (generally significantly more limited than in the case of conduit securities) number of obligors and accordingly represent an undiversified pool of obligor credit risk and in fact may include substantial concentration of obligors; (4) repayment of such loans can vary from their contractual payment schedules (if any), with prepayment of individual loans depending on numerous factors specific to the particular obligors and upon whether, such loans or securities include an effective prepayment premium and/or lockout period; (5) the valuation of individual properties securing the commercial mortgage loans is the primary factor in any decision to invest in these securities; and (6) the terms of and collateral for each loan may vary substantially from the terms of and collateral for each other loan.

"**Collateral**": Collectively, the security interests granted by the Issuer to the Trustee in respect of the Collateral Assets as defined in Clause 3.1 of the Trust Agreement.

"**Collateral Administration Agreement**": The Collateral Administration Agreement, dated as of 31 October 2006, among the Issuer, the Account Bank, the Custodian and BNP Paribas Securities Services, London Branch, as Collateral Administrator, as amended from time to time in accordance with the terms thereof.

"**Collateral Administrator**": BNP Paribas Securities Services, London Branch, with its address at 55 Moorgate, London EC2R 6PA, United Kingdom.

"**Collateral Assets**": The assets of the Issuer being the subject of the security interests of the

Trustee, as defined in Clause 3.1 of the Trust Agreement.

"**Collateral Management Agreement**": The Collateral Management Agreement, dated as of 31 October 2006, between the Issuer and the Collateral Manager.

"**Collateral Management Fee**": The Senior Collateral Management Fee, the Mezzanine Collateral Management Fee, the Junior Collateral Management Fee and any other incentive fee paid to the Collateral Manager in accordance with the Collateral Management Agreement.

"**Collateral Manager**": Collineo Asset Management GmbH, Dortmund, Germany.

"**Collateral Quality Tests**": The MAC Test, the Weighted Average Life Test, the Weighted Average Rating Test, the Weighted Average Recovery Rate Test, the Weighted Average Coupon Test, the Weighted Average S&P Recovery Rate Test and the Standard & Poor's CDO Monitor Test.

"**Collection Accounts**": The Interest Collection Account or the Principal Collection Account, as applicable.

"**Collineo**": Collineo Asset Management GmbH, Dortmund, Germany.

"**Commercial ABS**": An ABS which is a separate asset backed class included by S&P in its list of asset backed categories.

"**Common Depositary**": BNP Paribas Securities Services, Luxembourg Branch, with its address at 33, rue de Gasperich, Howald – Hesperange, 2085 Luxembourg, Luxembourg, and its successors, for the accounts of Euroclear and Clearstream.

"**Consumer ABS**": An ABS which is a separate asset backed class included by S&P in its list of asset backed categories.

"**Consumer Loan Securities**": A Structured Finance Security that entitles the holder thereof to receive payments that depend (except for rights or other assets designed to secure the servicing or timely distribution of proceeds to the holders of the Structured Finance Securities) on the cash flow from loans made to consumers.

"**Controlling Class**": The Class A1 Notes; then, if there are no Class A1 Notes outstanding, the Class A2 Notes; then, if there are no Class A2 Notes outstanding, the Class A3 Notes; then, if there are no Class A3 Notes outstanding, the Class B Notes; then, if there are no Class B Notes outstanding, the Class C Notes; then, if there are no Class C Notes outstanding, the Class D Notes; then, if there are no Class D Notes outstanding, the Class E1 Notes; then if there are no the Class E1 Notes outstanding, the Class E Notes; then if there are no the Class E2 Notes outstanding, the Class F Notes so long as any Class F Notes are outstanding.

"**Corporate Actions**": The meaning given to such term in Clause 4.3(b)(ii) of the Custody Agreement.

"**Corporate Obligations**": With respect to the definition of Moody's Rating, means any Corporate Bond or any corporate guarantee on a Structured Finance Security.

"**Coverage Tests**": The Class A/B Coverage Tests and the Class C Overcollateralization Ratio Test applicable at the time of determination.

"**Covered Bond**": The meaning given to such term in Provision 1 of the Portfolio Provisions.

"**Credit Improved Obligation**": Any Underlying Asset which in the commercially reasonable judgment of the Collateral Manager has significantly improved in credit quality, and (a) that has been upgraded or put on a watch list for possible upgrade by a Rating Agency since the date on which such Underlying Asset was purchased, or (b) whose issuer has raised equity or other capital which has in the commercially reasonable judgment of the Collateral Manager improved the liquidity or credit standing of the issuer; *provided that* such other capital does not adversely affect such Underlying Asset, or (c) has, since the date on which such Underlying Asset was purchased, in the commercially reasonable judgment of the Collateral Manager, decreased its original credit spread (as of the date the Issuer purchased such Underlying Asset) by (x) 6.25 basis points or more over its generally accepted market benchmark yield curve in the event that the original credit spread (as of the date the Issuer purchased such Underlying Asset) was less than or equal to 50 basis points, or (y) 12.5 basis points or more in the event the original credit spread (as of the date the Issuer purchased such Underlying Asset) was less than or equal to 100 basis points, or (z) 25 basis points or more in the event the original credit spread (as of the date the Issuer purchased such Underlying Asset) was greater than 100 basis points; *provided that* if the ratings of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class B Notes have been reduced by one rating subcategory, placed on review for possible downgrade or withdrawn by Moody's, such Underlying Asset will not be a Credit Improved Obligation unless it shall have been upgraded by one or more rating subcategories or is currently on a watch list for a possible upgrade by Moody's from the rating in effect at the time it was acquired by the Issuer.

"**Credit Risk Obligation**": Any Underlying Asset that, in the commercially reasonable judgment of the Collateral Manager, has a significant risk of declining in credit quality and, with lapse of time, becoming a Defaulted Obligation; *provided that*, with respect to any such Underlying Asset, if the ratings of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class B Notes have been reduced by one rating subcategory, placed on review for possible downgrade or withdrawn by Moody's, such Underlying Asset will not be a Credit Risk Obligation unless (i) it shall have been downgraded by one or more rating subcategories or is currently on a watch list for a possible downgrade by Moody's and such action was taken since it was acquired by the Issuer, or (ii) it has in the commercially reasonable judgment of the Collateral Manager, experienced an increase in credit spread of (a) 25 basis points or more, in the event that the original credit spread (as of the date the Issuer purchased such Underlying Asset) was greater than 100 basis points or (b) 12.5 basis points in the event the original credit spread (as of the date the Issuer purchased such Underlying Asset) was greater than 50 basis points but less than or equal to 100 basis points, or by (c) 6.25 basis points in the event that the original credit spread (as of the date the Issuer purchased such Underlying Asset) was less than or equal to 50 basis points, in each case from the credit spreads in effect on the date on which such Underlying Asset was purchased.

"**CRE CDO Securities**": Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) on the cash flow from a portfolio of asset-backed securities, mortgage loans, REIT debt securities, synthetic securities or other real estate related securities or any combination of the foregoing, generally having the following characteristics: (1) the asset-backed securities have varying contractual maturities; (2) the asset-backed securities are obligations of obligors or issuers that represent a relatively diversified pool of obligor credit risk; (3) repayment thereof can vary substantially from the contractual payment schedule (if any), with early prepayment of asset-backed securities depending on numerous factors specific to the particular issuers or obligors and on whether, in the case of asset-backed securities bearing interest at a fixed rate, such asset-backed securities include an effective prepayment premium; (4) proceeds from such repayments can for a limited period and subject to compliance with certain eligibility criteria be reinvested in additional asset-backed securities; and (5) the portfolio of asset-backed securities has a greater than 75% concentration in REIT debt securities, CMBS, commercial real estate and/or other commercial real estate mortgages.

"**CSO Securities**" means a security other than a security falling under paragraph (B)(i) of the definition of CDO of ABS Security, wherein all or a significant portion of the underlying risk in respect of such security arises directly or indirectly from a total return swap, a portfolio credit swap, one or more credit default swaps or any other credit derivative transactions.

"**Current Portfolio**": The meaning given to such term in Provision 5.7 of the Portfolio Provisions.

"**Custodial Accounts**": The meaning set out in Clause 3 of the Custody Agreement.

"**Custodial Assets**" All securities booked on the Custodial Accounts from time to time, including in particular any Underlying Assets and Eligible Investments held by the Custodian on behalf of the Issuer, any collateral received from any Hedge Counterparty held by the Custodian on behalf of the Issuer from time to time, and any sums received in respect of the above held by the Custodian pursuant to the terms of the Custody Agreement.

"**Custodian**": BNP Paribas Securities Services, Luxembourg Branch with its address at 33, rue de Gasperich, Howald – Hesperange, 2085 Luxembourg, Luxembourg in its capacity as Custodian under the Custody Agreement.

"**Custody Agreement**": The Custody Agreement dated as of 31 October 2006 entered into between the Issuer and the Custodian.

"**Default**": Any Event of Default or any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

"**Defaulted Hedge Termination Payments**": Any termination payment required to be made by the Issuer to a Hedge Counterparty pursuant to a Hedge in the event of a termination of such Hedge (other than a termination for illegality or tax event (except for tax event upon merger)) in respect of which such Hedge Counterparty is the defaulting party or sole affected party under such Hedge.

"**Defaulted Obligation**": Any Underlying Asset or any other security included in the Collateral Assets:

(i) with respect to which the Collateral Manager has received written notice stating that such Underlying Asset or such other security, or as to which the Collateral Manager has made a determination (*provided that* the Collateral Manager will be responsible, under the Collateral Management Agreement, for making such determination, to the extent reasonably practicable and based upon sources of information normally available to it) that such Underlying Asset or other security is in default under the instrument or agreement pursuant to which it was issued or created beyond any applicable notice or grace period (*provided that* such notice or grace period does not exceed 3 days) which default entitles the holders thereof, with notice or passage of time or both, to accelerate the maturity of all or a portion of the principal amount of such obligation, but only until such default or event of default has been cured or waived or which default is a default in the payment of interest or principal in respect of such Underlying Asset when due, but only until such default has been cured (but in all of these circumstances, all past due interest, principal and fees must be paid); *provided that* such security (after any cure or, as applicable, waiver) shall not be a Defaulted Obligation to the extent it thereafter satisfies the criteria for inclusion of securities in the Collateral Assets described in the definition of Underlying Assets as applicable to such security;

(ii) that is a Defaulted Synthetic Security;

(iii) that is a Synthetic Security Counterparty Defaulted Obligation;

(iv) if such Underlying Asset has a rating of "Ca" or "C" or lower by Moody's or, if such Underlying Asset is rated by S&P, such Underlying Asset has a rating of "CC" or lower by S&P;

(v) with respect to which a default in the payment of principal or interest has occurred (without regard to any applicable grace period) or with respect to which the principal amount has been reduced without payment of the amount of such reduction; provided, however, that to the extent the Trustee has received written certification from the Collateral Manager that any such default in the payment of interest is due to a payment systems failure or error, such default will not give rise to a Defaulted Obligation for a period of up to 3 days.

(vi) with respect to which an event of default (including, but not limited to, bankruptcy) has occurred for which any cure period has passed and which permits the holders of such Underlying Asset or security, with notice or passage of time or both, to accelerate the maturity of all or a portion of the principal amount of such Underlying Asset or security;

(vii) the issuer of which has defaulted in the payment of principal or interest on obligation which ranks senior to or *pari passu* with payments on such Underlying Asset or security; or

(viii) the issuer of which has defaulted on obligations (other than a default described in clause (vii) above), the cure period for which has passed and which default permits the holders of such obligations, with notice or passage of time or both, to accelerate the maturity of such obligations, if the payment on such obligations ranks senior to or *pari passu* with the Underlying Asset or security.

"**Defaulted Synthetic Security**": A Synthetic Security referencing a Reference Obligation that would, if such Reference Obligation were an Underlying Asset, constitute a 'Defaulted Obligation' under clause (i) or clauses (iv) through (viii) of the definition of such term.

"**Delayed Draw Note Funding Event of Default**": In respect of a Class A1 Delayed Draw Noteholder, the failure of such Class A1 Delayed Draw Noteholder to make available a Funding in respect of the Class A1 Delayed Draw Note held by such Class A1 Delayed Draw Noteholder in accordance with the terms of a Funding Request.

"**Delayed Draw Note Final Funding Date**": The date falling 150 days after the Closing Date or, if such date is not a Business Day, the Business Day preceding such date.

"**Determination Date**": The last day of each Due Period, and "related Determination Date" in respect of a Payment Date shall mean the Determination Date immediately preceding such Payment Date.

"**Disbursing Agent**": A German branch of a German or non-German bank or financial services institution with which the Noteholder maintains a custodial account where the Notes are held.

"**Disclosure Documents**": The meaning set out in Clause 3.1 of the Placement Agreement.

"**Disposition Proceeds**": With respect to the disposition or liquidation of any Issuer assets, the total proceeds received therefrom, in each case, net of reasonable out-of-pocket expenses and disposition costs in connection with any such disposition or liquidation (including any fees and expenses incurred by the Trustee, the Collateral Manager and the Investment Board in

connection therewith).

"**Distributions**": The meaning set out in Clause 4.3(a)(ii) of the Custody Agreement.

"**Diversified Asset-Backed Securities**": Prime-Credit Card Securities, and any other type of Structured Finance Securities that become an additional Specified Type and are designated as 'Structured Finance Diversified Securities' in connection therewith.

"**Dublin Business Day**": A day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) and foreign exchange markets settle payments in Dublin, Ireland.

"**Due Date**": Each date which is a payment or distribution date for a Pledged Obligation.

"**Due Period**": With respect to any Payment Date, the period commencing on (and including) the 4th Business Day prior to the preceding Payment Date (or on the Closing Date, in the case of the Due Period relating to the first Payment Date) and ending on (but excluding) the 4th Business Day prior to such Payment Date (or, in the case of the Due Period that is applicable to the Payment Date relating to the Stated Maturity, ending on such Payment Date).
"**EC Treaty**": The Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended from time to time, including by the Treaty on European Union (signed in Maastricht on February 7, 1992).
"**Eligibility Criteria**": The criteria as defined in Provision 3 of the Portfolio Provisions.

"**Eligible Investments**": Any euro denominated security or asset that matures and is one or more of the following securities or assets:

(a) cash deposited with an institution rated at least "A-1+" or "AAA" by S&P and "P-1" by Moody's;

(b) direct obligations of, and obligations the timely payment of principal of and interest on which is fully and expressly guaranteed (subject to such guarantee being to the satisfaction of S&P) by, a Qualifying Country or any agency or instrumentality of a Qualifying Country the obligations of which are expressly backed by the full faith and credit of a Qualifying Country *provided that* for the purpose of this sub clause (b), Qualifying Countries are required to be rated at least "AA-" or "A-1+" by S&P;

(c) demand and time deposits in certificates of deposit of, or bankers' acceptances payable within 183 days of issuance by, any depositary institution or trust company incorporated under the laws of a Qualifying Country and subject to supervision and examination by governmental banking authorities so long as the commercial paper and/or the debt obligations of such depositary institution or trust company (or, in the case of the principal depositary 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 "P-1" by Moody's and "A-1+" or "AAA" by S&P;

(d) subject to receipt of Rating Agency Confirmation from S&P, unleveraged repurchase obligations with respect to (i) any security described in clause (b) above, or (ii) any other security issued or guaranteed by an agency or instrumentality of a Qualifying Country (in each case without regard to the stated maturity of such security), in either case entered into with a depositary institution or trust company (acting as principal) described in clause (c) above or entered into with a corporation (acting as principal) whose long-term credit rating is not less than "Aa3" by Moody's and "AAA" by S&P or whose short-term credit rating is not less than "P-1" by Moody's and "A-1+" by S&P;

(e) debt securities (other than mortgage-backed securities) bearing interest or sold at a discount issued by any corporation incorporated under the laws of a Qualifying Country or any state thereof that have a credit rating of not less than "Aa3" by Moody's and "A-1+" or "AAA" by S&P;

(f) commercial paper or other short-term obligations with a maturity of not more than 183 days from the date of issuance and having at the time of such investment a short term credit rating of "P-1" by Moody's and "A-1+" or "AAA" by S&P;

(g) reinvestment agreements issued by any bank (if treated as a deposit by such bank) or reinvestment agreements issued by any insurance company or other corporation or entity organised under the laws of a Qualifying Country (if treated by the issuer thereof as debt for tax purposes), in each case, the issuer of which has a short-term credit rating of not less than "P-1" by Moody's and "A-1+" or "AAA" by S&P; and

(h) any money market fund or similar investment vehicle having at the time of investment therein a rating assigned by Moody's of at least "Aaa" and by S&P of at least "AAAm",

provided that (1) the mere ownership of any such investment described in paragraphs (a) to (h) above will not subject the Issuer to net income tax in any jurisdiction where it would not otherwise be subject to tax, (2) no amount earned by the Issuer with respect to such investment will be subject to withholding tax, and (3) no payments of stamp duty, transfer taxes or registration taxes will be imposed in connection with the acquisition of such security by the Issuer and, in each case, the Eligible Investment shall have a stated maturity (giving effect to any applicable grace period) no later than the Business Day immediately preceding the Determination Date of the Due Period in which the date of investment occurs. Eligible Investments may not include any interest-only security, any security purchased at a price in excess of 100% of the par value thereof or any security the repayment of which is subject to material non-credit related risk as determined in the sole judgement of the Collateral Manager and, provided further that, in the case of commercial paper, short-term debt obligations or securities 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 "Aa3" by Fitch and "AAA" by S&P.

"**Emerging Market Country**": Any country other than a Qualifying Country.

"**Enforcement Priority of Payments**": The meaning set out in Clause 4.5 of the Trust Agreement.

"**English Security Deed**": The security deed governed by English law entered into on 31 October 2006 between the Issuer and the Trustee.

"**EURIBOR**": With respect to each Interest Accrual Period or, in case of the Class A1 Delayed Draw Note, each Relevant EURIBOR Period, as the case may be, the rate for deposits in Euro for three months, (with respect to the first Interest Accrual Period interpolated between six and seven months) or with respect to the Class A1 Delayed Draw Note, the rate for deposits in Euro for such Relevant EURIBOR Period, in each case, which appears on Moneyline Telerate Page 248 of the Associated Press-Dow Jones Telerate Service (or such other page as may replace such page on that service for the purpose of displaying Brussels interbank offered rate quotations of major banks) as of 11:00 a.m. (Brussels time) on the EURIBOR Determination Date, all as determined by the Collateral Administrator.

"**EURIBOR Determination Date**": The 2nd TARGET Settlement Day immediately preceding the commencement of the Interest Accrual Period or Funding Period, as the case may be, for which EURIBOR is calculated.

"**Euro**", "**€**" or "**EUR**": The lawful currency of the member states of the European Union that adopted the single currency.

"**Euroclear**": Euroclear Bank S.A./N.V., as operator of the Euroclear system.

"**Euro-zone**": The region comprising member states of the European Union that have adopted the single currency, the Euro, in accordance with the EC Treaty.

"**Event of Default**": The meaning specified in Section 9.1 of the Terms and Conditions.

"**Excess Spread Amount**": On each Payment Date subsequent to the Reinvestment Period, an amount which shall become due and payable on each Class E1 Note and Class E2 Note in an amount equal to the aggregate amounts referred to with respect to such Classes in Sections 3.3(a)(28)(ii) and 3.3(b)(17)(ii) and Clause 4.5(20) of the Trust Agreement (as applicable), divided in each case by the number of the Notes in such Class.

"**Exchange Date**": A date not earlier than 40 calendar days and not later than 180 calendar days after the date of issue of the Temporary Global Notes on which the Temporary Global Notes shall be exchanged for the Permanent Global Notes upon delivery by the relevant participants to Euroclear or Clearstream Luxembourg, as relevant, and by Euroclear or Clearstream Luxembourg to the Paying Agent, of certificates in the form which forms part of the Temporary Global Notes and are available from the Paying Agent for such purpose, to the effect that the beneficial owner or owners of the Notes represented by the relevant Temporary Global Note is not a U.S. person or are not U.S. persons other than certain financial institutions or certain persons holding through such financial institutions.

"**Excluded Synthetic Security**" means any Synthetic Security that contains an underlying derivative transaction (or an instrument the underlying assets of which comprise or one or more underlying derivative transactions) for which (i) the Protection Seller under a credit derivative transaction (or any other derivative transaction which contains characteristics of a credit derivative transaction) makes an Interest Shortfall Undertaking and (ii) with respect to the Interest Shortfall Undertaking, either, no interest shortfall cap is applicable or, a 'Variable Cap' rather than a 'Fixed Cap' is applicable, i.e., an interest shortfall cap pursuant to which the amount of interest shortfall payable in respect of an interest period by the Protection Seller shall not be limited to the premium payable to such Protection Seller for such interest period.

"**Expense Account**": The current account of the Issuer established with the Account Bank and identified as the expense account in Exhibit C of the Collateral Administration Agreement (including any replacement accounts thereto).

"**Expense Cap**": The amount equal to the payment of any due and payable Administrative Expenses (excluding the Collateral Management Fee, the fee payable to the Investment Board Provider and the fee payable to Moody's) of (a) the Trustee, then (b) the Collateral Administrator, then (c) the Account Bank and then (d) to the other parties ratably in accordance with the respective amount thereof due and payable, *provided that* such payments are limited on any Payment Date to an amount equal to the sum of (x) an amount equal to the product of 0.028% and the Monthly Asset Amount for the Due Period immediately preceding such Payment Date, and multiplying the result by the actual number of days in the relevant Interest Accrual Period divided by 360 and (y) EUR 15,000.

"**Fitch**": Fitch Ratings Ltd. and any successor or successors thereto.

"**Fixed Par Amounts**": The outstanding principal amount of all Fixed Underlying Assets.

"**Fixed Underlying Assets**": Any Underlying Asset bearing interest at a fixed rate (other than Underlying Assets which the Collateral Manager reasonably believes a default will occur or a scheduled payment will not be made when next due, Defaulted Obligations, Replacement Assets and Interest Only Securities).

"**Floating Par Amount**": The aggregate principal balance of all Floating Underlying Assets.

"**Floating Underlying Assets**": Any Underlying Asset bearing interest at a floating rate (other than Underlying Assets with respect to which the Collateral Manager reasonably believes a default will occur or a scheduled payment will not be made when next due, Defaulted Obligations, and Replacement Assets).

"**Frankfurt Business Day**": A day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) and foreign exchange markets settle payments in Frankfurt am Main, Germany.

"**FSMA**": The Financial Services and Markets Act 2000.

"**Funding**": In relation to the Class A1 Delayed Draw Note each separate amount made available to the Issuer at any time (but excluding any amount in respect of which a Funding Request has been made but which has not yet been received by the Class A1 Delayed Draw Noteholder) by the Class A1 Delayed Draw Noteholder in respect of such Class A1 Delayed Draw Note, subject to and in accordance with the terms of the Class A1 Delayed Draw Note Purchase Agreement or a Transfer Agreement, as applicable, to the extent not repaid subject to and in accordance with the relevant Priorities of Payment.

"**Funding Date**": The day on which a Funding is made available to the Issuer in accordance with the Class A1 Delayed Draw Note Purchase Agreement or a Transfer Agreement, as applicable.

"**Funding Period**": In respect of a Funding relating to a Class A1 Delayed Draw Note up to (but excluding) the Class A1 Consolidation Date, the period from (and including) the Funding Date relating to that Funding to (but excluding) the Class A1 Consolidation Date or the Redemption Date in respect of that Class A1 Delayed Draw Note (if earlier).

"**Funding Request**": In relation to the Class A1 Delayed Draw Note, a request made by the Collateral Administrator (on behalf of the Issuer), acting upon the instruction of the Investment Board (on the Issuer's behalf) based upon the advice of the Collateral Manager, to the Class A1 Delayed Draw Noteholder, in the form set out in Schedule 1 to the Class A1 Notes Purchase Agreement, to make a Funding available to the Issuer in respect of the Class A1 Delayed Draw Note subject to and in accordance with the terms of the Class A1 Delayed Draw Note Purchase Agreement or a Transfer Agreement, as applicable.

"**Funding Rate**": The meaning set out in Section 7.5 of the Terms and Conditions.

"**Global Note**": Each Permanent Global Note and each Temporary Global Note.

"**Hedge**" or "**Hedge Agreement**": Any interest rate protection agreement or option to enter into an interest rate protection agreement (including, but not limited to, interest rate swaps, swaptions, interest rate caps, cancellable interest rate swaps, interest rate floors or an Asset Specific Hedge) entered into between the Issuer and a Hedge Counterparty which may, among others, set forth the terms of the Upfront Expense Payment, as amended from time to time, which agreement would not have the effect of shifting to the Hedge Counterparty any of the credit risk on the Underlying Assets or the benefits and burdens of changes in the value of the Underlying Assets due to changes in credit quality and which agreement shall contain

appropriate limited recourse and non-petition provisions.

"**Hedge Counterparty**": Any person (or any guarantor of such person, if such person's obligations in respect of any Hedge Agreement entered into with the Issuer are fully and expressly guaranteed by such guarantor, provided that such guarantee is in a form satisfactory to S&P) that enters into a Hedge Agreement with the Issuer. The initial Hedge Counterparty shall be HSBC Bank PLC.

"**Hedge Counterparty Collateral Account**": The securities account of the Issuer established with the Account Bank and identified as the hedge counterparty collateral account in Exhibit C of the Collateral Administration Agreement (including any replacement accounts thereto).

"**Hedge Payments**": With respect to any Hedge Agreement at any time, the sum of all payments, if any, then due and payable by the Issuer to the Hedge Counterparty thereunder.

"**Holder**" or "**Noteholder**": Each holder of a Note.

"**Home Equity Loan A Asset-Backed Securities**": Structured Finance Securities (other than Residential B/C Mortgage-Backed Securities, Residential A Mortgage-Backed Securities and Home Equity Loan B/C Asset-Backed Securities) that entitle their holders 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 Structured Finance Securities) on the cash flow from balances (including revolving balances) outstanding under prime loans secured at origination by subordinate liens (or, in certain cases, 'home equity loans' that are senior liens) on residential real estate (single or multi-family properties) the proceeds of which loans were not used to purchase such real estate or to purchase or construct dwellings thereon (or to refinance indebtedness previously used for such purchase or construction), generally having the following characteristics: (1) the balances have standardized payment terms and require minimum monthly payments; (2) the balances are obligations of numerous borrowers and accordingly represent a 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 and general economic matters; and the timing of principal payments of the securities depends upon the timing of collections on the home equity loan balances.

"**Home Equity Loan B/C Asset-Backed Securities**": Structured Finance Securities (other than Residential A Mortgage-Backed Securities, Residential B/C Mortgage-Backed Securities and Home Equity Loan A Asset-Backed Securities) that entitle their holders 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 Structured Finance Securities) on the cash flow from balances (including revolving balances) outstanding under subprime loans secured at origination by subordinate liens (or, in certain cases, 'home equity loans' that are senior liens) on residential real estate (single or multi-family properties) the proceeds of which loans were not used to purchase such real estate or to purchase or construct dwellings thereon (or to refinance indebtedness previously used for such purchase or construction), generally having the following characteristics: (1) the balances have standardized payment terms and require minimum monthly payments; (2) the balances are obligations of numerous borrowers and accordingly represent a 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 and general economic matters; and the timing of principal payments of the securities depends upon the timing of collections on the home equity loan balances.

"**HPF**": Hypo Public Finance Bank, Dublin, Ireland.

"**IA**": German Investment Act (*Investmentgesetz*).

"**Incentive Account**": The current account of the Issuer established with the Account Bank and identified as the incentive account in Exhibit C of the Collateral Administration Agreement (including any replacement accounts thereto).

"**indemnified person**": The respective meanings set out in Clause 9.1 and Clause 9.2 of the Agency Agreement.

"**Independent**": As to any Person, any other Person (including, in the case of an accountant, or lawyer, a firm of accountants or lawyers and any member thereof) who (i) does not have and is not committed to acquire any material direct or any material indirect financial interest in such Person or in any Affiliate of such Person, and (ii) is not connected with such Person as an officer, employee, promoter, underwriter, voting trustee, partner, director or Person performing similar functions and *provided further that* with respect to the director of the Issuer such Person should not have been, at the time of such appointment or at any time in the preceding five years (a) a direct or indirect legal or beneficial owner in the Collateral Manager or any of its affiliates (excluding *di minimus* ownership interests), (b) a creditor, supplier, employer, officer, director, family member, manager or contractor of the Collateral Manager or its affiliates or (c) a Person who controls (whether directly, indirectly or otherwise) the Issuer or its affiliates or any creditor, supplier, employer, officer, director, family member, manager or contractor of the Collateral Manager or its affiliates. Whenever any Independent Person's opinion or certificate is to be furnished to the Trustee, such opinion or certificate shall state that the signer has read this definition and that the signer is 'Independent' within the meaning hereof.

"**Indirect Emerging Markets Exposure**": As of any date of determination, an amount equal to the sum (without duplication) of:

(1) the sum, with respect to all CDO Securities (other than Monoline Guaranteed Securities), of the products of (i) the maximum percentage of assets from Emerging Market Countries allowed or, if greater, the actual percentage of assets from Emerging Market Countries included, in the portfolio of the issuer of a CDO Security as of such date of determination multiplied by (ii) the principal balance of such CDO Security as of such date of determination, and

(2) the sum, with respect to all Structured Finance Securities (other than CDO Securities and Monoline Guaranteed Securities) issued by issuers governed under the laws of the United States or a Qualifying Country that are secured in whole or in part by collateral issued by entities organized or incorporated under the law of an Emerging Market Country or with respect to which payments are otherwise sourced from an Emerging Market Country, of the products of (a) the principal balance of such Structured Finance Security as of such date of determination multiplied by (b) the aggregate par amount of such collateral securing such Structured Finance Security divided by (c) the aggregate par amount of all collateral securing such Structured Finance Security as of such date of determination, but only to the extent that the rating of such Structured Finance Security is not constrained by the foreign currency debt rating of such Emerging Market Country through the use of a reserve account, guarantee or other structural features.

"**Initial Investment Period**": The period beginning on the Closing Date and ending on the Ramp-Up Effective Date.

"**Insolvency Official**": In respect of any company, a liquidator, provisional liquidator, examiner, administrator (whether appointed by the court or otherwise), administrative receiver, receiver or manager, nominee, supervisor, trustee in bankruptcy, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors.

"**Interest Accrual Period**": (i) For the Class A1 Notes (other than the Class A1 Delayed Draw

Note prior to the Class A1 Consolidation Date), the Class A2 Notes, the Class A3-a Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes, in respect of the first Payment Date, the period commencing on (and including) the Closing Date and ending on (but excluding) the first Payment Date and in respect of any subsequent Payment Date, the period commencing on (and including) the immediately preceding Payment Date and ending on (but excluding) such Payment Date and (ii) in relation to Class A3-b Notes, in respect of the first Payment Date, the period commencing on (and including) the Closing Date and ending on (but excluding) 30 April 2007 and in respect of any subsequent Payment Date, the three-month period commencing on (and including) the last day of the immediately preceding Interest Accrual Period and ending on (but excluding) the 30th day of the month immediately preceding the month in which such Payment Date occurs. Up to (but excluding) the Class A1 Consolidation Date, interest in respect of each Funding in respect of the Class A1 Delayed Draw Note shall accrue in respect of each related Funding Period. From (and including) the Class A1 Consolidation Date, the Class A1 Delayed Draw Note shall be consolidated with, and shall be treated by the Issuer as identical in all respects to, the Class A1 Floating Rate Notes and shall accrue interest thereon as indicated in Section 7 of the Terms and Conditions.

"**Interest Amount**": The meaning set out in Section 7.3 of the Terms and Conditions.

"**Interest Collection Account**": The current account of the Issuer established with the Account Bank and identified as the interest collection account in Exhibit C of the Collateral Administration Agreement (including any replacement accounts thereto).

"**Interest Only Security**": Any Underlying Asset that does not provide for payments of principal and does not provide for the payment or repayment of a stated principal amount or provides for a de minimis principal amount relative to the interest rate thereon.

"**Interest Payment Conditions**": The meaning set out in Section 3.3 of the Terms and Conditions.

"**Interest Proceeds**": For any Payment Date, the following amounts (without duplication) received in cash by the Issuer during the immediately preceding Due Period: (i) all payments of interest or dividends on the Underlying Assets and Eligible Investments (other than interest accrued until (and including) the date of acquisition of Underlying Assets purchased with Principal Proceeds or Uninvested Proceeds) and any interest received on the credit on the Issuer Accounts (excluding the Incentive Account and the Residual Account); (ii) all accrued interest with respect to Underlying Assets sold by the Issuer (other than interest accrued until the date of acquisition of Underlying Assets purchased with Principal Proceeds or Uninvested Proceeds, but including the portion of the sale price attributable to accrued interest which accrued after the time of acquisition by the Issuer); (iii) all payments of principal on Eligible Investments to the extent such Eligible Investments were acquired with Interest Proceeds; (iv) all call, redemption, yield maintenance and prepayment premiums on the Underlying Assets and Eligible Investments that the Investment Board (following a proposal of the Collateral Manager) (in a commercially reasonable manner) shall have designated as Interest Proceeds; (v) all amendment and waiver fees, all late payment fees, and all other fees and commissions (other than syndication, facility or other up-front fees) in connection with the Underlying Assets and Eligible Investments (excluding any distributions and interest received in connection with a Defaulted Obligation, up to the principal amount thereof); (vi) all net amounts received pursuant to the Hedge Agreements (other than payments of the type described under clause (iv) of the definition of Principal Proceeds); (vii) all amounts deposited into the Interest Collection Account from the Semi Annual Interest Smoothing Account on the Business Day following the immediately preceding Payment Date; and (viii) all net amounts received from a Hedge Counterparty in connection with a modification of any Hedge Agreement.

"**Interest Rate**": The interest rate payable on the Notes with respect to the relevant Interest Accrual Period as specified in Section 7.5 of the Terms and Conditions.

"**Interest Shortfall Undertaking**"): An undertaking by the Protection Seller under a credit derivative transaction (or any other derivative transaction which contains characteristics of a credit derivative transaction) to make payments to the buyer of credit protection, in respect of interest shortfalls on one or more Reference Obligations under such derivative transaction.

"**Investment Board**": An investment board comprising of two members appointed by the Investment Board Provider in accordance with the provisions of the Investment Board Agreement that will make decisions on behalf of the Issuer with regard to proposals to purchase and sell assets as well as certain other proposals made by the Collateral Manager.

"**Investment Board Agreement**": The Investment Board Agreement, dated as of 31 October 2006, between the Issuer and the Investment Board Provider, as amended from time to time in accordance with the terms thereof.

"**Investment Board Provider**": Initially Hypo Public Finance Bank, including any successor thereof.

"**Irish Security Deed**": An Irish law assignment by way of security of all the Issuer's present and future claims, right, title and interest in and to the Administration Agreement.

"**Issue Price**": The meaning set out in Clause 2.1 of the Placement Agreement.

"**Issuer**": House of Europe Funding V PLC, a public limited company incorporated under the laws of the Republic of Ireland and any substitute issuer pursuant to Section 13 of the Terms and Conditions.

"**Issuer Accounts**": The Collection Accounts, the Payment Account, the Expense Account, the Reinvestment Account, the Incentive Account, the Residual Account and the Semi Annual Interest Smoothing Account.

"**Issuer Charter**": The memorandum and articles of association of the Issuer.
"**Issuer Shareholder**": Each of Badb Charitable Trust Limited and Medb Charitable Trust Limited, the beneficial owner of the Shares.

"**Junior Collateral Management Fee**": The fee that the Collateral Manager is entitled to receive as compensation for its services under the Collateral Management Agreement, payable on each Payment Date to the extent of the funds available for such purpose in accordance with the Priority of Payments. The Junior Collateral Management Fee will accrue from the Closing Date at an amount (calculated on an actual/360 day basis) equal to 0.02% p.a. of the Principal Amount of the Pledged Obligations as of the last day of the Due Period.

"**Junior Structuring Fee**": The fee payable on each Payment Date beginning on the Payment Date falling in November 2007 and until the Payment Date falling in August 2012 (inclusive), to the extent of the funds available for such purpose in accordance with the Priority of Payments, by the Issuer to the Placement Agent amounting to EUR 25,000 as agreed in a letter agreement dated 31 October 2006.

"**Listing Agent Appointment Agreement**": The Listing Agent Appointment Agreement, dated as of 31 October 2006, between the Issuer and the Luxembourg Intermediary and Listing Agent, as amended from time to time in accordance with the terms thereof.

"**London Business Day**": A day on which commercial banks are open for general business

(including dealings in foreign exchange and foreign currency deposits) and foreign exchange markets settle payments in London, UK.

"**Loss Rate**": The meaning set out in Provision 5.4 of the Portfolio Provisions.

"**Luxembourg Business Day**" A day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) and foreign exchange markets settle payments in Luxembourg, Grand Duchy of Luxembourg.

"**Luxembourg Intermediary and Listing Agent**":BNP Paribas Securities Services, Luxembourg Branch with its address at 33, rue de Gasperich, Howald - Hesperange, 2085 Luxembourg, Luxembourg.

"**Luxembourg Security Agreement**": The security agreement governed by Luxembourg law entered into on 31 October 2006 between the Issuer, the Trustee and the Custodian.

"**MAC Factor**": A single number that is determined in accordance with the correlation methodology provided to the Collateral Manager, the Collateral Administrator and the Trustee by Moody's.

"**MAC Test**": The meaning set out in Provision 5.1 of the Portfolio Provisions.

"**MAC Test Number of Assets**": 120.

"**Majority**": With respect to the Notes or any Class thereof or any Classes, the Holders of more than 50% of the aggregate Note Principal Amount of the Notes or the Notes of such Class or such Classes, as the case may be and with respect to two or more Classes the Holders of more than 50% of the aggregate Note Principal Amount of the Notes of such Classes.

"**Manufactured Housing Asset-Backed Securities**": Structured Finance Securities that entitle their holders 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 Structured Finance Securities) on the cash flow from manufactured housing (also known as mobile homes and prefabricated homes) instalment sales contracts and instalment loan agreements, generally having the following characteristics: (1) the contracts and loan agreements have varying, but typically lengthy contractual maturities; (2) 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; (3) the contracts and/or loans are obligations of a large number of obligors and accordingly represent a relatively diversified pool of obligor credit risk; (4) repayment of such securities can vary substantially from their contractual payment schedules, 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) in some cases, obligations are fully or partially guaranteed by a governmental agency or instrumentality.

"**Market Value**": An amount (expressed as a percentage of par), as determined by the Collateral Manager on the basis of the arithmetic mean of quotations from at least three leading independent dealers in the relevant markets of the market value of an Underlying Asset and an Eligible Investment or Hedge Agreement, as applicable; provided, however, that:

(i) if three or more quotations are provided, the Market Value will be the arithmetic mean of such quotations,

(ii) if the Collateral Manager is unable after extending commercially reasonable effort to

obtain three such quotations, and only two quotations are provided, the Market Value shall be the amount equal to the lower of the two quotations,

(iii) if the Collateral Manager is unable after extending commercially reasonable effort to obtain two such quotations, and only one quotation is provided, the Market Value shall be the amount equal to such quotation, and

(iv) if (i) through (iii) above do not apply, the Market Value shall, (i) for a period of 30 days during which no quotations have been provided, be the lower of the S&P Recovery Rate or the recovery rate by Moody's, unless in the Collateral Manager's opinion it should be carried at a lower price and (ii) thereafter, zero, until one or more quotations are provided whereupon (i) through (iii) shall apply.

"**Market Value CDO Securities**": CDO Securities where the overcollateralisation with respect to such Structured Finance Securities is measured by the market value of its underlying portfolio of securities.

"**Master Agreement**": The Master Agreement for Financial Derivative Transactions (*Rahmenvertrag*) between the Issuer and any Hedge Counterparty (including all future transactions entered into thereunder).

"**Master Definitions Agreement**": This Agreement.

"**Maximum Investment Amount**": On any date prior to the Ramp-Up Effective Date, an amount equal to EUR 1 billion and, on and after the Ramp-Up Effective Date, an amount equal to the sum of (a) the aggregate Principal Amount of the Underlying Assets, (b) the amount of any Principal Proceeds invested in Eligible Investments and (c) any remaining Uninvested Proceeds.

"**Maximum Permitted Weighted Average Life**": Means (a) on any date until 31 October 2007 (inclusive), less than or equal to 7 years, and (b) thereafter, (i) 7 years less (ii) the time, in years, elapsed from the Closing Date to any Measurement Date on which the Weighted Average Life Test is to be determined.

"**Measurement Date**": Any of the following: (i) the Ramp-Up Effective Date, (ii) the date of acquisition or disposition by the Issuer of any Underlying Asset, (iii) any date on which an Underlying Asset becomes a Defaulted Obligation, (iv) each Determination Date, and (v) with reasonable notice, on any other Business Day that either Rating Agency or holders of Notes representing at least 66-2/3% of the Aggregate Outstanding Amount of any Class of Notes requests; *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 unless such day would thereby fall into the next calendar month, in which case the Measurement Date shall be the immediately preceding Business Day; and *provided* further *that*, with respect to the Collateral Quality Tests and the Coverage Tests, except as otherwise provided, no Measurement Date shall occur prior to the Ramp-Up Effective Date.

"**Mezzanine Collateral Management Fee**": The fee that the Collateral Manager is entitled to receive as compensation for its services under the Collateral Management Agreement, payable on each Payment Date to the extent of the funds available for such purpose in accordance with the Priority of Payments. The Mezzanine Collateral Management Fee will accrue from the Closing Date at an amount (calculated on an actual/360 day basis) equal to 0.02% p.a. of the Principal Amount of the Pledged Obligations as of the last day of the Due Period.

"**Mezzanine Structuring Fee**": The fee payable on each Payment Date beginning on the Payment Date falling in November 2007 and until the Payment Date falling in August 2012

(inclusive), to the extent of the funds available for such purpose in accordance with the Priority of Payments, by the Issuer to the Placement Agent amounting to EUR 25,000 as agreed in a letter agreement dated 31 October 2006.

"**Monoline Guaranteed Securities**": Structured Finance Securities as to which the timely payment of interest when due, and the payment of principal no later than stated legal maturity, is unconditionally guaranteed pursuant to a financial guaranty insurance policy issued by a monoline financial insurance company.

"**Monthly Asset Amount**": With respect to any Payment Date, the sum of (i) the aggregate Principal Amount (excluding all accrued but unpaid interest and capitalized interest) of all Underlying Assets and (ii) the amounts on deposit in the Principal Collection Account on the first day of the related Due Period (as shown by the Note Valuation Report prepared with respect to the immediately preceding Payment Date).

"**Monthly Report**": A monthly report prepared by the Collateral Administrator not later than the 5th Business Day after the 8th day of each month, commencing December 2006 in accordance with the Collateral Administration Agreement.

"**Moody's**": Moody's Investors Service, Inc. and any successor or successors thereto and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated in writing by the Issuer (with a copy to the Trustee), with the written consent of the Majority of the Controlling Class.

"**Moody's Rating**": The meaning set out in Provision 5.3 of the Portfolio Provisions.

"**Moody's Rating Factor**": The meaning set out in Provision 5.3 of the Portfolio Provisions.

"**Mortgage-Backed Securities**" or "**MBS Securities**": Means RMBS and CMBS.

"**Negative Amortisation Security**": A Residential A Mortgage-Backed Security, a Residential B/C Mortgage-Backed Security, a Home Equity Loan A Asset-Backed Security or a Home Equity Loan B/C Asset-Backed Securities which (a) permits the related obligors of the underlying mortgage loans 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 Collateral Interest Proceeds**": With respect to any Measurement Date: (i) the interest received by the Issuer in cash and the scheduled payments of interest to be paid in cash on the Underlying Assets in the Due Period in which such Measurement Date occurs (determined (a) assuming that EURIBOR (or such other rate basis as may be applicable to the relevant Underlying Asset) remains constant throughout such Due Period, (b) excluding interest purchased with Principal Proceeds or Uninvested Proceeds, (c) excluding interest due on Defaulted Obligations and Replacement Assets, and the amount of any interest payments due in the Due Period in which such Measurement Date occurs on any Underlying Assets that the Collateral Manager or the Issuer reasonably believes will defer or fail to make a scheduled interest payment with respect to such payment when next due (in each case, regardless of

whether the due date for any such interest payment has yet occurred)), (d) excluding interest that will be subject to withholding tax in the Due Period in which such Measurement Date occurs and (e) excluding, for the avoidance of doubt interest on any Underlying Asset from the time it has become a PIK Obligation in the Due Period in which such Measurement Date occurs; *plus* (ii) any Eligible Investments as of such Measurement Date purchased with Interest Proceeds; *plus* (iii) the amounts, if any, payable to the Issuer by the Hedge Counterparties during the Due Period in which such Measurement Date occurs (but excluding any termination payments and any amount as to which the Collateral Manager or the Issuer has actual knowledge that the payment will not be made in the related Due Period); *minus* (iv) amounts payable pursuant to Sections 3.3(a)(1) through 3.3(a)(5) of the Terms and Conditions on the Payment Date immediately following the Due Period in which such Measurement Date occurs; *provided that*, in the event a Measurement Date should take place after a Due Period and on or prior to the immediately succeeding Payment Date, the Measurement Date shall be deemed to 'occur' during the immediately preceding Due Period for the purposes of the above calculation.

"**Net Interest Margin Obligation**": A security that entitles its holders to receive payments that depend primarily on residual cash flows from existing asset-backed transactions.

"**Net Outstanding Portfolio Collateral Balance**": On any Measurement Date, without duplication, an amount equal to the sum of:

(i) the aggregate of the Principal Amounts of each Underlying Asset (in the case of written-down assets and assets for which there has been an appraisal reduction, such balance shall be the outstanding Principal Amount as written-down or reduced, respectively) (excluding (A) any Underlying Asset which the Collateral Manager reasonably believes will fail to make a scheduled payment when next due, any Defaulted Obligation or any Replacement Asset, (B) the portion of the Principal Amount of each Underlying Asset which is expected to be paid after Stated Maturity, (C) any Zero Coupon Bond, (D) any Interest Only Security, (E) any PIK Obligation that has been deferring any amount of interest for more that one year (for investment grade) or for 6 months (for sub-investment grade), (F) any Underlying Asset whose purchase price was less than 95% of par, (G) any Underlying Asset with an S&P Rating of "BB+", "BB" or "BB–", (H) any Underlying Asset with an S&P Rating of "B+", "B" or "B–", (I) any Underlying Asset with an S&P Rating of "CCC+", "CCC", "CCC–" or "B– on watch for possible downgrade" by S&P, (J) any Collateral Debt Asset with an S&P Rating of "CC" and (K) any other Underlying Asset referred to in (ii) through (xiv) below);

(ii) with respect to each non-defaulted Zero Coupon Bond, its Principal Amount;

(iii) the Principal Amount of all cash and Eligible Investments constituting or purchased with Principal Proceeds, Uninvested Proceeds or the credit on the Reinvestment Account;

(iv) with respect to each Underlying Asset which the Collateral Manager reasonably believes will default with respect to payment when next due, a Defaulted Obligation or a Replacement Asset, the lesser of (1) the Market Value of such Underlying Asset and (2) the Applicable Recovery Percentage multiplied by the Principal Amount of such Underlying Asset;

(v) the product of (1) the aggregate Principal Amount of Underlying Assets that have a Moody's Rating of "Ba1", "Ba2" or "Ba3" and (2) 90%;

(vi) the product of (1) the aggregate Principal Amount of Underlying Assets that have a Moody's Rating of "B1", "B2" or "B3" and (2) 80%;

(vii) the product of (1) the aggregate Principal Amount of Underlying Assets that have a

Moody's Rating of "Caa1", "Caa2" or "Caa3" and (2) 50%;

(viii) the Applicable Recovery Percentage of the portion of the Principal Amount of each Underlying Asset which is expected to be paid after Stated Maturity;

(ix) with respect to any Underlying Asset that is excluded in sub-paragraph (E) above, the lesser of (1) the Market Value of such Underlying Asset and (2) the S&P Recovery Rate multiplied by the par amount of such Underlying Asset;

(x) with respect to any Underlying Asset that is excluded in sub-paragraph (F) above, the purchase price until such time as the Market Value has exceeded 95% of the par amount of such Underlying Asset on each day for three consecutive months, following which the lower of the Market Value and 100% of the par amount of such Underlying Asset;

(xi) with respect to any Underlying Asset that is excluded in sub-paragraph (G) above, 90% of the par amount of such Underlying Asset;

(xii) with respect to any Underlying Asset that is excluded in sub-paragraph (H) above, 70% of the par amount of such Underlying Asset;

(xiii) in respect of any Underlying Asset that is excluded in sub-paragraph (I) above, 50% of the par amount of such Underlying Asset; and

(xiv) in respect of any Underlying Asset that is excluded in sub-paragraph (J) above, the lesser of (1) the Market Value of such Underlying Asset and (2) the S&P Recovery Rate multiplied by the par amount of such Underlying Asset.

If an Underlying Asset has a rating that falls in more than one of (G), (H), (I) and (J) of paragraph (i) above, (J) shall prevail over (G), (H) and (I); (I) shall prevail over (G) and (H); and (H) shall prevail over (G).

"**New Issuer**": Another company that substitutes the Issuer in its place as debtor for all obligations arising under and in connection with the Notes as set out in Section 13.1 of the Terms and Conditions.

"**Non-Conforming RMBS**": An RMBS security the repayment of which is linked to a pool of residential mortgages loans to borrowers who may not satisfy the market standard requirements of lenders to make such loans to borrowers and/or Synthetic Securities comprising predominantly such residential mortgages loans to such borrowers.

"**Non-Performing RMBS**": An RMBS security the repayment of which is linked to a pool of residential mortgages loans which are in arrears or are expected to experience delays in payment of interest or principal and/or Synthetic Securities comprising predominantly such residential mortgages loans.

"**Non-Performing Underlying Assets**": All Underlying Assets constituting Defaulted Obligations, or which are (i) rated "B3" by Moody's and on review for possible downgrade or (ii) rated less than "B3" by Moody's or (iii) rated "B-" by S&P and on negative credit watch or (iv) rated less than "B-" by S&P.

"**Note Issuance Date**": The meaning set out in Clause 1.1 of the Placement Agreement.

"**Note Principal Amount**": In connection with any Note, with respect to any date, an amount (rounded, if necessary, to the nearest EUR 0.01, with EUR 0.005 being rounded upwards) equal to the initial principal amount of such Note as, on or before such date, reduced, in the case of the

Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes and the Class E2 Notes, by any amounts paid on such Note in respect of principal; and in respect of a Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date, the sum of the aggregate amount of each outstanding Funding in respect of such Class A1 Delayed Draw Note and the Class A1 Delayed Draw Note Commitment Amount in respect of such Class A1 Delayed Draw Note; and in respect of a Class A1 Delayed Draw Note on and after the Class A1 Consolidation Date, the principal amount outstanding of such Class A1 Delayed Draw Note. If any principal payment which is made with respect to a Class E1 Note or a Class E2 Note which causes its Note Principal Amount to be reduced below an amount of EUR 1, the principal amount of such Note shall be EUR 1 until all claims of the relevant Holder in respect of such Note (in particular, in respect of the repayment in full of the principal amount of EUR 1 and the Excess Spread Amount and/or Residual Amount) shall be discharged in full, whereupon the principal amount of such Note shall automatically be reduced to zero with no additional payment due in respect thereof to the relevant Holder.

"**Note Valuation Report**": A report prepared by the Collateral Administrator not later than the 2nd Business Day preceding each Payment Date in accordance with the provision of the Collateral Administration Agreement.

"**Noteholder**": Each holder of a Note.

"**Notes**": Each of the Class A1 Notes, the Class A2 Notes, the Class A3-a Notes, the Class A3-b Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E1 Notes, the Class E2 Notes and the Class F Notes.

"**Notice of Default**": A notice as specified in Section 9.1(d) of the Terms and Conditions, given to the Issuer by the Trustee or by the Holders of at least 25% of the Class Principal Amount of the Controlling Class regarding certain defaults of the Issuer under the Notes or the other Transaction Documents.

"**Offering**": The offering of the Notes of the Issuer pursuant to the Prospectus.

"**Original Issue Discount**": The difference between the redemption amount and the issue price of the Note.

"**Party**": With respect to this Agreement, a party to this Agreement.

"**Paying Agent**": Any Person authorized by the Issuer to pay amounts due on any Notes on behalf of the Issuer as specified in the Transaction Documents. BNP Paribas Securities Services, Luxembourg Branch with its address at 33, rue de Gasperich, Howald - Hesperange, 2085 Luxembourg, Luxembourg, has been appointed initially as the Paying Agent for making payments due under the Notes. The Paying Agent together with any additional paying agents are referred to as the Paying Agents.

"**Payment Account**": The current account of the Issuer established with the Account Bank and identified as the payment account in Exhibit C of the Collateral Administration Agreement (including any replacement accounts thereto).

"**Payment Date**": With respect to any Class of Notes, the 8th calendar day of February, May, August and November each year when payments of interest on the Notes (or in case of the any Class A1 Delayed Draw Note Commitment Fee or interest in respect of any Funding with respect to the Class A1 Delayed Draw Note) shall become due and payable in arrears except that, if any such date is not a Business Day, the immediately succeeding Business Day unless such day would thereby fall into the next calendar month, in which case the payment will be made on the immediately preceding Business Day. The first Payment Date with respect to the

Notes (other than the Class A1 Delayed Draw Note) will be the Payment Date falling in May 2007. The first Payment Date with respect to the Class A1 Delayed Draw Note will be the Payment Date falling in August 2007.

"**Permanent Global Note**": A permanent global bearer note without interest coupons representing a Class of Notes.

"**Person**": 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 Obligation**": Any asset that, by its terms, provides for the payment of rated scheduled interest payments, but permits such payments to be deferred and/or capitalized as additional principal thereof or that issues identical securities in place of payments of interest in cash.

"**Placement Agent**": WestLB AG, as placement agent for the Notes.

"**Placement Agreement**": The Placement Agreement with respect to the Notes, dated as of 31 October 2006, between the Issuer and the Placement Agent.

"**Pledged Obligations**": On any date, the Underlying Assets and the Eligible Investments held by the Issuer on such date.

"**Portfolio Criteria**": The meaning set out in Provision 4 of the Portfolio Provisions.

"**Portfolio Database**": The meaning set out in Clause 2.2 of the Collateral Administration Agreement.

"**Portfolio Provisions**": Certain requirements and conditions with which the portfolio (consisting of the Underlying Assets and Eligible Investments) is constituted and must comply with and which is set out as Exhibit A to the Collateral Management Agreement.

"**Pre-enforcement Priority of Payments**": The meaning set out in Section 3.3 of the Terms and Conditions.

"**Prime Automobile Securities**": Automobile Securities which are not sub-prime securities.

"**Prime-Credit Card Securities**": Structured Finance Securities which are not sub-prime securities and 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 Structured Finance 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 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.

"**Principal Amount**": With respect to any Pledged Obligation, as of any date of determination, the outstanding rated principal amount of such Pledged Obligation (with respect to any Zero Coupon Bond, excluding any unaccreted interest amount), *provided that*

(i) the Principal Amount of an Underlying Asset received upon acceptance of an offer for another Underlying Asset, which offer expressly states that failure to accept such offer

may result in a default under the underlying instruments, shall (A) for the first 30 days of such default be deemed to be the applicable recovery percentage of such Underlying Asset times the applicable principal amount and (B) thereafter the lower of the Market Value of such Underlying Asset and the amount under (A), until such time as Interest Proceeds and Principal Proceeds, as applicable, are received for 2 consecutive Payment Dates when due with respect to such Underlying Asset;

(ii) for all purposes, the Principal Amount of any equity security shall be deemed to be zero;

(iii) except as otherwise expressly specified herein, the Principal Amount of a Synthetic Security shall be equal to the amount of the principal thereof as of the date of acquisition reduced by any principal repayment thereof;

(iv) the Principal Amount of any Interest Only Security shall be deemed to be zero;

(v) the Principal Amount of any Underlying Asset which matures after the Stated Maturity, shall be zero in respect of any principal scheduled to be received after such Stated Maturity; and

(vi) the Principal Amount of any Underlying Asset shall not include any interest which has been capitalized as principal of the Underlying Asset.

"**Principal Collection Account**": The current account of the Issuer established with the Account Bank and identified as the principal collection account in Exhibit C of the Collateral Administration Agreement (including any replacement accounts thereto).

"**Principal Proceeds**": For any Payment Date, all cash amounts received by the Issuer which do not constitute Interest Proceeds, in particular any of the following amounts (without duplication) received in cash by the Issuer during the immediately preceding Due Period: (i) all payments of principal (including Unscheduled Principal Payments) on the Underlying Assets and Eligible Investments (other than amounts defined as Interest Proceeds pursuant to clause (iii) of the definition thereof and other than any payments of principal received on Eligible Investments to the extent such Eligible Investments were acquired with the amounts standing to the credit of the Semi Annual Interest Smoothing Account); (ii) any Uninvested Proceeds on deposit in the Principal Collection Account on the last day of the Reinvestment Period; (iii) all Disposition Proceeds received by the Issuer, including without limitation amounts received in respect of original issue or market discount, but excluding accrued interest constituting Interest Proceeds under clause (ii) of the definition of Interest Proceeds and excluding fees and commissions of the type referred to in clause (v) of the definition of Interest Proceeds; (iv) any amounts received in connection with any termination of Hedge Agreements (net of any payments made in connection with such termination and any replacement Hedge Agreement); (v) all fees and commissions received in connection with Defaulted Obligations (up to the principal amount thereof); (vi) all amounts received, including interest and principal, on Defaulted Obligations (up to the principal amount thereof); (vii) any amount received in the Principal Collections Account pursuant to Section 3.3(b)(16); and (viii) all amounts on deposit in the Expense Account that are transferred to the Principal Collection Account for application as Principal Proceeds.

"**Principal Leakage Amount**": The meaning given to that term in Section 3.3 of the Terms and Conditions.

"**Principal Leakage Cap**": An amount equal to EUR 3,000,000.

"**Priority of Payments**": The Pre-enforcement Priority of Payments and the Enforcement Priority of Payments.

"**Proposed Portfolio**": The meaning given to that term in Provision 5.7 of the Portfolio Provisions.

"**Prospectus**": The prospectus dated 26 October 2006 relating to the EUR 780,000,000 Class A1 Notes, the EUR 70,000,000 Class A2 Notes, the EUR 70,000,000 Class A3-a Notes, the EUR 15,000,000 Class A3-b Notes, the EUR 21,000,000 Class B Notes, the EUR 21,000,000 Class C Notes, the EUR 9,000,000 Class D Notes, the EUR 4,000,000 Class E1 Notes, the EUR 6,000,000 Class E2 Notes and the EUR 4,000,000 Class F Notes issued by House of Europe Funding V PLC.

"**Protection Seller**": The seller of credit protection (the under a credit derivative transaction (or any other derivative transaction which contains characteristics of a credit derivative transaction).

"**Qualifying Country**": Any country which is a member of the European Union as well as Canada, Norway, Switzerland and the United States; *provided that* such country's long-term sovereign debt obligations are rated at least "A2" by Moody's and, except for any country which is a member of the European Union, are rated at least "AA–" by S&P; *provided* further *that* issuers of Underlying Assets that are bankruptcy remote entities relying on revenues originated in Qualifying Countries and which are governed under the laws of (other than entities relying solely on revenues generated from) the Cayman Islands, Bahamas, Channel Islands, the Netherlands Antilles or any similar jurisdiction generally imposing no or nominal taxes on the income of companies located therein will be considered governed under the laws of a Qualifying Country.

"**Ramp-Up Effective Date**": The earlier of (i) the 180th day after the Closing Date and (ii) the date on which the Collateral Administrator determines that (a) the aggregate principal balance of all Underlying Assets as of such date plus purchased accrued interest thereon which has not been received by such date is not less than EUR 1,000,000,000 and (b) each of the Collateral Quality Tests and Coverage Tests is satisfied and the Portfolio Criteria are complied with.

"**Ramp-Up Test Date**": The meaning set out in Provision 2 of the Portfolio Provisions.

"**Rating Agency**": Each of Moody's and any successor or successors thereto, for so long as any of the Notes Outstanding are rated by Moody's, and S&P and any successor or successors thereto, for so long as any of the Notes Outstanding are rated by S&P; provided, however, if at any time Moody's or S&P or any such successor, as the case may be, ceases to provide rating services generally, any other nationally recognized investment rating agency selected by the Issuer and thereafter reasonably satisfactory to the Majority of the Controlling Class. If Moody's ceases to be a Rating Agency, references to rating categories of Moody's in the Prospectus or the Transaction Documents shall be deemed instead to be references to the equivalent categories of another rating agency as of the most recent date on which such other rating agency and Moody's published ratings for the type of security in respect of which such alternative rating agency is used. If S&P ceases to be a Rating Agency, references to rating categories of S&P in the Prospectus or the Transaction Documents shall be deemed instead to be references to the equivalent categories of another rating agency as of the most recent date on which such other rating agency and S&P published ratings for the type of security in respect of which such alternative rating agency is used.

"**Rating Agency Confirmation**": With respect to any action proposed to be taken in connection with the Transaction Documents or any other applicable transaction document (in respect of which a rating confirmation is required by the Transaction Documents or such transaction document), written confirmation from each relevant Rating Agency to the Issuer, the Trustee and the Collateral Manager that an immediate withdrawal, reduction or other adverse action with respect to any then current rating of any Notes will not occur as a result of such action.

"**Record Date**": With respect to any Payment Date, the day falling five Business Days prior to that Payment Date.

"**Redemption Date**": Any Payment Date specified as the date scheduled for redemption of the Notes or if such date is not a Business Day, the next following Business Day, unless such Business Day is the first Business Day of the next succeeding calendar month, in which case, the immediately preceding Business Day.

"**Reference Banks**": Four major banks in the Euro-zone inter-bank market.

"**Reference Obligation**": With respect to a Synthetic Security, any security that would qualify as an Underlying Asset (other than a Synthetic Security) whose payments and terms serve as the basis for the payments or terms of such Synthetic Security.

"**Reference Obligor**": The obligor on a Reference Obligation.

"**Registered Note**": the Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date.

"**Registrar**": BNP Paribas Securities Services, Luxembourg Branch, with its address at 33, rue de Gasperich, Howald - Hesperange, 2085 Luxembourg, Luxembourg, and any additional or successor or substitute registrar appointed pursuant to the terms of the Agency Agreement.

"**Regulation S**": Regulation S of the Securities Act.

"**Reinvestment Account**": The current account of the Issuer established with the Account Bank and identified as the reinvestment account in Exhibit C of the Collateral Administration Agreement (including any replacement accounts thereto).

"**Reinvestment Period**": The period from the Closing Date and ending on the first of the following events or dates to occur: (i) the Payment Date falling in November 2011, (ii) the Payment Date immediately following the date on which the Collateral Manager notifies the Trustee that, in light of the composition of Underlying Assets, general market conditions and other factors, investments in additional Underlying Assets within the foreseeable future would be impractical, (iii) the end of the Due Period related to the date on which all of the Notes are optionally redeemed in full, (iv) the termination of the Reinvestment Period pursuant to the Trust Agreement following the occurrence of an Event of Default which is neither cured nor waived and (v) the 60th Business Day following delivery of a termination notice under the Collateral Management Agreement or the Investment Board Agreement, *provided that* no successor collateral manager or investment board provider (as relevant) has been appointed by such date.

"**REIT Debt Securities**": Structured Finance Securities issued by a real estate investment trust whose assets consist (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Structured Finance Securities) of mortgages on real property interests.

"**Relevant EURIBOR Period**": The meaning set out in Section 7.5 of the Terms and Conditions.

"**Replacement Asset**": Any instrument or asset, including any equity security, into which any Underlying Asset is exchanged or converted pursuant to an offer, settlement, conversion, redemption or otherwise after the acquisition thereof by the Issuer.

"**Required Class A/B Interest Coverage Ratio**": 104%.

"**Required Class A/B Overcollateralization Ratio**": 103.5%.

"**Required Class C Overcollateralization Ratio**": 101%; *provided* further *that* such Required Class C Overcollateralization Ratio may be modified from time to time by the Investment Board (upon proposal of the Collateral Manager) only if Rating Agency Confirmation is obtained.

"**Required Weighted Average Coupon**": As of any Measurement Date, 4.75%. The Required Weighted Average Coupon may be modified from time to time by the Issuer (acting through the Investment Board upon a proposal of the Collateral Manager) upon receipt of a Rating Agency Confirmation with respect to such modification.

"**Required Weighted Average Spread**": As of any Measurement Date, 0.50%. The Required Weighted Average Spread may be modified from time to time by the Issuer (acting through the Investment Board upon a proposal of the Collateral Manager) upon receipt of a Rating Agency Confirmation with respect to such modification.

"**Residential A Mortgage-Backed Securities**": Structured Finance Securities (other than Residential B/C Mortgage-Backed Securities, Home Equity Loan A Asset-Backed Securities and Home Equity Loan B/C Asset-Backed Securities) that entitle their holders 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 Structured Finance Securities) on the cash flow from prime residential mortgage loans secured (on a first priority basis, subject to permitted liens, easements and other encumbrances) by residential real estate (single or multi-family properties) the proceeds of which were used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used), generally having the following characteristics: (1) the mortgage loans have standardized payment terms and require minimum monthly payments; (2) the mortgage loans are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk; and (3) 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 and generally no penalties for early repayment; and 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.

"**Residential B/C Mortgage-Backed Securities**": (a) Structured Finance Securities (other than Residential A Mortgage-Backed Securities, Home Equity Loan A Asset-Backed Securities and Home Equity Loan B/C Asset-Backed Securities) that entitle their holders 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 Structured Finance Securities)on the cash flow from sub-prime 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 were used to purchase real estate and purchase or construct dwellings thereon (or to refinance indebtedness previously so used), generally having the following characteristics: (1) the mortgage loans have standardized payment terms and require minimum monthly payments; (2) the mortgage loans are obligations of numerous borrowers and accordingly represent a diversified pool of obligor credit risk; and (3) 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 and generally no penalties for early repayment; and 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 (b) U.S. Sub-Prime RMBS.

"**Residential Securities**" or "**RMBS**" or "**Residential Mortgage-Backed Securities**": (1) Home Equity Loan A Asset-Backed Securities; (2) Home Equity Loan B/C Asset-Backed Securities;

(3) Manufactured Housing Asset-Backed Securities; (4) Residential A Mortgage-Backed Securities; (5) Residential B/C Mortgage-Backed Securities; and (6) any other type of Structured Finance Securities that become an additional Specified Type and are designated as Structured Finance Residential Securities in connection therewith.

"**Residual Amount**": Upon the redemption of all the Notes in full (subject to Section 7.1 of the Terms and Conditions) and any application of the amounts pursuant to Section 8.1(e) or Section 8.5(c) of the Terms and Conditions, an amount that the Issuer shall pay, on a *pari passu* and *pro rata* basis, to the holders of the Class E1 Notes and the Class E2 Notes equal to 50% of any remaining credit on the Residual Account.

"**Residual Account**": The current account of the Issuer established with the Account Bank and identified as the residual account in Exhibit C of the Collateral Administration Agreement (including any replacement accounts thereto).

"**S&P Rating**": The meaning given to that term in Provision 5.6 of the Portfolio Provisions.

"**S&P Recovery Rate**": The meaning given to that term in Provision 5.6 of the Portfolio Provisions.

"**Section 246**": Section 246 of the Taxes Consolidation Act 1997.

"**Secured Obligations**": Any present or future obligations of the Issuer towards the Transaction Creditors under the Transaction Documents.

"**Securities Act**": The United States Securities Act of 1933, as amended.

"**Security Agreements**": The Irish Security Deed, the English Security Deed, the Luxembourg Security Agreement and any security arrangements the Issuer may enter into from time to time.

"**Semi Annual Excess**": With respect to a Determination Date, the excess (in percentage), if any, of the Semi Annual Total Proportion over 50%, or 0% otherwise.

"**Semi Annual Interest Received**": With respect to a Determination Date, the total amount of interest received by the Issuer during the related Due Period in respect of the Semi Annual Underlying Assets.

"**Semi Annual Interest Smoothing Account**": The current account of the Issuer established with the Account Bank and identified as the semi annual interest smoothing account in Exhibit C of the Collateral Administration Agreement (including any replacement accounts thereto).

"**Semi Annual Interest Smoothing Amount**": On each Determination Date (save for (i) the Determination Date following the occurrence of an Event of Default and the acceleration of the Notes and (ii) the last Determination Date immediately prior to any redemption of the Notes in full), an amount determined by the Collateral Administrator equal to: (1) the Semi Annual Excess multiplied by (2) a fraction, (a) the numerator of which is the Semi Annual Interest Received and (b) the denominator of which is the Semi Annual Total Proportion.

"**Semi Annual Total Proportion**": With respect to a Determination Date, the proportion (expressed as a percentage) of (1) the aggregate Principal Amounts of the items of the Semi Annual Underlying Assets which have paid interest during the Due Period ending on or about such Determination Date to (2) the aggregate Principal Amounts of all items of the Semi Annual Underlying Assets included in the Pledged Obligations as at such Determination Date.

"**Semi Annual Underlying Assets**": As at any Determination Date, the Underlying Assets

which provide for the payment of interest in cash semi-annually.

"**Senior Collateral Management Fee**": The fee that the Collateral Manager is entitled to receive as compensation for its services under the Collateral Management Agreement, payable on each Payment Date to the extent of the funds available for such purpose in accordance with the Priority of Payments. The Senior Collateral Management Fee will accrue from the Closing Date at an amount (calculated on an actual/360 day basis) equal to 0.06% p.a. of the Principal Amount of the Pledged Obligations as of the last day of the Due Period.

"**Senior Manager**": The senior manager presently employed by the Collateral Manager and who is identified in the Prospectus under "The Collateral Manager".

"**Servicer**": With respect to any Structured Finance Security, the servicer; in the case of CDO Securities, the asset manager, collateral advisor or collateral manager if any, servicing or managing, as applicable, the collateral relating to such Structured Finance Security; and in the case of Covered Bonds, the issuer.

"**Shares**": The 38,100 ordinary shares of EUR 1.00 par value each which make up the entire authorised and issued share capital of the Issuer of EUR 38,100.

"**Shortfall**": The meaning specified in Clause 4.6 of the Agency Agreement.

"**Shipping Loan Securities**": Structured Finance Securities that entitle their holders to receive payments that depend on the cash flow from securitisations of ship financing and shipping industry related loans.

"**Single Property CMBS**": Structured Finance Securities (other than CMBS Conduit Asset-Backed Securities, CMBS Credit Tenant Lease Asset-Backed Securities and CMBS Large Loan Asset-Backed Securities) that entitle their holders 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 Structured Finance Securities) on the cash flow from a pool of commercial mortgage loans made to finance the acquisition, construction and improvement of properties, and which generally have the following characteristics: (1) the commercial mortgage loans have varying contractual maturities but typically include call protection in the form of a lockout period, a prepayment premium, or both; (2) the commercial mortgage loans are secured by a single item of real property purchased or improved with the proceeds thereof (or to refinance an outstanding loan the proceeds of which were used for such purchase or improvement); (3) the commercial mortgage loans are obligations of a single obligor; (4) repayment of such loans can vary from their contractual payment schedules (if any), with prepayment of individual loans depending on numerous factors specific to the particular obligor and upon whether, such loans or securities include an effective prepayment premium and/or lockout period; (5) the valuation of the property securing the commercial mortgage loans is the primary factor in any decision to invest in these securities; and (6) the terms of and collateral for, each loan may vary substantially from the terms of and collateral for each other loan.

"**Small Business Loan Securities**" means Structured Finance 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 general purpose corporate loans made to small business undertakings (with not more than 500 employees and an annual revenue not exceeding EUR 5 million. Small Business Loan Securities generally have, inter alia, the following characteristics: (a) the loans are obligations of a relatively limited number of borrowers and accordingly represent an undiversified pool of obligor credit risk; and (b) 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 Amortization**": The amortization of the Notes in part by the Issuer, if at any time during the Reinvestment Period and after the Ramp-up Effective Date, the Collateral Manager has been unable, for a period of at least 60 consecutive days, to identify assets that it determines would be appropriate and comply with the Portfolio Provisions in sufficient amounts to permit the reinvestment of funds available to the Issuer for such purpose in additional Underlying Assets.

"**Special Amortization Amount**": The meaning set out in Section 8.2 of the Terms and Conditions.

"**Specified Type**": Each Additional Specified Type and any one of the following types of Structured Finance Securities at the time of purchase by the Issuer: Asset-Backed Securities, Automobile Securities, CDO of ABS Securities, CDO Securities, CLO Securities, CMBS, CMBS Conduit Asset-Backed Securities, CMBS Credit Tenant Lease Asset-Backed Securities, CMBS Large Loan Asset-Backed Securities, Commercial ABS, Consumer ABS, Consumer Loan Securities, CRE CDO Securities, CSO Securities, Diversified Asset-Backed Securities, Home Equity Loan A Asset-Backed Securities, Home Equity Loan B/C Asset-Backed Securities, Manufactured Housing Asset-Backed Securities, Market Value CDO Securities, Monoline Guaranteed Securities, MBS Securities, Non-Conforming RMBS, Non-Performing RMBS, Prime Automobile Securities, Prime-Credit Card Securities, real estate securities, Residential A Mortgage-Backed Securities, Residential B/C Mortgage-Backed Securities, Residential Securities, REIT Debt Securities, Shipping Loan Securities, Single Property CMBS, Small Business Loan Securities, Student Loan Securities, Sub-Prime Automobile Securities, Covered Bonds, U.S. Sub-Prime Exposed CDO Securities, and U.S. Sub-Prime RMBS *provided that* each Specified Type in existence prior to the designation of any Additional Specified Type shall be construed to exclude the relevant newly designated Additional Specified Type.

"**Standard & Poor's**" or "**S&P**": Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor or successors thereto.

"**Standard & Poor's CDO Monitor**": The meaning given to that term in Provision 5.7 of the Portfolio Provisions.

"**Standard & Poor's CDO Monitor Test**": The meaning given to that term in Provision 5.7 of the Portfolio Provisions.

"**Stated Maturity**": The Payment Date falling in 2090.

Structured Covered Bonds": (i) Full recourse debt instruments that are secured by a pool of mortgages and/or public sector claims and in respect of which securitisation techniques have been used to enhance the rating of such debt instruments or (ii) secured bonds issued against a pool of assets in jurisdictions where no specific covered bond law has been established

"**Structured Finance Diversified Securities**": Any type of Structured Finance Securities that become an Additional Specified Type and that are designated as Structured Finance Diversified Securities in connection therewith.

"**Structured Finance Residential Securities**": Any type of Structured Finance Securities that become an Additional Specified Type and that are designated as Structured Finance Residential Securities in connection therewith.

"**Structured Finance Securities**": Any security which belongs to any one or more of the

Specified Types at the time of purchase by the Issuer.

"**Student Loan Securities**": Structured Finance Securities that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Asset-Backed Securities) on the cash flow from loans made to students (or their parents) 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 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 are guaranteed by the United States Department of Education.

"**Sub-Prime Automobile Securities**" means Automobile Securities which are sub-prime securities.

"**Synthetic Security**": The meaning given to such term in Provision 1 of the Portfolio Provisions.

"**Synthetic Security Counterparty**": Any entity required to make payments on a Synthetic Security to the extent that a Reference Obligor makes payments on a related Reference Obligation and the addition of such Synthetic Security Counterparty will not cause the number of different Synthetic Security Counterparties and Hedge Counterparties at any particular time involved in transactions with the Issuer constituting the Collateral Assets, to exceed 10.

"**Synthetic Security Counterparty Defaulted Obligation**": A Synthetic Security (other than a Defaulted Synthetic Security) with respect to which:

(a) (x) the long-term debt obligations of the Synthetic Security Counterparty are rated less than "A2" by Moody's or (y) the long-term debt obligations of the Synthetic Security Counterparty are rated less than "A" by S&P (if such long-term issuer credit is rated by S&P), or in either of clause (x) or (y), cease to be rated; or

(b) the Synthetic Security Counterparty has defaulted in the performance of any of its payment obligations under the Synthetic Security.

"**TARGET Settlement Day**": Any day on which TARGET (the Trans-European Automated Real-time Gross Settlement Express Transfer System) is open.

"**taxes**": Any current or future taxes, levies or governmental charges, regardless of their nature, to which the Issuer is subject and which are imposed, levied or collected under any applicable system of law or in any country which claims fiscal jurisdiction by, or for the account of, any political subdivision thereof or government agency therein authorized to levy taxes.

"**TCA 1997**": The Taxes Consolidation Act 1997.

"**TEFRA D Rules**": Section 1.163-5 (c)(2)(i)(D) of the U.S. Treasury Regulations.

"**Temporary Global Note**": A temporary global bearer note without interest coupons representing a Class of Notes and which shall be exchangeable, as provided in Section 2 of the Terms and Conditions, for a Permanent Global Note.

"**Terms and Conditions**": The terms and conditions of the Notes issued as of the Closing Date.

"**Third Party Approved Hedge Rating Thresholds**": The long-term unsecured and

unsubordinated debt rating by Moody's of at least "A1" and not on review for possible downgrade and a short-term unsecured and unsubordinated debt rating by Moody's of at least "P-1" and not on review for possible downgrade (or if there is no short-term rating from Moody's, a long term unsecured and unsubordinated rating of at least "Aa3" and not on review for possible downgrade) and a short-term unsecured and unsubordinated debt rating by S&P of at least "A-1" or a long-term unsecured and unsubordinated debt rating by S&P of at least "A".

"**Total Redemption Amount**": The meaning given to such term in Section 8.1(c) of the Terms and Conditions.

"**Transaction Creditors**": The Noteholders, the Account Bank, the Administrator, the Collateral Administrator, the Collateral Manager, the Custodian, the Hedge Counterparties, the Investment Board Provider, the Paying Agent, the Placement Agent and the Trustee.

"**Transaction Documents**": The Notes, the Trust Agreement, the Security Agreements, the Investment Board Agreement, the Collateral Management Agreement, the Collateral Administration Agreement, the Administration Agreement, the Placement Agreement, the Class A1 Delayed Draw Note Purchase Agreement, the Custody Agreement, any Transfer Agreement, the Agency Agreement, the Listing Agent Appointment Agreement, the Master Agreement and this Agreement and any future agreements to which the Issuer will become a party.

"**Trust Agreement**": The Trust Agreement, dated as of 31 October 2006, between the Issuer and BNP Paribas Trust Corporation UK Limited.

"**Trust Preferred Securities**": Instruments 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 thereof) on the cash flow from a pool of trust securities issued by a wholly-owned trust subsidiary of a financial institution or an insurance holding company which uses the proceeds of such issuance to purchase a portfolio of debt securities issued by its parent and generally have the following characteristics: (1) the trust securities are non-amortizing preferred stock securities; (2) the trust securities have a 30 year maturity with a 5- or 10- year non-call period; and (3) the trust securities are subordinated debt.

"**Trustee**": BNP Paribas Trust Corporation UK Limited, whose principal offices are at 55 Moorgate, London EC2R 6PA, United Kingdom.

"**Trustee Claim**": The claim granted by the Issuer to the Trustee pursuant to Clause 2.3 of the Trust Agreement.

"**Trustee Duties**": Duties to be performed by the Trustee as set out under Clause 2.1 of the Trust Agreement for the benefit of, and with particular regard to the interests of the Transaction Creditors.

"**U.K. Regulations**": The Public Offers of Securities Regulations 1995.

"**U.S. Dollar**", "**Dollars**" or "**$**": The lawful currency of the United States.

"**U.S. Security**": A Structured Finance Security 50% of whose underlying portfolio of assets has obligors located in the United States or a State thereof or in Canada.

"**U.S. Sub-Prime Exposed CDO Security**": A CDO of ABS Security (other than the senior most tranche rated "AAA" by S&P or "Aaa" by Moody's) whose underlying portfolio of securities may contain investments in U.S. Sub-Prime RMBS (whether or not actually contained) which are rated "BBB+" or below by S&P or "Baa1" or below by Moody's.

"**U.S. Sub-Prime RMBS**": RMBS which are U.S. 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 suc securities) on the cash flow from residential mortgage loans secured (on a first or second 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: (1) the mortgage loans have generally not been underwritten to the standards of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation (without regard to the size of the loan); (2) the mortgage loans have standardized payment terms and require minimum monthly payments; (3) the mortgage loans are obligations of numerous borrowers and accordingly represent a very diversified pool of obligor credit risk; (4) 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; and (5) the weighted average FICO® score of the residential mortgage loans is less than 660 (or such other FICO® score that Moody's or S&P determine from time to time); provided further that a US Subprime RMBS under this definition shall also be considered to be a Residential B/C Mortgage-Backed Securities.

"**UCITS Directive**": The Council Directive 85/611/EEC of 20 December 1985.

"**Underlying Asset**": An asset which, as of the date of acquisition by the Issuer, is either a Structured Finance Security, a Synthetic Security whose Reference Obligation is a Structured Finance Security or a Replacement Asset.

"**Uninvested Proceeds**": At any time, the net proceeds received by the Issuer on the Closing Date from the issuance of the Notes or the amounts received by the Issuer in respect of any Fundings, to the extent such proceeds have not been invested in Underlying Assets and which have not been disbursed under the Priority of Payments.

"**United States**" or "**U.S.**": The United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

"**Unscheduled Principal Payments**": Any principal payments received as a result of redemptions, optional redemptions, exchange offers, tender offers or other unscheduled payments or prepayments, and unscheduled sinking fund payments with respect to an Underlying Asset.

"**Upfront Expense Payment**": An amount of EUR 4,000,000 received by the Issuer from any Hedge Counterparty on the Closing Date as an upfront payment pursuant to a Hedge Agreement entered as of the Closing Date in order to provide an additional source of funds for the Issuer to pay closing fees and expenses. Such Hedge Agreement shall provide for the outstanding principal balance of such Upfront Expense Payment to amortize on each Payment Date similar as provided in the schedule below:

Payment Date falling in:	**Amount (in €):**
May 2007	285,000.00
August 2007	138,000.00
November 2007	137,000.00
February 2008	137,000.00
May 2008	138,000.00
August 2008	138,000.00

Payment Date falling in:	Amount (in €):
November 2008	140,000.00
February 2009	141,000.00
May 2009	143,000.00
August 2009	144,000.00
November 2009	144,000.00
February 2010	145,000.00
May 2010	148,000.00
August 2010	149,000.00
November 2010	150,000.00
February 2011	152,000.00
May 2011	154,000.00
August 2011	155,000.00
November 2011	156,000.00
February 2012	158,000.00
May 2012	160,000.00
August 2012	161,000.00
November 2012	163,000.00
February 2013	165,000.00
May 2013	167,000.00
August 2013	134,000.00

"**Weighted Average Coupon**": The weighted average coupon of all Underlying Assets

"**Weighted Average Coupon Test**": A test that is satisfied, as of any Measurement Date, if (i) the sum of: (a) the Weighted Average Coupon of all Fixed Underlying Assets (other than Underlying Assets with respect to which the Collateral Manager reasonably believes a default will occur or a scheduled payment will not be made when next due, Defaulted Obligations and Replacement Assets) *multiplied* by the Fixed Par Amount as of such date, (b) the Weighted Average Spread above EURIBOR (using, with respect to Underlying Assets whose reference index is not EURIBOR, the spread over such index, adjusted upward to the extent EURIBOR is less than such index and adjusted downward to the extent EURIBOR is greater than such index) of all Floating Underlying Assets (other than Underlying Assets with respect to which the Collateral Manager reasonably believes a default will occur or a scheduled payment will not be made when next due, Defaulted Obligations and Replacement Assets) *multiplied* by the Floating Par Amount as of such date and (c) the annual amount of payments to be received with respect to all Interest Only Securities is greater than (ii) the sum of (a) the product of the Required Weighted Average Coupon and the Fixed Par Amount and (b) the product of the Required Weighted Average Spread and the Floating Par Amount. For purposes of this definition, (i) any Fixed Underlying Asset that is the subject of an Asset Specific Hedge shall be considered a Floating Underlying Asset bearing interest at a floating rate equal to the implied spread over EURIBOR receivable by the Issuer pursuant to such Asset Specific Hedge, and (ii) any Floating Underlying Asset that is the subject of an Asset Specific Hedge shall be considered a Fixed Underlying Asset bearing interest at a fixed rate equal to the implied fixed rate receivable by the Issuer pursuant to such Asset Specific Hedge, provided however that each Underlying Asset that is a CMBS that has a S&P Rating of "A" or below, if subject to an Available Funds Cap, the interest coupon payable thereon will be deemed to be the minimum margin produced following the prepayment of all the loans in the pool, except the lowest margin loan, at the first interest payment date and subsequent scheduled amortization of that remaining loan.

"**Weighted Average Life Test**": A test that is satisfied (a) on any date until 31 October 2007 (inclusive), if the weighted average life of the Underlying Assets as of such Measurement Date

is less than or equal to 7 years, and (b) on any Measurement Date thereafter, if the weighted average life of the Underlying Assets as of such Measurement Date is less than or equal to (i) 7 less (ii) the time, in years, elapsed from the Closing Date to such Measurement Date; *provided that* the prepayment speed used in the weighted average life determination will be (i) the base case pricing speed of the Underlying Asset with respect to Underlying Assets purchased in the primary market and (ii) the base case six-month average prepayment speed with respect to Underlying Assets purchased in the secondary market.

"**Weighted Average Rating**": The meaning set out in Provision 5.3 of the Portfolio Provisions.

"**Weighted Average Rating Test**": The meaning set out in Provision 5.3 of the Portfolio Provisions.

"**Weighted Average Recovery Rate**": As of any Measurement Date, the number obtained by summing the products obtained by multiplying the Principal Amount of each Underlying Asset by the Applicable Recovery Percentage for such Underlying Asset, dividing such sum by the aggregate Principal Amount of all such Underlying Assets, multiplying the result by 100 and rounding to the first decimal place.

"**Weighted Average Recovery Rate Test**": A test satisfied, as of any Measurement Date, if the Weighted Average Recovery Rate is greater than or equal to 50%.

"**Weighted Average S&P Recovery Rate**": The meaning given to that term in Provision 5.6 of the Portfolio Provisions.

"**Weighted Average S&P Recovery Rate Test**" The meaning given to that term in Provision 5.6 of the Portfolio Provisions.

"**Weighted Average Spread**": The weighted average spread of all Underlying Assets.

"**WestLB AG**": WestLB AG, Düsseldorf, Germany.

"**Withholding Tax Event**": Any change in or the adoption of any applicable tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation which results in any portion of any payment due from any borrower, issuer or Synthetic Securities Counterparty of Underlying Assets representing in excess of 10% aggregate principal amount of the Underlying Assets then pledged as Collateral Assets becoming properly subject to the imposition of withholding tax however disregarding Underlying Assets the obligor of which is required to make "gross-up" payments that cover the full amount of any such withholding tax.

"**Zero Coupon Bond**": Any Underlying Asset which, by its terms, does not provide for the payment of interest or has total deferral of interest until the final maturity or termination date of such security.

2. CONSTRUCTION

2.1 Words denoting the singular shall include the plural and vice versa.

2.2 Any reference in the Transaction Documents to this Agreement or any other agreement or document shall be construed as a reference to this Agreement, the relevant agreement or document as the same may have been, or may from time to time be, renewed, extended, amended, varied, novated, supplemented or superseded.

2.3 Save where the contrary is indicated, any reference in the Transaction Documents to a time of

day shall be construed as a reference to the time in Frankfurt am Main.

2.4 Where a German legal term has been used in the Transaction Documents governed by German law, such German legal term (and not the English legal term or concept to which it relates) shall be authoritative for the purpose of construction. Where an English legal term has been used in the Transaction Documents governed by German law, the related German legal term or concept shall be authoritative for the purpose of construction, *provided that* legal terms shall be construed in accordance with English law or any other law if specifically so provided or the context so requires.

2.5 In the case of an inconsistency between any definition set out herein and the corresponding definition in the Transaction Documents, the latter shall prevail.

2.6 Reference in the Transaction Documents to any party in a certain capacity shall be deemed to refer to any of its successors in such capacity.

2.7 Without prejudice to any specific rounding provisions, if the Transaction Documents provide for the measurement of compliance with a test or other criterion, or provide for the determination of the satisfaction of any condition, by comparison of the numerical result of a given calculation formula with a given numerical value, the numerical result of such calculation formula shall be rounded to the number of digits such given numerical value is expressed in the Transaction Documents before such measurement of compliance or determination of satisfaction with a condition is made.

3. COMMUNICATIONS

All communications hereunder shall be made in English by e-mail, mail or by fax, *provided that* notices regarding the termination of this Agreement given by e-mail or fax shall be confirmed by mail. Subject to written notification of any change of address, all communications hereunder shall be directed to the addresses identified in Exhibit A hereto.

4. VARIATION; ASSIGNMENT

4.1 No variation of this Agreement shall be effective unless it is in writing and has received Rating Agency Confirmation. Waivers of this requirement as to form shall also be made in writing.

4.2 The Issuer hereby gives notice to each Party hereunder that it has pursuant to the Trust Agreement pledged to the Trustee all its present and future, actual and contingent claims and rights arising hereunder as a security for the Trustee Claim as defined in the Trust Agreement. Each Party hereby acknowledges the receipt of the above notice of, and agrees to, such pledge and confirms that it has knowledge of the provisions of the Trust Agreement relating thereto. Each Party hereby waives any pledge or other security interest (whether pursuant to its standard terms and conditions or otherwise) relating to the claims being the subject of the pledge, and confirms that it is not aware of any rights of third parties in respect of such claims.

4.3 No Party may assign all or a portion of its rights or obligations hereunder except as permitted herein or in the other Transaction Documents.

5. SEVERABILITY

In the event that any provision of this Agreement is or becomes legally invalid in whole or in

part, the remaining provisions hereof shall not be affected thereby. Any invalid provisions shall be replaced in accordance with the intent and purpose of this Agreement and as permitted by law by valid provisions which most closely approximate the financial effect of the invalid provisions. The foregoing provisions shall apply *mutatis mutandis* with regard to any contractual gaps.

6. LAW AND JURISDICTION

6.1 This Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany.

6.2 The District Court (*Landgericht*) in Frankfurt am Main shall have non-exclusive jurisdiction over disputes arising out of or in connection with this Agreement. The preceding sentence shall not limit the right of any of the parties hereto to initiate legal proceedings against any other party hereto which arise from or in relation to this Agreement before any other competent court. The Issuer has appointed FIDEUROP Treuhandgesellschaft für den Gemeinsamen Markt mbH, Wirtschaftsprüfungsgesellschaft, with its seat on the date hereof Bockenheimer Anlage 15, Mozartplatz, 60322 Frankfurt am Main, Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court. The Trustee has appointed Dr. Friedrich Trockels, Rechtsanwalt, with the address on the date hereof at Grüneburgweg 14, 60322 Frankfurt am Main, Germany, as its agent who is authorised to receive service of process in relation to any legal proceedings initiated before a German court. The Investment Board Provider has appointed Hypo Real Estate Bank International AG with its address as of the date hereof at, Attention: Ralf Dresch, Büchsenstrasse 26, 70174 Stuttgart, Germany, as its authorised agent for service of process in relation to any legal proceedings initiated before a German court.

7. CONDITION PRECEDENT

This Agreement and the rights and obligations hereunder are subject to the condition precedent that the Notes will be issued and that the Issue Price for the Notes (except for the Class A1 Delayed Draw Note) will be paid pursuant to the Placement Agreement.

8. COUNTERPARTS

This Agreement may be executed in one or more counterparts. Each signed counterpart shall constitute an original, but all of which together shall constitute one and the same agreement.

APPENDIX B

INDEX OF DEFINED TERMS

Following is an index of defined terms used in this Prospectus and the page number where each definition appears.

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