Credit-Linked Note Structure

Structural Diagram

These terms are for illustrative purposes only and may not represent the final structure. Refer to the final Offering Circular for the final terms and structure.
Credit-Linked Note Structure

Issuance and Use of Proceeds

- ABACUS 2007-AC1, Ltd. (the “Issuer”) a Cayman Islands SPV, will issue the Notes on the closing date.
- Goldman Sachs will not be paid any structuring, underwriting or placement fees by the Issuer.
- The proceeds of the issuance of the Notes will be invested in senior, floating-rate, triple-A structured product securities (the “Collateral Securities”).
  - Collateral Securities will be selected by Goldman Sachs, subject to the limitations set forth in the Offering Circular.
  - Any proceeds not invested in Collateral Securities on or after the closing date will be held in cash or cash equivalents (“Eligible Investments”) pending investment in eligible Collateral Securities.
  - There will be no trading or substitution of Collateral Securities by Goldman Sachs; only reinvestment of principal paydowns into new eligible Collateral Securities will be permitted.
- Goldman Sachs will enter into a CDS with the Issuer to buy protection on Reference Portfolio losses related to the Class A through Class D Notes.
  - The Collateral Securities and/or Eligible Investments will be available to make payments to Goldman Sachs in the case of writedowns or other Credit Events occurring on the Reference Portfolio, which in each case incur writedowns on the Class A through Class D Notes.
- Goldman Sachs will cover all upfront expenses of the Issuer through an upfront payment under the CDS.
- Goldman Sachs will cover all ongoing expenses of the Issuer through periodic payments under the CDS.

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Credit-Linked Note Structure\(^{(1)}\)

**Interest Payments on the Notes**

- The Notes will pay interest monthly at the applicable Series Interest Rate, accrued actual/360 on the daily Outstanding Principal Amount of the Notes.

- Goldman Sachs will pay the applicable spread over LIBOR\(^{(2)}\) on the Notes to the Issuer via the CDS premium.

- Goldman Sachs will pay the applicable LIBOR\(^{2}\) index on the Notes to the Issuer via the Basis Swap, versus receiving from the Issuer the interest collections in the relevant period paid on the Collateral Securities and/or Eligible Investments.

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(2) USD LIBOR, or for any Notes issued in Approved Currencies other than USD, the Applicable Index for such Notes.
Credit-Linked Note Structure\(^{(1)}\)

*Principal Payments on the Notes*

- Any notional principal amortization on Credit Events are applied to amortize the Transaction sequentially.
- If notional principal is allocated to a Class of Notes, a like par amount of Collateral Securities and/or Eligible Investments will be liquidated to fund a payment of principal to such Notes.
- Goldman Sachs writes a par put (the “Collateral Put”) to the Issuer if Collateral Securities are liquidated in order to fund:
  - Cash settlements to Goldman Sachs under the CDS;
  - Principal amortization of the Notes reflecting principal amortization of the Reference Portfolio; and
  - Optional Redemption of one or more Classes of Notes.
- The Collateral Put will not be exercisable upon the occurrence of a Mandatory Redemption of the Notes.

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