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#### **DISCLAIMER**

Attached please find an electronic copy of the Offering Circular dated January 9, 2013 (the "*Offering Circular*") relating to the offering by Mercer Field CLO LP of certain securities (the "*Offering*").

The Offering Circular shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

In order to be eligible to view this email and/or access the Offering Circular or make an investment decision with respect to the securities described therein, you must either (i) both (a) be a "*qualified purchaser*" within the meaning of Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "*Investment Company Act*") and (b) not be a "U.S. person" within the meaning of Regulation S under the Securities Act of 1933, as amended (the "*Securities Act*"), or (ii) be a "*Qualified Institutional Buyer*" within the meaning of Rule 144A under the Securities Act (or, solely in the case of the Income Notes, an "*accredited investor*" within the meaning set forth in Rule 501(a) under the Securities Act) that is also a "*qualified purchaser*" within the meaning of Section 3(c)(7) of the Investment Company Act (or, solely in the case of the Income Notes, a "*Knowledgeable Employee*" with respect to the Issuer for purposes of Rule 3c-5 of the Investment Company Act).

Distribution of this electronic transmission of the Offering Circular to any person other than (a) the person receiving this electronic transmission from the Initial Purchaser or Placement Agent on behalf of the Issuer, and (b) any person retained to advise the person receiving this electronic transmission with respect to the offering contemplated by the Offering Circular (each, an "*Authorized Recipient*") is unauthorized. Any photocopying, disclosure or alteration of the contents of the Offering Circular, and any forwarding of a copy of the Offering Circular or any portion thereof by electronic mail or any other means to any person other than an Authorized Recipient, except as expressly authorized herein, is prohibited. By accepting delivery of the Offering Circular, each recipient hereof agrees to the foregoing.

**NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, EFFECTIVE FROM THE DATE OF COMMENCEMENT OF DISCUSSIONS, RECIPIENTS, AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF THE RECIPIENTS, MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE U.S. TAX TREATMENT AND TAX STRUCTURE OF THE OFFERING AND ALL MATERIALS OF ANY KIND, INCLUDING OPINIONS OR OTHER TAX ANALYSES, THAT ARE PROVIDED TO THE RECIPIENTS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. THIS AUTHORIZATION TO DISCLOSE THE U.S. TAX TREATMENT AND TAX STRUCTURE DOES NOT PERMIT DISCLOSURE OF INFORMATION IDENTIFYING THE ISSUER, THE INITIAL PURCHASER, THE PLACEMENT AGENT, THE COLLATERAL MANAGER OR ANY OTHER PARTY TO THE TRANSACTION, THIS OFFERING OR THE PRICING (EXCEPT TO THE EXTENT SUCH INFORMATION IS RELEVANT TO U.S. TAX STRUCTURE OR TAX TREATMENT) OF THIS OFFERING.**

## OFFERING CIRCULAR

### MERCER FIELD CLO LP

**U.S.\$556,500,000 Class A Senior Secured Floating Rate Notes due 2035**  
**U.S.\$154,350,000 Class B Senior Secured Floating Rate Notes due 2035**  
**U.S.\$78,750,000 Class C Mezzanine Secured Deferrable Fixed Rate Notes due 2035**  
**U.S.\$65,100,000 Class D Mezzanine Secured Deferrable Fixed Rate Notes due 2035**  
**U.S.\$60,480,000 Class E Mezzanine Secured Deferrable Fixed Rate Notes due 2035**  
**U.S.\$138,630,000 Income Notes due 2035**  
**U.S.\$332,583,500 Exchangeable Combination Notes due 2035**

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Mercer Field CLO LP, a Delaware limited partnership (the "*Issuer*") will issue U.S.\$556,500,000 Class A Senior Secured Floating Rate Notes due 2035 (the "*Class A Notes*"), U.S.\$154,350,000 Class B Senior Secured Floating Rate Notes due 2035 (the "*Class B Notes*"), U.S.\$78,750,000 Class C Mezzanine Secured Deferrable Fixed Rate Notes due 2035 (the "*Class C Notes*") and U.S.\$65,100,000 Class D Mezzanine Secured Deferrable Fixed Rate Notes due 2035 (the "*Class D Notes*") and, collectively with the Class A Notes, the Class B Notes and the Class C Notes, the "*Non-ERISA Restricted Notes*"). Concurrently with the issuance of the Non-ERISA Restricted Notes, the Issuer will issue U.S.\$60,480,000 Class E Mezzanine Secured Deferrable Fixed Rate Notes due 2035 (the "*Class E Notes*") and, collectively with the Non-ERISA Restricted Notes, the "*Secured Notes*"), U.S.\$138,630,000 Income Notes due 2035 (the "*Income Notes*") and U.S.\$332,583,500 Exchangeable Combination Notes due 2035 (the "*Exchangeable Combination Notes*"). Residual Combination Notes, if any, having the characteristics described herein (the "*Residual Combination Notes*") and, collectively with the Exchangeable Combination Notes, the "*Combination Notes*"; the Combination Notes collectively with the Secured Notes and the Income Notes, the "*Notes*"), will be issued as described under "Description of the Notes—The Combination Notes—Issuance of Residual Combination Notes; Redemption". The Notes will be sold at negotiated prices determined at the time of sale. See "Plan of Distribution" beginning on page 168.

The Issuer's investment portfolio will consist primarily of bank loans, senior secured bonds and Participation Interests. The portfolio will be managed by Guggenheim Partners Investment Management, LLC.

#### **Investing in the Notes involves risks. See "Risk Factors" beginning on page 30.**

No Notes will be issued unless upon issuance (i) the Class A Notes are rated "AAA sf" by Fitch and "AAA(sf)" by S&P, (ii) the Class B Notes are rated at least "AA sf" by Fitch and "AA(sf)" by S&P, (iii) the Class C Notes are rated at least "A sf" by Fitch and "A(sf)" by S&P, (iv) the Class D Notes are rated at least "BBB sf" by Fitch and "BBB(sf)" by S&P, (v) the Class E Notes are rated at least "BB sf" by Fitch and "BB(sf)" by S&P and (v) the Exchangeable Combination Notes are rated at least "BBB-sf" (as to ultimate repayment of principal) by Fitch. The Residual Combination Notes (if any) and the Income Notes will not be rated. See "Ratings of the Secured Notes and Exchangeable Combination Notes" beginning on page 108.

Application has been made to the Irish Stock Exchange for the Notes (other than the Residual Combination Notes) to be admitted to the Official List and trading on its regulated market. The Offering Circular has been approved by the Central Bank of Ireland (the "Central Bank"), as competent authority under the Prospectus Directive 2003/71/EC (the "Prospectus Directive"). The Central Bank only approves this Offering Circular as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to the Notes (other than the Residual Combination Notes) which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. There can be no assurance that such listing will be maintained. This Offering Circular constitutes a prospectus for the purposes of the Prospectus Directive.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT. THE NOTES ARE BEING OFFERED ONLY TO PERSONS THAT ARE (I) BOTH (A) A "QUALIFIED PURCHASER" WITHIN THE MEANING OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT AND (B) NOT A "U.S. PERSON" WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (II) A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (OR, SOLELY IN THE CASE OF THE INCOME NOTES, AN "ACCREDITED INVESTOR" WITHIN THE MEANING SET FORTH IN RULE 501(a) UNDER THE SECURITIES ACT) THAT IS ALSO A "QUALIFIED PURCHASER" WITHIN THE MEANING OF SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT (OR, SOLELY IN THE CASE OF THE INCOME NOTES, A "KNOWLEDGEABLE EMPLOYEE" WITH RESPECT TO THE ISSUER FOR PURPOSES OF RULE 3c-5 OF THE INVESTMENT COMPANY ACT. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. EACH ORIGINAL PURCHASER OF A NOTE WILL BE DEEMED TO MAKE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS, WARRANTIES AND CERTIFICATIONS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON TRANSFER, SEE "TRANSFER RESTRICTIONS" BEGINNING ON PAGE 172.

The Notes are expected to be delivered to investors in book-entry form through The Depository Trust Company (or, in the case of Certificated Notes, physical form) and its participants and indirect participants, including, without limitation, Euroclear and Clearstream, on or about December 20, 2012.

A version of this Offering Circular was originally distributed on December 20, 2012 (the "*Original Distribution Date*") and has been amended for listing purposes on the date hereof. The Central Bank has not reviewed or approved the version of the Offering Circular distributed on the Original Distribution Date.

*Initial Purchaser of the Class A Notes, Class B Notes and a portion of the Income Notes and  
Placement Agent of the Class C Notes, Class D Notes, Class E Notes,  
Combination Notes and the remaining portion of the Income Notes.*

**Citigroup**

January 9, 2013

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## **IMPORTANT INFORMATION REGARDING THIS OFFERING CIRCULAR AND THE NOTES**

In making your investment decision, you should only rely on the information contained in this Offering Circular and in the Transaction Documents. No person has been authorized to give you any information or to make any representation other than those contained in this Offering Circular and in the Transaction Documents. If you receive any other information, you should not rely on it.

You should not assume that the information contained in this Offering Circular is accurate as of any date other than the date on the front cover of this Offering Circular.

The Notes are being offered and sold only in places where offers and sales are permitted.

The Issuer and Citigroup reserve the right, for any reason, to reject any offer to purchase in whole or in part, to allot to you less than the full amount of Notes sought by you or to sell less than the stated initial principal amount of any Class of Notes.

The Notes do not represent interests in or obligations of, and are not insured or guaranteed by, Citigroup, the Collateral Manager, the Trustee, the Collateral Administrator or any of their respective affiliates.

The Notes are subject to restrictions on resale and transfer as described under "Description of the Notes," "Plan of Distribution" and "Transfer Restrictions." By purchasing any Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in "Transfer Restrictions." You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

Unless the context otherwise requires or as otherwise indicated, in this Offering Circular, "Citigroup" means Citigroup Global Markets Inc. in its capacity as initial purchaser of the Class A Notes and a portion of the Income Notes and as placement agent of the Placed Notes.

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## **NOTICE TO NEW HAMPSHIRE RESIDENTS**

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

This Offering Circular is being provided ~~only to prospective purchasers of the Notes.~~ You should read this Offering Circular and the Transaction Documents before making a decision whether to purchase any Notes. Except as otherwise authorized above, you must not:

- use this Offering Circular for any other purpose;
- make copies of any part of this Offering Circular or give a copy of it to any other person; or
- disclose any information in this Offering Circular to any other person.

You are responsible for making your own examination of the Issuer and the Collateral Manager and your own assessment of the merits and risks of investing in the Notes. By purchasing any Notes, you will be deemed to have acknowledged that:

- you have reviewed this Offering Circular;
- you have had an opportunity to request any additional information that you need from the Issuer;  
and
- none of Citigroup, the Trustee, the Collateral Administrator and the Collateral Manager is responsible for, or is making any representation to you concerning, (i) the future performance of the Issuer or (ii) the accuracy or completeness of this Offering Circular.

None of the Issuer, Citigroup, the Collateral Manager and the other parties to the transactions contemplated by this Offering Circular, and none of their respective affiliates, is providing you with any investment, accounting, legal, business, tax or other advice in this Offering Circular. You should consult with your own advisors as needed to assist you in making an investment decision and to advise you as to whether you are legally permitted to purchase the Notes.

THE NOTES ARE BEING OFFERED IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THESE EXEMPTIONS APPLY TO OFFERS AND SALES OF NOTES THAT DO NOT INVOLVE A PUBLIC OFFERING. THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, AND NONE OF THE FOREGOING AUTHORITIES HAS CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Issuer accepts responsibility for the information contained in this Offering Circular and, to the best of the knowledge and belief of the Issuer (which has taken reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Collateral Manager accepts responsibility for the Collateral Manager Information and, to the best of the knowledge and belief of the Collateral Manager (which has taken reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Bank of New York Mellon Trust Company, National Association, in each of its capacities, including but not limited to Trustee, Calculation Agent, Paying Agent and Collateral Administrator, has not participated in the preparation of this Offering Circular and assumes no responsibility for its content.

APPLICATION HAS BEEN MADE TO LIST THE NOTES (OTHER THAN THE RESIDUAL COMBINATION NOTES) ON THE IRISH STOCK EXCHANGE. HOWEVER, THERE CAN BE NO ASSURANCES THAT THE IRISH STOCK EXCHANGE WILL IN FACT GRANT THE LISTING OF SUCH NOTES OR, IF GRANTED, THAT SUCH LISTING WILL BE MAINTAINED.

You must comply with all laws that apply to you in any place where you buy, offer or sell any Notes or possess this Offering Circular. You must also obtain any consents or approvals that you need in order to purchase any Notes. None of the Issuer, Citigroup, the Collateral Manager and the other parties to the transactions contemplated by this Offering Circular is responsible for your compliance with these legal requirements.

You are hereby notified that a seller of the Notes may rely on an exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering.

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## **IMPORTANT INFORMATION REGARDING OFFERS AND SALES OF THE NOTES**

The securities referred to in this Offering Circular, and the assets backing them, are subject to modification or revision and are offered on a "when, as and if issued" basis. You understand that, when you are considering the purchase of the securities, a binding contract of sale will not exist prior to the time that the relevant class has been priced and Citigroup or the Issuer, as applicable, has confirmed the allocation of such securities to be made to you; prior to that time any "indications of interest" expressed by you, and any "soft circles" generated by Citigroup or the Issuer, as applicable, will not create binding contractual obligations for you or Citigroup (or the Issuer, as applicable) and may be withdrawn at any time.

You may commit to purchase one or more classes of securities that have characteristics that may change, and you are advised that all or a portion of the securities may not be issued with the characteristics described in this Offering Circular. The obligation of the Issuer to issue and sell, and of Citigroup to purchase and resell, any such securities to you is conditioned on the securities having the characteristics described in this Offering Circular. If Citigroup or the Issuer determines that any condition is not satisfied in any material respect, you will be notified, and neither the Issuer nor Citigroup will have any obligation to you to deliver any portion of the securities that you have committed to purchase, and there will be no liability among the Issuer, its affiliates, Citigroup and you as a consequence of the non-delivery. Your payment for the Notes will confirm your agreement to the terms and conditions described in this Offering Circular.

The information contained herein supersedes any previous such information delivered to you and may be superseded by information delivered to you prior to the time of contract of sale.

~~THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, (I) ANY SECURITIES OTHER THAN THE NOTES OR (II) ANY NOTES IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER OR SOLICITATION. THE DISTRIBUTION OF THIS OFFERING CIRCULAR AND THE OFFER OR SALE OF THE NOTES MAY BE RESTRICTED BY LAW IN CERTAIN JURISDICTIONS. PERSONS INTO WHOSE POSSESSION THIS OFFERING CIRCULAR OR ANY OF THE NOTES COME ARE REQUIRED BY THE ISSUER, THE INITIAL PURCHASER AND THE PLACEMENT AGENT TO INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS.~~

EACH PROSPECTIVE PURCHASER OF ANY OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH NOTES OR POSSESSES OR DISTRIBUTES THIS OFFERING CIRCULAR AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY IT FOR THE PURCHASE, OFFER OR SALE BY IT OF THE NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER, THE INITIAL PURCHASER, THE PLACEMENT AGENT, THE COLLATERAL MANAGER AND ANY OF THEIR RESPECTIVE AFFILIATES SHALL HAVE ANY RESPONSIBILITY THEREFOR.

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## **NOTICE TO FLORIDA RESIDENTS**

The Notes are offered pursuant to a claim of exemption under Section 517.061 of the Florida Securities and Investor Protection Act and have not been registered under said act in the state of Florida. All Florida residents who are not institutional investors described in Section 517.061(7) of the Florida Securities and Investor Protection Act have the right to void their purchase of the Notes, without penalty, within three days after the first tender of consideration.

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## NOTICE TO GEORGIA RESIDENTS

The Notes will be issued or sold in reliance on paragraph (13) of code Section 10-5-9 of the Georgia Securities Act of 1973, and may not be sold or transferred except in a transaction which is exempt under such act or pursuant to an effective registration under such act.

## NOTICE TO RESIDENTS OF THE UNITED KINGDOM

WITHIN THE UNITED KINGDOM, THIS OFFERING CIRCULAR MAY NOT BE PASSED ON EXCEPT TO INVESTMENT PROFESSIONALS OR OTHER PERSONS IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED) DOES NOT APPLY TO THE ISSUER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "*RELEVANT PERSONS*"). THIS OFFERING CIRCULAR MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING CIRCULAR RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

RELEVANT PERSONS SHOULD NOTE THAT ALL, OR MOST, OF THE PROTECTIONS OFFERED BY THE UNITED KINGDOM REGULATORY SYSTEM WILL NOT APPLY TO AN INVESTMENT IN THE NOTES AND THAT COMPENSATION WILL NOT BE AVAILABLE UNDER THE UNITED KINGDOM FINANCIAL SERVICES COMPENSATION SCHEME.

## NOTICE TO RESIDENTS OF MEMBER STATES OF THE EUROPEAN ECONOMIC AREA

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a "*relevant member state*"), each of the Initial Purchaser and the Placement Agent has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the "*relevant implementation date*") it has not made and will not make an offer of Notes to the public which are the subject of this Offering Circular other than:

- (a) to any legal entity that is a "*qualified investor*" as defined in the Prospectus Directive, any amendments thereto to the extent implemented in each relevant member state and any relevant implementing measure in each relevant member state;
- (b) to fewer than 100 or, if the relevant member state has implemented the relevant provision of Directive 2010/73/EU, 150, natural or legal persons (other than qualified investors), as permitted in the Prospectus Directive, any amendments thereto to the extent implemented in each relevant member state and any relevant implementing measure in each relevant member state, subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, any amendments thereto to the extent implemented in each relevant member state and any relevant implementing measure in each relevant member state;

*provided* that no such offer of securities shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive, any amendments thereto to the extent implemented in each relevant member state and any relevant implementing measure in each relevant member state.

For the purposes of this provision, the expression an "offer of Notes to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the expression may be varied in that member state by any amendments to the Prospectus Directive to the extent implemented in that member state and any measure implementing the Prospectus Directive in that member state, and the expression "*Prospectus Directive*" means Prospectus Directive 2003/71/EC.

## FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements, which can be identified by words like "anticipate," "believe," "plan," "hope," "goal," "initiative," "expect," "future," "intend," "will," "could," and "should" and by similar expressions. Other information herein, including any estimated, targeted or assumed information, also may be deemed to be, or to contain, forward-looking statements. You should not place undue reliance on forward-looking statements. Actual results could differ materially from those referred to in forward-looking statements for many reasons, including the risks described in "Risk Factors." Forward-looking statements are necessarily speculative in nature, and it can be expected that some of or all of the assumptions underlying any forward-looking statements will not materialize or will vary significantly from actual results. Variations between assumptions and results may be material.

Without limiting the generality of the foregoing, you should not regard the inclusion of forward-looking statements in this Offering Circular as a representation by the Issuer, the Collateral Manager, Citigroup, the Trustee, the Collateral Administrator or any of their respective affiliates or any other person of the results that will actually be achieved by the Issuer or the Notes. None of the foregoing persons has any obligation to update or otherwise revise any forward-looking statements, including any revisions to reflect changes in any circumstances arising after the Original Distribution Date relating to any assumptions or otherwise.

Notwithstanding the foregoing, you may assume that events described as anticipated or expected to occur on or prior to the Original Distribution Date or the Closing Date, events described as events that "will" occur on or prior to the Original Distribution Date or the Closing Date, and circumstances described as anticipated or expected to be the case on (or as of) the Original Distribution Date or the Closing Date or at issuance of the Notes or as circumstances that "will" be the case on (or as of) the Original Distribution Date or the Closing Date, did occur or were the case on, prior to or as of such date or at issuance of the Notes, as applicable; that the expected initial ratings of the Notes were received; that the Notes were issued pursuant to the Indenture; that the Notes have the characteristics described as characteristics that they "will" have; that the opinions of special U.S. federal income tax counsel described herein were received; that the circumstances described as expected to be the case and the events described as events that "will" happen under "Use of Proceeds—General" were the case and did happen; that the proposed capitalization and indebtedness of the Issuer described under "The Issuer—Capitalization of the Issuer" was the Issuer's capitalization and indebtedness as of the Closing Date; and that provisions described as provisions that "will" be embodied in any Transaction Document are embodied in such Transaction Document.

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## CERTAIN DEFINITIONS AND RELATED MATTERS

Unless otherwise indicated, (i) references in this Offering Circular to "*U.S. Dollars*," "*Dollars*" and "*U.S.\$*" will be to United States dollars; (ii) references to the term "holder" will mean the person in whose name a security is registered; except where the context otherwise requires, holder will include the beneficial owner of such security; and (iii) references to "*U.S.*" and "*United States*" will be to the United States of America, its territories and its possessions.

The language of the Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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## SUMMARIES OF DOCUMENTS

This Offering Circular summarizes certain provisions of the Notes, the Indenture, the Collateral Management Agreement, the Issuer LP Agreement and other transactions and documents. The summaries do not purport to be complete and (whether or not so stated in this Offering Circular) are subject to, are qualified in their entirety by reference to, and incorporate by reference, the provisions of the actual documents (including definitions of terms). Copies of the above documents are available on request from the Trustee. However, no documents incorporated by reference are part of this Offering Circular for purposes of the admission of any Notes to trading on the regulated market of the Irish Stock Exchange.



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#### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A in connection with the sale of the Notes, the Issuer under the Indenture referred to under "Description of the Notes" will be required to furnish upon request of a holder of a Note to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request the Issuer is not a reporting company under Section 13 or Section 15(d) of the Exchange Act, or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. Such information may be obtained directly from the Issuer or through the paying agent in Ireland at the address set forth on the final page of this Offering Circular.

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## OVERVIEW OF TERMS

*The following overview does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Offering Circular (the "Offering Circular") and related documents referred to herein. An index of defined terms appears at the back of this Offering Circular.*

### Principal Terms of the Notes

Designation	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Income Notes	Combination Notes
Type	Senior Secured Floating Rate Notes	Senior Secured Floating Rate Notes	Mezzanine Secured Deferrable Fixed Rate Notes	Mezzanine Secured Deferrable Fixed Rate Notes	Mezzanine Secured Deferrable Fixed Rate Notes	Income Notes	Combination Notes
Initial Principal Amount (U.S.\$)	\$556,500,000	\$154,350,000	\$78,750,000	\$65,100,000	\$60,480,000	\$138,630,000	Exchangeable Combination Notes: \$332,583,500 <sup>1</sup>
Expected Fitch Initial Rating	"AAA sf"	"AA sf"	"A sf"	"BBB sf"	"BBsf "	N/A	"BBB- sf" <sup>2</sup>
Expected S&P Initial Rating	"AAA(sf)"	"AA(sf)"	"A(sf)"	"BBB(sf)"	"BB(sf)"	N/A	N/A
Interest Rate	LIBOR + 1.45%	LIBOR + 2.40%	4.40%	6.32%	8.19%	N/A	N/A
Interest Deferrable	No	No	Yes	Yes	Yes	N/A	N/A
Stated Maturity	June 25, 2035	June 25, 2035	June 25, 2035	June 25, 2035	June 25, 2035	June 25, 2035	June 25, 2035
Minimum Denominations (U.S.\$) (Integral Multiples)	\$1,000,000 (\$1.00)	\$1,000,000 (\$1.00)	\$1,000,000 (\$1.00)	\$1,000,000 (\$1.00)	\$2,000,000 (\$1.00)	\$2,000,000 <sup>3</sup> (\$1.00)	\$11,000,000 (\$1.00)
Priority Classes	None	A	A, B	A, B, C	A, B, C, D	A, B, C, D, E	N/A
Pari Passu Classes	None	None	None	None	None	None	N/A
Junior Classes	B, C, D, E, Income Notes	C, D, E, Income Notes	D, E, Income Notes	E, Income Notes	Income Notes	None	N/A

<sup>1</sup> The aggregate initial principal amount of the Residual Combination Notes (if any) will be the Residual Combination Note Balance.

<sup>2</sup> As to ultimate repayment of principal of the Exchangeable Combination Notes. The Residual Combination Notes (if any) will not be rated.

<sup>3</sup> In the case of Income Note held by a specified Holder, the minimum denomination shall be any lesser amount of at least U.S.\$500,000 to which the Issuer shall agree with such Holder.

<b><i>Issuer:</i></b>	Mercer Field CLO LP, a Delaware limited partnership.
<b><i>Collateral Manager:</i></b>	Guggenheim Partners Investment Management, LLC, a Delaware limited liability company ("GPIM").
<b><i>Trustee:</i></b>	The Bank of New York Mellon Trust Company, National Association.
<b><i>Collateral Administrator:</i></b>	The Bank of New York Mellon Trust Company, National Association.
<b><i>Initial Purchaser and Placement Agent:</i></b>	Citigroup Global Markets Inc.
<b><i>Eligible Purchasers:</i></b>	The Notes (other than the Combination Notes) are being offered hereby (i) to non-U.S. persons in offshore transactions in reliance on Regulation S that are also Qualified Purchasers and (ii) in the United States to persons that are (x) either (A) Qualified Institutional Buyers or (B) in the case of the Income Notes only, Accredited Investors and also (y) (A) Qualified Purchasers, (B) in the case of the Income Notes only, Knowledgeable Employees with respect to the Issuer or (C) entities owned exclusively by Qualified Purchasers or (in the case of the Income Notes only) by Knowledgeable Employees with respect to the Issuer. The Combination Notes are being offered hereby to "United States persons" as defined in Section 7701(a)(30) of the Code that are Qualified Institutional Buyers and also Qualified Purchasers or entities owned exclusively by Qualified Purchasers. See "Description of the Notes—Form, Denomination, Registration and Transfer of the Notes" and "Transfer Restrictions."
<b><i>Payments on the Notes:</i></b>	
<b><i>Payment Dates</i></b> .....	The 25 <sup>th</sup> day of March, June, September and December of each year (or, if such day is not a Business Day, the next succeeding Business Day), commencing in June 2013, except that the final Payment Date (subject to any earlier redemption or payment of the Secured Notes) shall be June 25, 2035 (or if such day is not a Business Day, the next succeeding Business Day).
<b><i>Stated Note Interest</i></b> .....	Interest on the Secured Notes is payable quarterly in arrears on each Payment Date in accordance with the Priority of Payments described herein.
<b><i>Deferral of Interest</i></b> .....	Any payment of interest due on the Class C Notes, Class D Notes or the Class E Notes on any Payment Date to the extent sufficient funds are not available to make such payment in accordance with the Priority of Payments on such Payment Date, but only if one or more Classes of Notes more senior to such Class is Outstanding, shall constitute Secured Note Deferred Interest and will not be considered due and payable on such Payment Date, but will be deferred and added to the principal balance of the applicable Class of Secured Notes and, thereafter, will bear interest at the Interest Rate applicable to such Class, until the earliest of (i) the Payment Date on which funds are available to pay such Secured Note Deferred

Interest in accordance with the Priority of Payments, (ii) the Redemption Date with respect to such Class and (iii) the Stated Maturity of such Class. Regardless of whether any Classes of Notes more senior to the Class C Notes, Class D Notes or the Class E Notes is Outstanding, to the extent that funds are not available on any Payment Date (other than the Redemption Date with respect to, or Stated Maturity of, the Class C Notes, the Class E Notes or the Class E Notes, respectively) to pay previously accrued Secured Note Deferred Interest on the Class C Notes, the Class D Notes or the Class E Notes, respectively, such previously accrued Secured Note Deferred Interest will not be due and payable on such Payment Date and any failure to pay such previously accrued Secured Note Deferred Interest on such Payment Date will not be an Event of Default under the Indenture.

See "Description of the Notes—Interest on the Secured Notes."

*Distributions on Income Notes* ..... The Income Notes will not bear a stated rate of interest, but the holders thereof will be entitled to receive distributions on each Payment Date if and to the extent funds are available for such purpose in accordance with the Priority of Payments. See "—Priority of Payments," "Description of the Notes—Priority of Payments" and "Description of the Notes—The Income Notes—Distributions on the Income Notes." See also the definition of "Income Note Specified Reclassification."

*Payments on Combination Notes* ..... The Combination Notes will not bear a stated rate of interest, but the holders thereof will be entitled to receive all proceeds in respect of the Class C Note Component, the Class D Note Component, the Class E Note Component and the Income Note Component, if and to the extent that funds are available for such purposes in accordance with the Priority of Payments, and all proceeds in respect of the Underlying Specified Security Component. See "—Priority of Payments" and "Description of the Notes—The Combination Notes—Payments".

***Reinvestment Period:***

The Reinvestment Period will be the period from and including the Closing Date to and including the earliest of (i) the payment date occurring in December 25, 2016, or, in the case of a Reinvestment Period Extension, the Reinvestment Period Extended End Date, (ii) the date of the acceleration of the maturity of any Class of Secured Notes pursuant to the Indenture and (iii) the date on which the Collateral Manager reasonably determines and notifies the Issuer, the Rating Agencies and the Trustee that it can no longer reinvest in additional Collateral Obligations in accordance with the Indenture or the Collateral Management Agreement. In the event the Reinvestment Period has been terminated due to the acceleration of the maturity of any Class of Secured Notes pursuant to the Indenture, the Reinvestment Period will be reinstated if (A) such acceleration has been rescinded, (B) no other event that would terminate the Reinvestment Period has occurred and is continuing, (C) the Issuer has obtained the

consents to such reinstatement from (x) the Collateral Manager and (y) the Majority of the Controlling Class and (D) the Rating Agencies have been notified with respect to such reinstatement.

***Reinvestment Period Extension:***

The Issuer, if directed by the Collateral Manager, shall be entitled, effective on the relevant Reinvestment Period Extension Effective Date, to extend the Reinvestment Period to the applicable Reinvestment Period Extended End Date if (i) both Fitch and S&P have been notified of the proposed Reinvestment Period Extension, (ii) the Issuer has obtained the consent of the holders of 100% of the Aggregate Outstanding Amount of each Class of Secured Notes, voting separately by Class, to the Reinvestment Period Extension and (iii) the Issuer has given written notice of its election to extend the Reinvestment Period to the Trustee no later than 15 days prior to such Reinvestment Period Extension Effective Date.

If the Reinvestment Period Extension Effective Date occurs, the Weighted Average Life Test shall automatically become subject to the Extended Weighted Average Life, without any requirement for approval or consent of any holders of Notes or amendment or supplement to the Indenture. The Stated Maturity of the Notes will not change as a result of any Reinvestment Period Extension.

At any time after written notice to extend the Reinvestment Period has been made and before the applicable Reinvestment Period Extension Effective Date, the Issuer may, if directed by the Collateral Manager, by written notice to the Trustee and the Collateral Manager (who shall forward such notice to each Rating Agency), rescind and annul such declaration to extend the Reinvestment Period and its consequences. The Trustee shall promptly forward such notice to all holders of Secured Notes and Income Notes.

See "Risk Factors—Relating to the Collateral Obligations—An extension of the Reinvestment Period involves certain risks" and "Security for the Secured Notes—Reinvestment Period Extension."

***Optional Redemption:***

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

The Secured Notes are not subject to Optional Redemption (but are subject to Special Redemption and Tax Redemption) during the period (such period, the "Non-Call Period") from and including the Closing Date to but excluding the Payment Date occurring in June 2014, except that the Issuer may effect an Optional Redemption during the Non-Call Period if the Collateral Manager certifies to the Trustee that such Optional Redemption is to be effected due to a circumstance described in clause (z) of the definition of "Non-Permitted Holder". See "Description of the Notes—Optional Redemption and Tax Redemption."

*Optional Redemption after  
the Non-Call Period*.....

If directed in writing by both (x) a Majority of the Income Notes and (y) the Collateral Manager, the Issuer will redeem the Secured Notes (i) in whole (with respect to all Classes of Secured Notes) but not in part on any Payment Date after the Non-Call Period from Sale Proceeds and/or Refinancing Proceeds or (ii) in part by Class from Refinancing Proceeds, based upon such written direction, on any Payment Date after the Non-Call Period as long as the Class of Secured Notes to be redeemed represents not less than the entire Class of such Secured Notes.

Upon any redemption in whole of the Secured Notes, the Collateral Manager shall in its sole discretion direct the sale (and the manner thereof) of Assets to the extent necessary to make payments as described under "Description of the Notes—Optional Redemption and Tax Redemption."

The Issuer may redeem the Income Notes, in whole but not in part, on any Business Day on or after the redemption or repayment in full of the Secured Notes, at the direction of either of the Collateral Manager, so long as GPIM or any Affiliate thereof is the Collateral Manager, or a Majority of the Income Notes.

There are certain other restrictions on the ability of the Issuer to effect an Optional Redemption. See "Description of the Notes—Optional Redemption and Tax Redemption."

*Redemption by Refinancing*.....

In addition to (or in lieu of) a sale of Collateral Obligations and/or Eligible Investments in the manner provided above, the Issuer may, after the Non-Call Period, redeem the Secured Notes in whole from Refinancing Proceeds and Sale Proceeds or in part by Class from Refinancing Proceeds by obtaining a loan or an issuance of replacement notes, whose terms in each case will be negotiated by the Collateral Manager on behalf of the Issuer, from one or more financial institutions or purchasers. Prior to effecting any Refinancing, the Issuer shall satisfy certain conditions. See "Description of the Notes—Optional Redemption and Tax Redemption."

***Additional Issuance:***

At any time, the Issuer may issue and sell Additional Notes of any one or more Classes and/or Additional Notes of one or more new classes that are subordinated to the existing Secured Notes and use the net proceeds to purchase additional Collateral Obligations or for other purposes permitted under the Indenture if the conditions to such additional issuance described under "Description of the Notes—The Indenture—Modification of Indenture," and/or "Description of the Notes—The Indenture—Additional Issuance" as applicable, are satisfied.

***Tax Redemption:***

If a Tax Event has occurred and is continuing, the Secured Notes shall be redeemed in whole but not in part at the written direction (delivered to the Trustee) of (x) a Majority of any Class of Secured Notes that, as a result of the occurrence of such Tax Event, has not received 100% of the aggregate amount of principal and interest that would otherwise be due and payable to such Class on any Payment Date (each such Class, an "*Affected Class*") or (y) a Majority of the Income Notes.

***Redemption Prices:***

The Redemption Price of each Secured Note to be redeemed in an Optional Redemption or Tax Redemption will be (a) 100% of the Aggregate Outstanding Amount of such Secured Note *plus* (b) accrued and unpaid interest thereon (including, in the case of a Class C Note, Class D Note or Class E Note, any accrued and unpaid Deferred Interest and interest on any accrued and unpaid Deferred Interest with respect to such Class C Note, Class D Note or Class E Note) to the Redemption Date *plus* (c) in the case of a Class A Note or a Class B Note, any applicable Class A Make Whole Amount or Class B Make Whole Amount; *provided* that, in connection with any Tax Redemption, holders of 100% of the Aggregate Outstanding Amount of any Class of Secured Notes may elect to receive less than 100% of the Redemption Price that would otherwise be payable to the holders of such Class of Secured Notes.

"*Class A Make Whole Amount*" means, with respect to any Optional Redemption or Tax Redemption of the Class A Notes (other than a Tax Redemption directed by an Affected Class of Secured Notes) occurring prior to the Payment Date in December 2015, the sum of the amounts for each Payment Date from but excluding the Redemption Date to and including the Payment Date in December 2015 equal to (x) the Aggregate Outstanding Amount of the Class A Notes immediately prior to such Redemption Date multiplied by (y) the Class A Make Whole Spread applicable to such Payment Date multiplied by (z) the product of the actual number of days in the applicable Interest Accrual Period divided by 360, in each case discounted to present value using a discount rate equal to the forward LIBOR rate specified on the Reuters Screen with a tenor equal to the length of time between the Redemption Date and the applicable Payment Date; *provided* that no Class A Make Whole Amount will be due and owing in connection with any Optional Redemption if the Collateral Manager certifies to the Trustee that (i) it directed such Optional Redemption due to a circumstance of the kind described in clause (z) of the definition of "Non-Permitted Holder" and (ii) at the time of such Optional Redemption, a Majority of the Class A Notes, in the reasonable judgment of the Collateral Manager, are "Non-Permitted Holders" as a result of such circumstance.

"*Class A Make Whole Spread*" means, with respect to a Payment Date occurring in (i) June 2014, 1.75%; (ii) September 2014, 1.55%; and (iii) December 2014, 1.40%

and (iv) March 2015 or thereafter until December 2015, 1.30%.

"Class B Make Whole Amount" means with respect to any Optional Redemption or Tax Redemption of the Class B Notes (other than a Tax Redemption directed by an Affected Class of Secured Notes) occurring prior to the Payment Date in December 2015, the sum of the amounts for each Payment Date from but excluding the Redemption Date to and including the Payment Date in December 2015 equal to (x) the Aggregate Outstanding Amount of the Class B Notes immediately prior to such Redemption Date multiplied by (y) the Class B Make Whole Spread applicable to such Payment Date multiplied by (z) the product of the actual number of days in the applicable Interest Accrual Period divided by 360, in each case discounted to present value using a discount rate equal to the forward LIBOR rate specified on the Reuters Screen with a tenor equal to the length of time between the Redemption Date and the applicable Payment Date; provided that no Class B Make Whole Amount will be due and owing in connection with any Optional Redemption if the Collateral Manager certifies to the Trustee that (i) it directed such Optional Redemption due to a circumstance of the kind described in clause (z) of the definition of "Non-Permitted Holder" and (ii) at the time of such Optional Redemption, a Majority of the Class B Notes, in the reasonable judgment of the Collateral Manager, are "Non-Permitted Holders" as a result of such circumstance.

"Class B Make Whole Spread" means, with respect to a Payment Date occurring in (i) June 2014, 2.50%, (ii) September 2014, 2.35%; (iii) December 2014, 2.25%; and (iv) March 2015 or thereafter until December 2015, 2.10%.

The Redemption Price for each Income Note will be its proportional share (based on the Aggregate Outstanding Amount of the Income Notes) of the amount of the proceeds of the Assets remaining after giving effect to the Optional Redemption or Tax Redemption, as applicable, of the Secured Notes in whole or after all of the Secured Notes have been repaid in full and all expenses of the Issuer have been paid in full and/or a reserve for such expenses (including all Collateral Management Fees, Administrative Expenses and Custodial Receipt Custodial Expenses) has been created.

***Special Redemption:***

*Redemption during the  
Reinvestment Period* .....

The Secured Notes will be subject to redemption in part by the Issuer in accordance with the priorities described in "—Priority of Payments—Application of Principal Proceeds" on any Payment Date occurring during the Reinvestment Period if the Collateral Manager in its sole discretion notifies the Trustee that it has been unable, for a period of at least 20 consecutive Business Days, to identify additional Collateral Obligations that are deemed appropriate by the Collateral

Manager in its sole discretion and which would meet the criteria for reinvestment described under "Security for the Secured Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion" in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Collection Account that are to be invested in additional Collateral Obligations. See "Description of the Notes—Special Redemption."

*Redemption after the Effective Date* .....

After the Effective Date, the Issuer may redeem the Secured Notes in part if the Collateral Manager notifies the Trustee that a redemption is required in order to cause S&P to provide written confirmation (which may take the form of a press release or other written communication) of its initial ratings of the Secured Notes, as applicable, as described in "Use of Proceeds—Effective Date." See "Description of the Notes—Special Redemption."

The Issuer must satisfy certain other conditions to effect a Special Redemption. See "Description of the Notes—Special Redemption."

*Special Redemption Amount* .....

The amount payable in connection with a Special Redemption in respect of each Class of Secured Notes subject to such Special Redemption will be equal to the amount in the Collection Account representing (1) in the case of a Special Redemption during the Reinvestment Period, Principal Proceeds that the Collateral Manager has determined cannot be practicably reinvested in additional Collateral Obligations or (2) in the case of a Special Redemption after the Effective Date if the Collateral Manager notifies the Trustee that a redemption is required in order to cause S&P to provide written confirmation (which may take the form of a press release or other written communication) of its initial ratings of the Secured Notes, Interest Proceeds and Principal Proceeds available in accordance with the Priority of Payments. In the case of clause (2), such amounts will be used for application in accordance with the Note Payment Sequence in an amount sufficient to cause S&P to provide written confirmation (which may take the form of a press release or other written communication) of its initial ratings of the Secured Notes, as applicable, as described in "Use of Proceeds—Effective Date." See "Overview of Terms—Priority of Payments" and "Description of the Notes—Special Redemption."

***Priority of Payments:***

*Application of Interest Proceeds* .....

On each Payment Date, unless an Enforcement Event has occurred and is continuing, subject to any subordination effected pursuant to the provisions of the Indenture described under "Description of the Notes—The Indenture—Petitions for Bankruptcy", Interest Proceeds on deposit in the Collection Account, to the extent received on or before the related Determination Date (or if such Determination Date is not a Business Day, the next succeeding Business Day) and that are



transferred into the Payment Account as described under "Security for the Secured Notes—The Collection Account and Payment Account", shall be applied in the following order of priority:

- (A) (1) *first*, to the payment of taxes and governmental fees owing by the Issuer, if any and (2) *second*, to the payment of the accrued and unpaid Administrative Expenses (for this purpose, excluding Custodial Receipts Custodial Expenses, but including Custodial Receipts Indemnities), in the priority stated in the definition thereof, up to the Administrative Expense Cap;
- (B) to the payment of the Base Collateral Management Fee due and payable to the Collateral Manager and (in the case of the following clauses *first* and *second*, solely to the extent that, after giving effect to the payment of such Deferred Base Collateral Management Fee and Base Collateral Management Fee Interest on a *pro forma* basis, sufficient Interest Proceeds remain to pay in full all amounts due under clauses (C), (D) and (E) below), *first*, to the payment of any Base Collateral Management Fee Interest due and payable to the Collateral Manager and *second*, to the payment of any Deferred Base Collateral Management Fee due and payable to the Collateral Manager that the Collateral Manager has elected to receive on such Payment Date;
- (C) to the payment of accrued and unpaid interest on the Class A Notes;
- (D) to the payment of accrued and unpaid interest on the Class B Notes;
- (E) if either of the Class A/B Coverage Tests is not satisfied on the related Determination Date (except, in the case of the Interest Coverage Test as applied with respect to the Class A Notes and the Class B Notes, if such Payment Date is the first Payment Date after the Closing Date), to make payments in accordance with the Note Payment Sequence to the extent necessary to cause all Class A/B Coverage Tests to be satisfied on a *pro forma* basis after giving effect to all payments pursuant to this clause (E);
- (F) (1) *first*, to the payment of Custodial Receipts Custodial Expenses to the Custodian up to the Custodial Receipts Custodial Expenses Cap; provided that any Custodial Receipts Custodial Expenses that exceed the Custodial Receipts Custodial Expenses Cap in an Interest Accrual Period shall not accrue; and (2) *second*, to the payment of accrued and unpaid interest on the Class C Notes (excluding Class C

Deferred Interest but including interest on Class C Deferred Interest);

- (G) if either of the Class C Coverage Tests (except, in the case of the Interest Coverage Test as applied with respect to the Class C Notes, if such Payment Date is the first Payment Date after the Closing Date) is not satisfied on the related Determination Date, to make payments in accordance with the Note Payment Sequence to the extent necessary to cause all Class C Coverage Tests to be satisfied on a pro forma basis after giving effect to all payments pursuant to this clause (G);
- (H) to the payment of any Class C Deferred Interest;
- (I) to the payment of accrued and unpaid interest on the Class D Notes (excluding Class D Deferred Interest but including interest on Class D Deferred Interest);
- (J) if either of the Class D Coverage Tests (except, in the case of the Interest Coverage Test as applied with respect to the Class D Notes, if such Payment Date is the first Payment Date after the Closing Date) is not satisfied on the related Determination Date, to make payments in accordance with the Note Payment Sequence to the extent necessary to cause all Class D Coverage Tests to be satisfied on a pro forma basis after giving effect to all payments pursuant to this clause (J);
- (K) to the payment of any Class D Deferred Interest;
- (L) to the payment of accrued and unpaid interest on the Class E Notes (excluding Class E Deferred Interest but including interest on Class E Deferred Interest);
- (M) if either of the Class E Coverage Tests (except, in the case of the Interest Coverage Test as applied with respect to the Class E Notes, if such Payment Date is the first Payment Date after the Closing Date) is not satisfied on the related Determination Date, to make payments in accordance with the Note Payment Sequence to the extent necessary to cause all Class E Coverage Tests to be satisfied on a pro forma basis after giving effect to all payments pursuant to this clause (M);
- (N) to the payment of any Class E Deferred Interest;
- (O) if, with respect to any Payment Date following the Effective Date, S&P has not yet confirmed its initial ratings of the Secured Notes as described in "Use of Proceeds— Effective Date", amounts available for distribution pursuant to this clause (O) shall be used for application in accordance with the Note Payment Sequence on such Payment Date in an amount

sufficient to cause S&P to provide written confirmation (which may take the form of a press release or other written communication) of its initial ratings of the Secured Notes, as applicable, as described in "Use of Proceeds—Effective Date";

- (P) during the Reinvestment Period, if the Interest Diversion Test is not satisfied on the related Determination Date, to the Collection Account as Principal Proceeds for the purchase of additional Collateral Obligations, an amount equal to the Required Interest Diversion Amount;
- (Q) if there is a Cashflow Excess Amount for the related Collection Period, to be deposited in the Interest Collection Subaccount and retained as Interest Proceeds with respect to the next Collection Period, an amount equal to the lesser of (x) such Cashflow Excess Amount and (y) the amounts available for distribution pursuant to this clause (Q);
- (R) to the payment (in the same manner and order of priority stated therein) of any Administrative Expenses (excluding any Custodial Receipts Indemnities) not paid pursuant to clause (A)(2) above due to the limitation contained therein;
- (S) *first*, to the payment of the Subordinated Collateral Management Fee due and payable to the Collateral Manager, *second*, to the payment of any Subordinated Collateral Management Fee Interest due and payable to the Collateral Manager and *third*, to the payment of any Deferred Subordinated Collateral Management Fee due and payable to the Collateral Manager that the Collateral Manager has elected to receive on such Payment Date;
- (T) to pay the holders of the Income Notes (other than, during the Reinvestment Period, any Reinvesting Holder that has directed that Reinvestment Amounts in respect of its Income Notes be deposited on such Payment Date into the Reinvestment Amount Account but be deemed to have been paid pursuant to the Indenture) until the Income Notes have realized an Income Notes Internal Rate of Return (taking into consideration all present and prior Reinvestment Amounts with respect to the Income Notes of the Reinvesting Holders) of 12%; *provided* that (x) the amount otherwise distributable pursuant to this clause (T) to the Custodial Receipts Custodian in respect of the Income Note Component of the Combination Notes held through a Custodial Receipts arrangement (1) first, shall be applied to the payment of, first, Custodial Receipts Indemnities not paid pursuant to clause (A)(2) above due to the limitations contained therein and, second, Custodial Receipts Custodial

Expenses not paid pursuant to clause (F)(1) above due to the limitations contained therein and (2) second, to the extent of any remaining amount, shall be paid to the Custodial Receipts Custodian in respect of the Income Note Component of the Combination Notes held through such Custodial Receipts arrangement and (y) any such amounts so applied to the payment of Custodial Receipts Custodial Expenses pursuant to subclause (x)(1) of this proviso shall be deemed paid with respect to the Income Note Component of the Combination Notes held through such Custodial Receipts arrangement for purposes of calculating whether such Income Note Component of such Combination Notes held through such Custodial Receipts arrangement has realized an Income Notes Internal Rate of Return of 12%;

(U) first, to the payment of any Deferred Incentive Collateral Management Fee due and payable to the Collateral Manager that the Collateral Manager has elected to receive on such Payment Date (subject to the terms of the Income Note Specified Reclassification, if applicable) and, second, to pay the Issuer for distribution to its partners an amount equal to U.S.\$1,500 per annum (prorated for the related Interest Accrual Period on the basis of a 360-day year consisting of twelve 30-day months); and

(V) to pay any remaining Interest Proceeds to the Collateral Manager and the holders of the Income Notes, such remaining Interest Proceeds to be allocated as follows (subject to the terms of the Income Note Specified Reclassification, if applicable): (x) 25% (less an amount equal to any portion of the Incentive Collateral Management Fee that would have been payable on such Payment Date that is waived by the Collateral Manager) to the Collateral Manager as part of the Incentive Collateral Management Fee payable on such Payment Date and (y) 75% (plus an amount equal to any portion of the Incentive Collateral Management Fee that would have been payable on such Payment Date that is waived by the Collateral Manager) to the holders of the Income Notes (other than, during the Reinvestment Period, any Reinvesting Holder that has directed that Reinvestment Amounts in respect of its Income Notes be deposited on such Payment Date into the Reinvestment Amount Account); *provided* that the amount otherwise distributable pursuant to this clause (V) to the Custodial Receipts Custodian in respect of the Income Note Component of the Combination Notes held through a Custodial Receipts arrangement (1) first, shall be applied to the payment of, first, Custodial Receipts Indemnities not paid pursuant to clause (A)(2) above due to the limitations contained therein or clause (T) above and, second, Custodial

Receipts Custodial Expenses not paid pursuant to clause (F)(1) above due to the limitations contained therein or clause (T) above and (2) second, to the extent of any remaining amount, shall be paid to the Custodial Receipts Custodian in respect of the Income Note Component of the Combination Notes held through such Custodial Receipts arrangement.

*Application of Principal Proceeds* ..... On each Payment Date, unless an Enforcement Event has occurred and is continuing, Principal Proceeds on deposit in the Collection Account that are received on or before the related Determination Date and that are transferred to the Payment Account as described under "Security for the Secured Notes—The Collection Account and Payment Account" (which will not include (i) amounts required to meet funding requirements with respect to Delayed Drawdown Collateral Obligations and Revolving Collateral Obligations that are deposited in the Revolver/Delayed Drawdown Funding Account or (ii) during the Reinvestment Period, Principal Proceeds that have previously been reinvested in Collateral Obligations or that the Collateral Manager intends to invest in Collateral Obligations during the next Interest Accrual Period, *provided* that any such Principal Proceeds that the Collateral Manager intends to invest in Collateral Obligations during the next Interest Accrual Period shall not include any Principal Proceeds that would otherwise be applied to payments to be made pursuant to clause (B) below) shall be applied in the following order of priority:

- (A) to pay the amounts referred to in clauses (A) through (N) of "—Application of Interest Proceeds" (and in the same manner and order of priority stated therein), but only to the extent not paid in full thereunder and, (x) in the case of clauses (F)(2) and (H) of "—Application of Interest Proceeds", only if the Class C Notes are the Controlling Class, (y) in the case of clauses (I) and (K) of "—Application of Interest Proceeds", only if the Class D Notes are the Controlling Class, (z) in the case of clauses (L) and (N) of "—Application of Interest Proceeds", only if the Class E Notes are the Controlling Class;
- (B) with respect to any Payment Date following the Effective Date, if after the application of Interest Proceeds as provided in clause (O) under "—Application of Interest Proceeds" S&P has not yet confirmed its initial ratings of the Secured Notes as described in "Use of Proceeds—Effective Date", amounts available for distribution pursuant to this clause (B) shall be used for application in accordance with the Note Payment Sequence on such Payment Date in an amount sufficient to cause S&P to provide written confirmation (which may take the form of a press release or other written communication) of its

initial ratings of the Secured Notes, as applicable, as described in "Use of Proceeds—Effective Date";

- (C) (1) if such Payment Date is a Redemption Date (other than in respect of a Special Redemption), to make payments in accordance with the Note Payment Sequence, for this purpose including any applicable Class A Make Whole Amount as principal of the Class A Notes and any applicable Class B Make Whole Amount as principal of the Class B Notes, and (2) on any other Payment Date, to make payments in the amount, if any, of the Principal Proceeds that the Collateral Manager has determined cannot be practicably reinvested in additional Collateral Obligations, in accordance with the Note Payment Sequence;
- (D) (1) during the Reinvestment Period, to the Collection Account as Principal Proceeds to invest in Eligible Investments (pending the purchase of additional Collateral Obligations) and/or to the purchase of additional Collateral Obligations and (2) after the Reinvestment Period, to make payments in accordance with the Note Payment Sequence;
- (E) after the Reinvestment Period, to pay the amounts referred to in clauses (R) and (S) of "—Application of Interest Proceeds" but only to the extent not paid in full thereunder (in the same manner and order of priority stated therein);
- (F) to pay the Reinvesting Holders of the Income Notes (whether or not any applicable Reinvesting Holder continues on such Payment Date to hold all or any portion of such Income Notes) any Reinvestment Amounts accrued and not previously paid pursuant to this clause (F) with respect to their respective Income Notes pro rata in accordance with the respective aggregate Reinvestment Amounts with respect to the Income Notes;
- (G) to pay to the holders of the Income Notes until the Income Notes have realized an Income Notes Internal Rate of Return of 12%; *provided* that (x) the amount otherwise distributable pursuant to this clause (G) to the Custodial Receipts Custodian in respect of the Income Note Component of the Combination Notes held through a Custodial Receipts arrangement (1) first, shall be applied to the payment of, first, Custodial Receipts Indemnities not paid pursuant to clause (A)(2) of "—Application of Interest Proceeds" due to the limitations contained therein or clauses (T) or (V) of "—Application of Interest Proceeds" and, second, Custodial Receipts Custodial Expenses not paid pursuant to clause (F)(1) of "—Application of Interest Proceeds" due to the limitations contained

therein or clauses (T) or (V) of "—Application of Interest Proceeds" and (2) second, to the extent of any remaining amount, shall be paid to the Custodial Receipts Custodian in respect of the Income Note Component of the Combination Notes held through such Custodial Receipts arrangement and (y) any such amounts so applied to the payment of Custodial Receipts Custodial Expenses pursuant to subclause (x)(1) of this proviso shall be deemed paid with respect to the Income Note Component of the Combination Notes held through such Custodial Receipts arrangement for purposes of calculating whether such Income Note Component of such Combination Notes held through such Custodial Receipts arrangement has realized an Income Notes Internal Rate of Return of 12%;

- (H) to pay the amounts referred to in clause (U) of "—Application of Interest Proceeds" but only to the extent not paid in full thereunder; and
- (I) to pay any remaining Principal Proceeds to the Collateral Manager and the holders of the Income Notes, such remaining Principal Proceeds to be allocated as follows (subject to the terms of the Income Note Specified Reclassification, if applicable): (x) 25% (less an amount equal to any portion of the Incentive Collateral Management Fee that would have been payable on such Payment Date that is waived by the Collateral Manager) to the Collateral Manager as part of the Incentive Collateral Management Fee payable on such Payment Date and (y) 75% (plus an amount equal to any portion of the Incentive Collateral Management Fee that would have been payable on such Payment Date that is waived by the Collateral Manager) to the holders of the Income Notes; *provided* that the amount otherwise distributable pursuant to this clause (I) to the Custodial Receipts Custodian in respect of the Income Note Component of the Combination Notes held through a Custodial Receipts arrangement (1) first, shall be applied to the payment of, first, Custodial Receipts Indemnities not paid pursuant to clause (A)(2) of "—Application of Interest Proceeds" due to the limitations contained therein or clauses (T) or (V) of "—Application of Interest Proceeds" or clause (G) above and, second, Custodial Receipts Custodial Expenses not paid pursuant to clause (F)(1) of "—Application of Interest Proceeds" due to the limitations contained therein, clauses (T) or (V) of "—Application of Interest Proceeds" or clause (G) above and (2) second, to the extent of any remaining amount, shall be paid to the Custodial Receipts Custodian in respect of the Income Note Component

of the Combination Notes held through such Custodial Receipts arrangement.

During the Reinvestment Period, not later than the Determination Date prior to the applicable Payment Date, a Reinvesting Holder may direct a deposit in the Reinvestment Amount Account, subject to, and in accordance with, the definition of "Reinvesting Holder", of all or a specified portion of amounts that would otherwise be distributed on such Payment Date to such holder. Any amounts so deposited shall be deemed to constitute payment of such amounts for purposes of all distributions from the Payment Account to be made on such Payment Date, shall not earn interest and shall not increase the Aggregate Outstanding Amount of the related Income Notes (including the Aggregate Outstanding Amount of the Income Notes comprising the Income Note Component). If on any subsequent Payment Date, Principal Proceeds are available pursuant to clause (F) of "—Application of Principal Proceeds" or proceeds in respect of the Assets are available pursuant to clause (R) of "Description of the Notes—Priority of Payments—Enforcement Event Priority of Payments", as applicable, Reinvestment Amounts accrued and not previously paid pursuant to such clauses shall be paid to the Reinvesting Holders (whether or not any applicable Reinvesting Holder continues on the date of such payment to hold all or any portion of such Income Notes), *pro rata* in accordance with such Reinvesting Holders' respective aggregate Reinvestment Amounts. Any such request of any Reinvesting Holder shall specify the percentage of the aggregate amount, if any, that such Reinvesting Holder is entitled to receive on the applicable Payment Date in respect of distributions pursuant to clauses (T) and (V) of "—Application of Interest Proceeds" (such Reinvesting Holder's "*Distribution Amount*") that such Reinvesting Holder wishes the Trustee to deposit in the Reinvestment Amount Account. The Issuer (or the Collateral Administrator on the Issuer's behalf) will provide each Reinvesting Holder with an estimate of such Reinvesting Holder's Distribution Amount not later than two Business Days prior to any subsequent Payment Date. Information reports received by a Reinvesting Holder in relation to tax liability may report income received on a net basis even though such Reinvesting Holder constructively received a larger payment that was reduced by netting against its deposit in the Reinvestment Amount Account, and a Reinvesting Holder should consult its own tax advisors with respect to its tax liabilities with respect to any such net payment.

*Enforcement Event Priority of Payments* ..... Upon the occurrence of an Enforcement Event, Interest Proceeds and Principal Proceeds will be applied in accordance with the Enforcement Event Priority of Payments described under "Description of the Notes—Priority of Payments."

*Note Payment Sequence* ..... The "*Note Payment Sequence*" shall be the application, in accordance with the Priority of Payments described above, of



Interest Proceeds or Principal Proceeds, as applicable, in the following order:

- (i) to the payment of principal of the Class A Notes (including any defaulted interest but excluding the Class A Make Whole Amount, except where expressly provided herein) until such amount has been paid in full;
- (ii) to the payment of principal of the Class B Notes (including any defaulted interest but excluding the Class B Make Whole Amount, except where expressly provided herein) until such amount has been paid in full;
- (iii) to the payment of principal of the Class C Notes until the Class C Notes have been paid in full;
- (iv) to the payment of any Class C Deferred Interest until such amount has been paid in full;
- (v) to the payment of principal of the Class D Notes until the Class D Notes have been paid in full;
- (vi) to the payment of any Class D Deferred Interest until such amount has been paid in full;
- (vii) to the payment of principal of the Class E Notes until the Class E Notes have been paid in full; and
- (viii) to the payment of any Class E Deferred Interest until such amount has been paid in full.

***Collateral Management Fees:***

The Collateral Manager will be entitled on each Payment Date to receive the Collateral Management Fees which will consist of the Base Collateral Management Fee, the Subordinated Collateral Management Fee and the Incentive Collateral Management Fee.

The Base Collateral Management Fee is equal to 0.25% per annum (calculated on the basis of a 360-day year and the actual number of days elapsed) of the Fee Basis Amount as of the first day of the Collection Period relating to such Payment Date.

The Subordinated Collateral Management Fee is equal to 0.35% per annum (calculated on the basis of a 360-day year and the actual number of days elapsed) of the Fee Basis Amount as of the first day of the Collection Period relating to such Payment Date.

The Incentive Collateral Management Fee is equal to the sum of (x) 25% of any remaining Interest Proceeds pursuant to clause (V) of the Priority of Payments as described in "—Priority of Payments—Application of Interest Proceeds" and (y) 25% of any remaining Principal Proceeds pursuant to clause (I) of the Priority of Payments as described in

"—Priority of Payments—Application of Principal Proceeds", or as otherwise provided in the Enforcement Event Priority of Payments.

The Collateral Manager will have the right to waive any of its fees for one or more periods. No such waiver will be binding on any successor collateral manager.

The Collateral Manager may, in its sole discretion, elect to defer payment for one or more Payment Dates of all or a portion of (i) the Base Collateral Management Fee payable to it on any Payment Date (such deferred amount, together with any Deferred Base Collateral Management Fee previously deferred at the election of the Collateral Manager that remains unpaid, the "*Deferred Base Collateral Management Fees*"), (ii) the Subordinated Collateral Management Fee payable to it on any Payment Date (such deferred amount, together with any Deferred Subordinated Collateral Management Fee previously deferred at the election of the Collateral Manager that remains unpaid, the "*Deferred Subordinated Collateral Management Fees*") or (iii) the Incentive Collateral Management Fee payable to it on any Payment Date (such deferred amount, together with any Deferred Incentive Collateral Management Fee previously deferred at the election of the Collateral Manager that remains unpaid, the "*Deferred Incentive Collateral Management Fees*" and, together with the Deferred Base Collateral Management Fees and the Deferred Subordinated Collateral Management Fees, the "*Deferred Collateral Management Fees*").

The Collateral Manager will effect any such deferral by delivering written notice thereof to the Trustee no later than the Determination Date immediately prior to such Payment Date, and any such Deferred Collateral Management Fees shall not be due and payable on any Payment Date on which a deferral election has been made; *provided* that no payment in respect of any such Deferred Collateral Management Fee shall be made on any Payment Date if it would cause an Event of Default to occur that would not otherwise occur.

On any Payment Date following a Payment Date on which the Collateral Manager has elected to defer all or a portion of the Collateral Management Fee, the Collateral Manager may elect to receive (subject to the Priority of Payments) all or a portion of such Deferred Collateral Management Fee that has otherwise not been paid to the Collateral Manager by delivering written notice thereof to the Trustee no later than the Determination Date immediately prior to such Payment Date, which notice shall specify the amount of such Deferred Collateral Management Fee that the Collateral Manager elects to receive on such Payment Date. Accrued and unpaid Collateral Management Fees that are deferred by operation of the Priority of Payments will be deferred and bear interest as stated herein. Collateral Management Fees that are deferred at the election of the Collateral Manager will be deferred without

bearing interest. See "The Collateral Management Agreement—Compensation of the Collateral Manager."

The Base Collateral Management Fee, the Subordinated Collateral Management Fee and the Incentive Collateral Management Fee are subject to the Priority of Payments and the limitations described under "The Collateral Management Agreement."

If the Income Notes are subject to an Income Note Specified Reclassification, the Incentive Collateral Management Fee and the Deferred Incentive Collateral Management Fee ("*ICMF Amounts*") will cease to be payable to the Collateral Manager, as provided in the definition of "Income Note Specified Reclassification" (and subject to potential reinstatement as provided in such definition). Instead, the Income Notes held by a CM Holder (as defined in such definition) will be entitled to the payments of ICMF Amounts that would have been made to the related Collateral Manager, as provided in such definition.

***Collateral Management:***

Pursuant to the Collateral Management Agreement, and subject to the limitations of the Indenture and the Collateral Management Agreement, the Collateral Manager will, among other things, manage the selection, acquisition, reinvestment and disposition of the Assets, including exercising rights and remedies associated with the Assets, disposing of the Assets, amending and/or waiving the terms of the Assets and/or any other action commensurate with managing the Assets, and certain related functions.

***Initial Portfolio***

It is currently expected that the Issuer will have acquired from the Forward Seller, on the Closing Date, Collateral Obligations representing approximately 71% of the Target Par Amount (on a trade date basis). Additionally, it is currently expected that the Issuer will have acquired in secondary market purchases, on or before the Closing Date, Collateral Obligations representing approximately 7% of the Target Par Amount (on a trade date basis). The total par amount of Collateral Obligations acquired by the Issuer on or before the Closing Date is expected to represent approximately 78% of the Target Par Amount (on a trade date basis). The Issuer may acquire additional Collateral Obligations from the Forward Seller or other parties which may include one or more vehicles managed by the Collateral Manager.

***Security for the Secured Notes:***

The Secured Notes will be secured by the Assets. In purchasing and selling Collateral Obligations, the Issuer will generally be required to meet certain requirements imposed by the Concentration Limitations described under "—Concentration Limitations," the Collateral Quality Test described under "—The Collateral Quality Test," the Coverage Tests described under "—Coverage Tests and Interest Diversion Test" and various other criteria described under "Security for the Secured Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment

Criteria; Conversion." Substantially all of the Collateral Obligations will be rated below investment grade and accordingly will have greater credit and liquidity risk than investment grade corporate obligations. See "Risk Factors—Relating to the Collateral Obligations—Below investment-grade Assets involve particular risks" and "Security for the Secured Notes—Collateral Obligations." During the Reinvestment Period, pending investment in such Collateral Obligations, a portion of such net proceeds will be invested in Eligible Investments.

***Collateral Obligations:***

An obligation meeting the standards set forth below that is pledged by the Issuer to the Trustee will constitute a "*Collateral Obligation*." An obligation will be eligible for purchase by the Issuer and will be eligible to be pledged by the Issuer to the Trustee as a Collateral Obligation if it is a Senior Secured Loan (including, but not limited to, interests in bank loans acquired by way of a purchase or assignment) or Participation Interest therein, a Senior Secured Bond, Synthetic Letter of Credit or Equity Security permitted under clause (xiv) below, that as of the time the Collateral Manager commits on behalf of the Issuer to acquire such obligation:

- (i) is U.S. Dollar denominated and is neither convertible by the issuer thereof into, nor payable in, any other currency;
- (ii) is not (A) a Defaulted Obligation or (B) a Credit Risk Obligation;
- (iii) is not a lease;
- (iv) if it is a Deferrable Security, (a) it is a Permitted Deferrable Security and (b) unless it is a Permitted Deferring Security, it (x) is not deferring or capitalizing the payment of interest or paying interest "in kind" and (y) does not otherwise have an interest "in kind" balance outstanding at the time of purchase;
- (v) provides for a fixed amount of principal payable in cash on scheduled payment dates and/or at maturity and does not by its terms provide for earlier amortization or prepayment at a price of less than par;
- (vi) if it is a Participation Interest, at the time of acquisition or the Issuer's commitment to acquire the same, such Participation Interest is represented by a contractual obligation of a Selling Institution that has at the time of such acquisition or the Issuer's commitment to acquire the same at least a short-term rating of "A-1" (or if no short-term rating exists, a long-term rating of "A+") by S&P;
- (vii) satisfies this requirement: the Issuer will receive payments due under the terms of such asset and proceeds from disposing of such asset free and clear

of withholding tax, other than (i) withholding tax as to which the obligor or issuer must make additional payments so that the net amount received by the Issuer after satisfaction of such tax is the amount due to the Issuer before the imposition of any withholding tax, unless such withholding tax is imposed under FATCA and (ii) with respect to any Synthetic Letter of Credit, withholding tax on fees received with respect to such Synthetic Letter of Credit;

- (viii) has an S&P Rating;
- (ix) is not a debt obligation whose repayment is subject to substantial non-credit related risk as determined by the Collateral Manager;
- (x) except for Delayed Drawdown Collateral Obligations and Revolving Collateral Obligations, is not an obligation pursuant to which any future advances or payments to the borrower or the obligor thereof may be required to be made by the Issuer;
- (xi) does not have an "f", "r", "p", "pi", "q" or "t" subscript assigned by S&P;
- (xii) is not a Related Obligation, a Zero Coupon Bond, a stripped coupon, a Step-Up Obligation, a Step-Down Obligation or a Structured Finance Obligation;
- (xiii) will not require the Issuer or the pool of Assets to be registered as an investment company under the Investment Company Act;
- (xiv) is not (a) an Equity Security, except for an Equity Security acquired as part of a "unit" in connection with the purchase of a Collateral Obligation, so long as no more than 2.0% of the value of such Collateral Obligation is attributable to the value of such Equity Security at the time of acquisition thereof, as determined by the Collateral Manager in its discretion, (b) an obligation that by its terms is convertible into or exchangeable for an Equity Security without the Issuer's consent or (c) an obligation that by its terms is convertible into or exchangeable for an Equity Security, if more than 2.0% of the value of such Collateral Obligation is attributable to the value at the time of acquisition thereof of the associated conversion or exchange right, as determined by the Collateral Manager in its discretion;
- (xv) is not the subject of an Offer of exchange, or tender by its issuer, for cash, securities or any other type of consideration other than (A) a Permitted Offer, (B) an exchange offer in which a security that is not registered under the Securities Act is exchanged for a security that would otherwise qualify for purchase

under the Investment Criteria described under the Indenture or (C) an A/B Exchange;

- (xvi) does not have an S&P Rating that is below "CCC-" and, if such obligation has a publicly available Fitch issuer default rating, such rating is not "CCC-" or lower;
- (xvii) is issued by a borrower, issuer or obligor Domiciled in (A) the United States, Canada, a Group I Country, a Group II Country, a Group III Country or (B) any country that has a Moody's foreign currency rating of at least "Aa2" and an S&P foreign currency rating of at least "AA"; *provided* that, in the case of this clause (B), S&P has been notified that such Collateral Obligation is issued by a borrower, issuer or obligor Domiciled in such country;
- (xviii) other than in the case of a Fixed Rate Obligation or any Equity Security permitted under clause (xiv) above, accrues interest at a floating rate determined by reference to (a) the Dollar prime rate, federal funds rate or LIBOR or (b) a similar interbank offered rate, commercial deposit rate or any other index; *provided* that, in the case of this clause (b), S&P has been notified that such Collateral Obligation accrues interest at a floating rate determined by reference to such rate or index;
- (xix) is Registered;
- (xx) the acquisition of which (including the manner of acquisition), ownership, enforcement and disposition of such obligation or security will not cause the Issuer to be treated as engaged in a U.S. trade or business for U.S. federal income tax purposes or otherwise to be subject to tax on a net income basis (including tax collected by withholding under Section 1446 of the Code) in the United States, or in any jurisdiction outside of its jurisdiction of incorporation;
- (xxi) is not a Synthetic Security (other than a Synthetic Letter of Credit); *provided* that, if it is a Synthetic Letter of Credit the borrower, issuer or obligor of which is Domiciled in the United States, the Issuer will be required to deposit into the LC Reserve Account an amount equal to 30% of all of the fees received in respect of such Synthetic Letter of Credit, unless (a) the Issuer has received an opinion of nationally recognized U.S. federal income tax counsel to the effect that U.S. withholding taxes should not be required to be imposed with respect to such payments or (b) the Synthetic LC Agent Bank withholds on payments of fees in respect of such Synthetic Letter of Credit;

(xxii) does not pay interest less frequently than semi-annually;

(xxiii) unless it is a Synthetic Letter of Credit, does not include or support a letter of credit;

(xxiv) is not an interest in a grantor trust, other than a grantor trust the only assets of which are obligations satisfying the definition of "Collateral Obligation" (other than clause (xix) thereof); and

(xxv) does not have a stated maturity occurring after the Stated Maturity of the Notes.

For the avoidance of doubt, Collateral Obligations may include Current Pay Obligations.

***Target Par Condition:***

The Issuer will use commercially reasonable efforts to purchase, on or before May 2, 2013, Collateral Obligations such that the Target Par Condition is satisfied. See "Use of Proceeds—Effective Date."

***Collateral Quality Test:***

The "*Collateral Quality Test*" will be satisfied on any date of determination on and after the Effective Date if, in the aggregate, the Collateral Obligations owned (or in relation to a proposed purchase of a Collateral Obligation, proposed to be owned) by the Issuer satisfy each of the tests set forth below or, after the Effective Date, if a test is not satisfied on such date, the degree of compliance with such test is maintained or improved after giving effect to the investment):

- (i) the Minimum Floating Spread Test;
- (ii) the Minimum Weighted Average Coupon Test;
- (iii) the S&P CDO Monitor Test;
- (iv) the Minimum Weighted Average S&P Recovery Rate Test; and
- (v) the Weighted Average Life Test.

Defaulted Obligations will not be included in the calculation of any Collateral Quality Test.

The "*Minimum Floating Spread Test*" will be satisfied on any date of determination if the Weighted Average Floating Spread plus the Excess Weighted Average Coupon equals or exceeds the Minimum Floating Spread.

The "*Minimum Floating Spread*" means the applicable spread in the row of spreads in the table below based upon the "Case" chosen by the Collateral Manager, in its sole discretion (with prior notification to the Trustee, the Collateral Administrator and S&P), as currently applicable to the Collateral Obligations in accordance with the definition of S&P CDO Monitor:

<b>Case</b>	<b>S&amp;P Minimum Spread</b>
1	3.00%
2	3.20%
3	3.40%
4	3.60%
5	3.80%
6	4.00%
7	4.20%
8	4.40%
9	4.60%
10	4.80%
11	5.00%
12	5.20%
13	5.40%
14	5.60%
15	5.80%
16	6.00%

The "*Minimum Weighted Average Coupon Test*" will be satisfied on any date of determination if the Weighted Average Coupon *plus* the Excess Weighted Average Floating Spread equals or exceeds the Minimum Weighted Average Coupon.

"*Minimum Weighted Average Coupon*" means (i) if none of the Collateral Obligations are Fixed Rate Obligations, 0% and (ii) otherwise, the applicable coupon in the row of coupons in the table below based upon the "Case" chosen by the Collateral Manager, in its sole discretion (with prior notification to the Trustee, the Collateral Administrator, Fitch and S&P), as currently applicable to the Fixed Rate Obligations in accordance with the definition of S&P CDO Monitor:

<b>Case</b>	<b>Minimum Weighted Average Coupon</b>
1	6.00%
2	6.50%
3	7.00%
4	7.50%
5	8.00%
6	8.50%
7	9.00%
8	9.50%
9	10.00%

The "*S&P CDO Monitor Test*" will be satisfied on any date of determination on or after the Effective Date following receipt by the Issuer and the Collateral Administrator of the S&P CDO Monitor (along with the assumptions and instructions to run the S&P CDO Monitor and in a form that performs as intended with respect to the Assets) if, after giving effect to the sale of a Collateral Obligation or the purchase of a Collateral Obligation, each Class Default Differential of the Proposed Portfolio is positive. The S&P CDO Monitor Test will be considered to be improved if each Class Default Differential of



the Proposed Portfolio is greater than the corresponding Class Default Differential of the Current Portfolio.

The "*Minimum Weighted Average S&P Recovery Rate Test*" will be satisfied on any date of determination if the Weighted Average S&P Recovery Rate for each Class of Secured Notes outstanding and for the Exchangeable Combination Notes equals or exceeds the Weighted Average S&P Recovery Rate for such Class selected by the Collateral Manager in connection with the S&P CDO Monitor Test.

The "*Weighted Average Life Test*" will be satisfied on any date of determination if the Weighted Average Life of all Collateral Obligations as of such date is less than the number of years (rounded to the nearest one hundredth thereof) during the period from such date of determination to December 25, 2020; *provided* that, following a Reinvestment Period Extension, the Weighted Average Life Test will be satisfied on any date of determination if the Weighted Average Life of the Collateral Obligations (excluding Defaulted Obligations) as of such date is less than or equal to the Extended Weighted Average Life.

***Concentration Limitations:***

The "*Concentration Limitations*" will be satisfied on any date of determination on or after the Effective Date and during the Reinvestment Period if, in relation to a proposed acquisition by the Issuer of a Collateral Obligation of a type or with characteristics described in any of the clauses set forth below (each such clause a "*Relevant Limitation*"), the Collateral Obligations owned by the Issuer, in the aggregate, comply with each Relevant Limitation after giving effect to such proposed acquisition (or in relation to a proposed acquisition after the Effective Date, if not in compliance, each Relevant Limitation must be improved or (except in the case of clause (iv) maintained after giving effect to such acquisition):

***Senior Secured Bonds***

(i) Not more than 40.0% of the Collateral Principal Amount may consist of Senior Secured Bonds;

***Single Obligor***

(ii) Not more than 2.0% of the Collateral Principal Amount may consist of obligations issued by a single obligor and its Affiliates (other than obligors that are affiliated solely by reason of common ownership by a Financial Sponsor), except that, in the case of up to five obligors and their respective Affiliates, obligations (other than DIP Collateral Obligations) that are issued by each such obligor and its Affiliates may constitute up to 2.5% of the Collateral Principal Amount;

***Senior Secured Bonds, single obligor***

(iii) in the case of Senior Secured Bonds, not more than 1.0% of the Collateral Principal Amount may consist of obligations issued by a single obligor and its Affiliates (other than obligors that are affiliated solely by reason of common ownership by a Financial Sponsor);

*Rating of "CCC+" and below*

(iv) Not more than 7.5% of the Collateral Principal Amount may consist of CCC Collateral Obligations;

*Fixed Rate Obligations*

(v) Not more than 40.0% of the Collateral Principal Amount may consist of Fixed Rate Obligations;

*Current Pay Obligations*

(vi) Not more than 7.5% of the Collateral Principal Amount may consist of Current Pay Obligations;

*DIP Collateral Obligations*

(vii) Not more than 5.0% of the Collateral Principal Amount may consist of DIP Collateral Obligations;

*Delayed Drawdown/  
Revolving Collateral Obligations*

(viii) Not more than 10.0% of the Collateral Principal Amount may consist, in the aggregate, of unfunded commitments under Delayed Drawdown Collateral Obligations and unfunded and funded commitments under Revolving Collateral Obligations;

*Participation Interests*

(ix) Not more than 20.0% of the Collateral Principal Amount may consist of Participation Interests;

*Third Party Credit Exposure*

(x) The Third Party Credit Exposure may not exceed 20.0% of the Collateral Principal Amount, and the Third Party Credit Exposure Limits may not be exceeded;

*S&P Rating derived from  
a Moody's Rating*

(xi) Not more than 10.0% of the Collateral Principal Amount may have an S&P Rating derived from a Moody's Rating as set forth in clause (iii)(a) of the definition of the term "S&P Rating";

*Domicile of Obligor*

(xii) (a) All of the Collateral Obligations must be issued by Non-Emerging Market Obligors and (b) no more than the percentage listed below of the Collateral Principal Amount may be issued by obligors Domiciled in the country or countries set forth opposite such percentage:

<u>% Limit</u>	<u>Country or Countries</u>
20.0%	All countries (in the aggregate) other than the United States;
15.0%	Canada;
10.0%	all countries (in the aggregate) other than the United States, Canada and the United Kingdom;
7.5%	any individual Group I Country other than Australia or New Zealand;
5.0%	all Group II Countries in the aggregate;
5.0%	any individual Group II Country;
5.0%	all Group III Countries in the aggregate;
5.0%	all Tax Jurisdictions in the aggregate;
0%	Greece, Italy, Ireland, Portugal and Spain

	in the aggregate; and
	3.0% any individual country other than the United States, the United Kingdom, Canada, the Netherlands, any Group II Country or any Group III Country;
<i>S&amp;P Industry Classification</i>	(xiii) Not more than 12.0% of the Collateral Principal Amount may consist of Collateral Obligations that are issued by obligors that belong to any single S&P industry classification, except that the three largest S&P industry classifications may each represent up to 15.0% of the Collateral Principal Amount;
<i>Semi-Annual Pay</i>	(xiv) Not more than 40.0% of the Collateral Principal Amount may consist of Collateral Obligations that pay interest less frequently than quarterly;
<i>Deferrable Securities</i>	(xv) Not more than 10.0% of the Collateral Principal Amount may consist of Deferrable Securities;
<i>Warrants, Convertibles and Exchangeables</i>	(xvi) (a) Not more than 5.0% of the Collateral Principal Amount may consist of Collateral Obligations with Equity Securities attached thereto as part of a "unit" and (b) not more than 5.0% of the Collateral Principal Amount may consist of Collateral Obligations that by their terms are convertible into or exchangeable for an Equity Security;
<i>Bridge Loans</i>	(xvii) Not more than 8.0% of the Collateral Principal Amount may consist of Bridge Loans;
<i>Real Property Secured Assets</i>	(xviii) (a) Not more than 15% of the Collateral Principal Amount may consist of Real Property Secured Assets and (b) not more than 5% of the Collateral Principal Amount may consist of Real Property Secured Assets with respect to which the Issuer is the sole creditor; and
<i>Cov-Lite Loans</i>	(xix) Not more than 60% of the Collateral Principal Amount may consist of Cov-Lite Loans.
	For purposes of calculating all Concentration Limitations, in both the numerator and the denominator of any component of the Concentration Limitations, Defaulted Obligations will be treated as having a Principal Balance equal to zero.
<b><i>Coverage Tests and Interest Diversion Test:</i></b>	The Coverage Tests will be used primarily to determine whether principal and interest may be paid on the Secured Notes and distributions may be made on the Income Notes or whether funds which would otherwise be used to pay interest on the Class C Notes, Class D Notes and Class E Notes and to make distributions on the Income Notes must instead be used to pay principal on one or more Classes of Secured Notes according to the priorities referred to in "Overview of Terms—Priority of Payments." The "Coverage Tests" will consist of the Overcollateralization Ratio Test and the Interest Coverage Test, each as applied to each specified Class of

Secured Notes. In addition, the Interest Diversion Test, which is not a Coverage Test, will apply as described herein.

The "*Overcollateralization Ratio Test*" and "*Interest Coverage Test*" applicable to the indicated Class or Classes of Secured Notes will be satisfied as of any date of determination on which such Coverage Test is applicable, if (1) the applicable Overcollateralization Ratio or Interest Coverage Ratio, as the case may be, is at least equal to the applicable ratio indicated below or (2) such Class or Classes of Secured Notes is no longer Outstanding.

<u>Class</u>	<u>Required Interest Coverage Ratio</u>
A/B	120.0%
C	115.0%
D	110.0%
E	105.0%

<u>Class</u>	<u>Required Overcollateralization Ratio</u>
A/B	137.7%
C	126.4%
D	117.9%
E	110.7%

If any Coverage Test is not satisfied on any Determination Date, the Issuer will be required to apply available amounts in the Payment Account on the related Payment Date to the repayment of principal of the Secured Notes in accordance with the Priority of Payments (with no make whole amount applicable in respect of such repayment) to the extent necessary to achieve compliance with such Coverage Test.

Measurement of the degree of compliance with the Coverage Tests will be required as of each Measurement Date occurring (i) in the case of the Overcollateralization Ratio Tests, on or after the Effective Date and (ii) in the case of the Interest Coverage Test, on or after the Determination Date immediately preceding the second Payment Date.

The "*Interest Diversion Test*" is a test that is satisfied as of any date of determination during the Reinvestment Period on which Class E Notes are Outstanding if the Overcollateralization Ratio with respect to the Class E Notes as of such date of determination is at least equal to 111.5%.

If the Interest Diversion Test is not satisfied on any Determination Date during the Reinvestment Period, the Issuer will be required to deposit to the Collection Account as Principal Proceeds for the purchase of additional Collateral Obligations an amount equal to the lesser of (x) 50% of Available Funds from the Collateral Interest Amount on the related Payment Date after application of such Collateral Interest Amount to the payment of amounts set forth in clauses (A) through (O) under "—Priority of Payments—Application of Interest Proceeds" and (y) the minimum amount that needs

to be added to the Adjusted Collateral Principal Amount in order to cause the Interest Diversion Test to be satisfied.

***Other Information:***

*Listing, Trading and Form of Notes* ..... Application has been made to the Irish Stock Exchange for the Notes (other than the Residual Combination Notes) to be admitted to the Official List and trading on its regulated market. The Offering Circular has been approved by the Central Bank, as competent authority under the Prospectus Directive. The Central Bank only approves this Offering Circular as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to the Notes (other than the Residual Combination Notes) which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. There can be no assurance that such listing will be maintained. See "Listing and General Information." There is currently no market for any Class of Notes and there can be no assurance that such a market will develop. See "Risk Factors—Relating to the Secured Notes and Income Notes—The Notes will have limited liquidity and are subject to substantial transfer restrictions."

The Notes sold to persons who are Qualified Institutional Buyers will be represented by global notes or certificates in fully registered form without interest coupons to be deposited with a custodian for and registered in the name of Cede & Co., c/o The Depository Trust & Clearing Corporation, 55 Water Street, New York, NY 10041, telephone (212) 855-5471. The Notes sold to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act will be represented by global notes or certificates in fully registered form without interest coupons to be deposited with a custodian for and registered in the name of Cede & Co., a nominee of DTC, for the accounts of Euroclear or Clearstream or will be issued in definitive, fully registered form without interest coupons. The Income Notes sold to persons who are Accredited Investors will be issued in definitive, fully registered form without interest coupons.

*Governing Law* ..... The Notes and the Indenture, and any matters arising out of or relating in any way whatsoever to any of the Notes or the Indenture (whether in contract, tort or otherwise), will be governed by the laws of the State of New York.

*Tax Matters* ..... See "U.S. Federal Income Tax Considerations."

*ERISA* ..... See "Certain ERISA and Related Considerations."

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## RISK FACTORS

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An investment in the Notes involves certain risks, including risks related to the assets securing the Secured Notes and risks relating to the structure of the Notes and related arrangements. There can be no assurance that the Issuer will not incur losses on the Collateral Obligations or that investors in the Notes will avoid losses (including potentially total losses) on their investments in the Notes. Prospective investors should carefully consider, among other things, the following risk factors in addition to the other information set forth in this Offering Circular before investing in the Notes.

### General Commercial Risks

*General economic conditions may affect the ability of the Issuer to make payments on the Secured Notes and Income Notes*

Beginning in mid-2007, there occurred an extreme downturn in the credit markets and other financial markets, which resulted in dramatic deterioration in the financial condition of many companies. Although adverse economic data continue to be generated, there are some indications that credit markets and other financial markets are emerging from such downturn. It is difficult to predict how long and to what extent these conditions will continue to improve and which markets, products, businesses and assets will experience this improvement (or to what degree any such improvement is dependent on monetary policies by central banks, particularly the Federal Reserve). In addition, the expiration of tax cuts originally enacted during the administration of President George W. Bush and mandatory spending cuts under the Budget Control Act of 2011 may produce adverse economic effects known as the "fiscal cliff" if such laws are not changed by the end of 2012. The ability of the Issuer to make payments on the Notes depends on the business, financial condition and results of operations of the obligors on the Collateral Obligations, which may in turn depend on the continued recovery of the economy and which may be adversely affected by a worsening of economic and business conditions. To the extent that economic and business conditions deteriorate, non-performing assets are likely to increase, and the value and collectability of the Assets is likely to decrease. A decrease in market value of the Collateral Obligations also would adversely affect the Sale Proceeds that could be obtained upon the sale of the Collateral Obligations and could ultimately affect the ability of the Issuer to pay in full or redeem the Secured Notes, as well as the ability to make any distributions in respect of the Income Notes.

*Changes in the legislative and regulatory environment may affect the ability of the Issuer to make payments on the Notes*

Recent changes in legislation, together with uncertainty about the nature and timing of regulations that will be promulgated to implement such legislation, may create uncertainty in the credit and other financial markets and create other unknown risks. In particular, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which was signed into law on July 21, 2010, includes provisions that are expected to have a broad impact on credit and other financial markets. The Dodd-Frank Act imposes a new regulatory framework on the U.S. financial services industry and the consumer credit markets in general, and proposed regulations by the United States Securities and Exchange Commission ("SEC") that, if enacted, would significantly alter the manner in which asset-backed securities, including securities similar to the Notes, are issued and structured and increase the reporting obligations of the issuers of such securities. Given the broad scope and sweeping nature of these changes and the fact that final implementing rules and regulations have not yet been enacted, the potential impact of these actions on the Issuer, any of the Notes or any Holders of Notes is unknown, and no assurance can be made that the impact of such changes would not have a material adverse effect on the prospects of the Issuer or the value or marketability of the Notes. In particular, if existing transactions are not exempted from any such new rules or regulations, compliance with such rules and regulations could impose significant costs on the Issuer and could have a material adverse effect on the Issuer and the Holders of Notes, in particular the Income Notes. In addition, proposed changes to Regulation AB under the Securities Act have the potential to impose new disclosure requirements that could restrict the use of this Offering Circular or require the publication of a new offering circular in connection with the issuance and sale of any additional Notes or any Refinancing.

Also, recently proposed rules regarding risk retention by sponsors of asset-backed securities could potentially limit the ability of the Issuer to issue additional Notes or undertake any Refinancing. Further, the "Volcker Rule" contained in the Dodd-Frank Act (which became effective on July 21, 2012) imposes limitations on the ability of banking entities and their affiliates to invest in private investment funds such as the Issuer. Compliance of such institutions with the Volcker Rule could have a substantial negative impact on the liquidity of the Notes. No prediction can be made on whether the Volcker Rule will be modified by legislation, rule or regulation following its effective date or the impact of any such modifications on the liquidity of the Notes. Furthermore, no assurance can be made that the United States federal government or any U.S. regulatory body (or other authority or regulatory body) will not continue to take further legislative or regulatory action in response to the economic crisis or otherwise, and the effect of such actions, if any, cannot be known or predicted.

The ability of the Issuer to make payments on the Notes could be affected by the Dodd-Frank Act and other recent legislation, regulations already promulgated thereunder and uncertainty about additional regulations to be promulgated thereunder in the future.

*Collateral Obligation performance may be affected by negative economic trends*

Though levels of loan defaults and delinquencies have been decreasing from peak levels, there is a material possibility that economic activity will be volatile or will slow, and some obligors may be significantly and negatively affected by negative economic trends. A continuing decreased ability of obligors to obtain refinancing (particularly as high levels of required refinancings approach) may result in a further economic decline that could delay an economic recovery and cause a further deterioration in loan performance generally. There is no way to determine whether such trends in the credit markets will improve or worsen in the future.

*Illiquidity in the CDO, leveraged finance and fixed income markets may affect the holders of the Secured Notes and Income Notes*

A severe liquidity crisis in the global credit markets has resulted in substantial fluctuations in prices for leveraged loans and high-yield debt securities and limited liquidity for such instruments. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not continue or become more acute following the Closing Date. During periods of limited liquidity and higher price volatility, the Issuer's ability to acquire or dispose of Collateral Obligations at a price and time that the Issuer deems advantageous may be severely impaired. As a result, in periods of rising market prices, the Issuer may be unable to participate in price increases fully to the extent that it is unable to acquire desired positions quickly; and the Issuer's inability to dispose fully and promptly of positions in declining markets will cause its net asset value to decline as the value of unsold positions is marked to lower prices and may exacerbate losses suffered by the Issuer when Collateral Obligations are sold. Furthermore, significant additional liquidity-related risks for the Issuer and investors in the Secured Notes and Income Notes exist. Those risks include, among others, (i) the possibility that the prices at which Collateral Obligations can be sold by the Issuer will have deteriorated from their effective purchase price, (ii) opportunities for the Issuer to sell its assets in the secondary market, including Credit Risk Obligations, Credit Improved Obligations and Defaulted Obligations, may be impaired, and (iii) increased illiquidity of the Secured Notes and Income Notes because of reduced secondary trading in collateralized loan obligation securities. These additional risks may affect the returns on the Secured Notes and Income Notes to investors or otherwise adversely affect holders of the Secured Notes and Income Notes.

Regardless of current or future market conditions, certain Collateral Obligations purchased by the Issuer will have only a limited trading market (or none). The Issuer's investment in illiquid debt obligations 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. Illiquid debt obligations may trade at a discount from comparable, more liquid investments.

In addition, adverse developments in the primary market for leveraged loans may reduce opportunities for the Issuer to purchase new issuances of Collateral Obligations. More particularly, the ability of private equity sponsors and leveraged loan arrangers to effectuate new leveraged buy-outs and the ability of the Issuer to purchase such assets may be partially or significantly limited. The impact of the liquidity crisis on the global credit markets may adversely affect the management flexibility of the Collateral Manager in relation to the portfolio and, ultimately, the returns on the Secured Notes and Income Notes to investors.

## Relating to the Notes

*The subordination of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes will affect their right to payment*

The Class A Notes are subordinated to certain amounts payable by the Issuer to other parties as set forth in the Priority of Payments (including taxes, certain amounts owing to Administrative Expenses and Collateral Management Fees); the Class B Notes are subordinated on each Payment Date to the Class A Notes and amounts to which the Class A Notes are subordinate; the Class C Notes are subordinated on each Payment Date to the Class B Notes, amounts to which the Class B Notes are subordinate and Custodial Receipts Custodial Expenses; the Class D Notes are subordinated on each Payment Date to the Class C Notes and amounts to which the Class C Notes are subordinate; the Class E Notes are subordinated on each Payment Date to the Class D Notes and amounts to which the Class D Notes are subordinate; and the Income Notes are subordinated on each Payment Date to the Secured Notes and other amounts as specified in the Priority of Payments (including, but not limited to, the diversion of Interest Proceeds to purchase additional Collateral Obligations if the Interest Diversion Test is not satisfied, reserves with respect to unbalanced semi-annual interest collections on Fixed Rate Obligations, payments in partial or full redemption of the Secured Notes if an S&P Rating Confirmation Failure occurs and is continuing, unpaid Administrative Expenses, including unexpected liabilities that may become payable by the Issuer, whether by reason of the offering contemplated hereby or otherwise, and Custodial Receipts Custodial Expenses and certain Collateral Management Fees) and payments in respect of the claims of any other creditor of the Issuer; in each case to the extent described herein. The Issuer will have only nominal equity capitalization in the form of partnership interests. No payments of interest or distributions from Interest Proceeds of any kind will be made on any such Class of Notes on any Payment Date until interest due on the Secured Notes of each Class to which it is subordinated has been paid in full, no payments of principal (other than Deferred Interest with respect to the Class C Notes, the Class D Notes and the Class E Notes, to the extent set forth in the Priority of Payments) or distributions from Principal Proceeds of any kind will be made on any such Class of Notes on any Payment Date until principal of the Secured Notes of each Class to which it is subordinated has been paid in full, and no distributions from Principal Proceeds of any kind will be made on the Income Notes on any Payment Date until interest due on and all principal of the Secured Notes of each Class to which the Income Notes are subordinated has been paid in full. Therefore, to the extent that any losses are suffered by any of the holders of any Secured Notes or Income Notes, such losses will be borne in the first instance by holders of the Income Notes, then by the holders of the Class E Notes, then by the holders of the Class D Notes, then by the holders of the Class C Notes, then by the holders of the Class B Notes and last by the holders of the Class A Notes. Furthermore, payments on the Class C Notes, the Class D Notes and the Class E Notes are subject to diversion to pay each more senior Class of Secured Notes then Outstanding in the Note Payment Sequence and pursuant to the Priority of Payments if certain Coverage Tests are not met, as described herein, and failure to make such payments will not be a default under the Indenture. In addition, if an Event of Default occurs, the holders of the Controlling Class of Notes will be entitled to determine the remedies to be exercised under the Indenture. See "Description of the Notes—The Indenture—Events of Default". Remedies pursued by the Controlling Class could be adverse to the interests of the holders of the Notes that are subordinated to the Notes held by the Controlling Class, and the Controlling Class will have no obligation to consider any possible adverse effect on such other interests. See "—The Controlling Class will control many rights under the Indenture and therefore, holders of subordinate Classes will have limited rights in connection with an Event of Default, Enforcement Event or distributions thereunder".

If an Event of Default has occurred and has not been cured or waived and acceleration of the Secured Notes occurs in accordance with the Indenture, the most senior Class of Secured Notes then Outstanding shall be paid in full in cash, or to the extent the Majority of such Class consents, other than in cash, before any further payment or distribution is made on account of any more subordinate Classes, in each case in accordance with the Enforcement Event Priority of Payments. Upon such an acceleration, investors in any such subordinate Class of Notes will not receive any payments until all such senior Classes are paid in full. Declaration of acceleration may, under certain circumstances, be rescinded by the Controlling Class. Subject to certain limitations, the Controlling Class will have the right to cause the institution of and direct the time, method and place of conducting any proceedings for any remedy available to the Trustee during the continuance of an Event of Default as described herein. Such action or inaction may generally be taken without reference to the rights of the holders of one or more subordinate Classes of Notes. See "Description of the Notes—The Indenture—Events of Default."



If an Event of Default has occurred, but the Assets have not been liquidated and the Secured Notes have not been accelerated, payments on the Secured Notes will continue to be made in the order of priority described under "Overview of Terms—Priority of Payments—Application of Interest Proceeds" and "Overview of Terms—Priority of Payments—Application of Principal Proceeds." There can be no assurance that, after payment of principal and interest on the Secured Notes senior to any Class, the Issuer will have sufficient funds to make payments in respect of such Class.

*The Secured Notes and Income Notes are subject to Optional Redemption in whole or in part by Class and Tax Redemption in whole*

Holders of at least a Majority of the Income Notes and the Collateral Manager may cause the Issuer to redeem the Secured Notes in whole (with respect to all Classes of Secured Notes) on any Payment Date after the Non-Call Period from Sale Proceeds and/or Refinancing Proceeds or in part by Class from Refinancing Proceeds and either (x) a Majority of the Income Notes or (y) the Collateral Manager, so long as GPIM or any Affiliate thereof is the Collateral Manager, may cause the Income Notes to be redeemed in whole on any Payment Date or after the date on which all of the Secured Notes have been redeemed or repaid as described under "Description of the Notes—Optional Redemption and Tax Redemption" and "Description of the Notes—The Income Notes—Optional Redemption". The Secured Notes shall also be redeemed on any Payment Date in whole but not in part at the written direction (delivered to the Trustee) of (x) a Majority of any Affected Class or (y) a Majority of the Income Notes following the occurrence of certain Tax Events as described under "Description of the Notes—Optional Redemption and Tax Redemption". In the event of an early redemption, the holders of the Secured Notes and Income Notes will be repaid prior to the Stated Maturity dates of the Secured Notes. There can be no assurance that, upon any such redemption, the Sale Proceeds realized and other available funds would permit any distribution on the Income Notes after all required payments are made to the holders of the Secured Notes. In addition, an Optional Redemption or Tax Redemption could require the Collateral Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the Collateral Obligations sold. A Refinancing upon a redemption of the Secured Notes in part by Class will not require liquidation of Assets or the redemption of any other Class of Notes.

As described under "Description of the Notes—Optional Redemption and Tax Redemption", Refinancing Proceeds may be used in connection with either a redemption in whole of the Secured Notes or a redemption in part of the Secured Notes by Class, which would result in the applicable Class of Secured Notes being redeemed at par at a time when they may be trading in the market at a premium and when other investments bearing the same rate of interest relative to the level of risk assumed may be difficult or expensive to acquire. In the case of a Refinancing upon a redemption of the Secured Notes in whole but not in part, such Refinancing will only be effective if:

- (i) the Refinancing Proceeds, all Sale Proceeds from the sale of Collateral Obligations and Eligible Investments in accordance with the procedures set forth in the Indenture, and all other available funds will be at least sufficient to redeem simultaneously the Secured Notes then required to be redeemed, in whole but not in part, and to pay the other amounts included in the aggregate Redemption Prices and all accrued and unpaid Administrative Expenses (regardless of the Administrative Expense Cap) and Custodial Receipts Custodial Expenses (regardless of the Custodial Receipts Custodial Expenses Cap), including the reasonable fees, costs, charges and expenses incurred by the Issuer, the Trustee and the Collateral Administrator (including reasonable attorneys' fees and expenses) in connection with such Refinancing;
- (ii) the Sale Proceeds, Refinancing Proceeds and other available funds are used (to the extent necessary) to make such redemption; and
- (iii) the agreements relating to the Refinancing contain limited recourse and non-petition provisions equivalent (*mutatis mutandis*) to those contained in the Indenture.

In the case of a Refinancing upon a redemption of the Secured Notes in part by Class (where any Class of Secured Notes to be redeemed represents all but not less than all of such Class of such Secured Notes), such Refinancing will only be effective if:

- (i) S&P and Fitch have been notified of such redemption pursuant to a Refinancing;

- (ii) (x) in the case of a Refinancing of the Class A Notes or Class B Notes, the spread over LIBOR applicable to the related class of refinancing obligations does not exceed the spread of the Class of Secured Notes being refinanced and (y) otherwise, the interest rate applicable to the related class of refinancing obligations does not exceed the fixed rate payable on the Class of Secured Notes being refinanced;
- (iii) the Refinancing Proceeds will be at least sufficient to pay in full the aggregate Redemption Prices of the entire Class or Classes of Secured Notes subject to Refinancing;
- (iv) all accrued and unpaid Administrative Expenses (regardless of the Administrative Expenses Cap) incurred in connection with such Refinancing, including the reasonable fees, costs, charges and expenses incurred by the Trustee and the Collateral Administrator (including reasonable attorneys' fees and expenses) in connection with such Refinancing, does not exceed the amount of Interest Proceeds available, after taking into account all amounts required to be paid pursuant to the Priority of Payments on the related Payment Date prior to the distribution of any remaining Interest Proceeds to the holders of the Income Notes, unless such expenses shall have been paid or shall be adequately provided for by an entity other than the Issuer;
- (v) the Refinancing Proceeds are used (to the extent necessary) to make such redemption;
- (vi) the agreements relating to the Refinancing contain limited recourse and non-petition provisions equivalent (*mutatis mutandis*) to those contained in the Indenture;
- (vii) any new notes created in accordance with such redemption pursuant to a Refinancing must have the same aggregate outstanding amount as the Notes Outstanding prior to such Refinancing (except that if the junior most Class of Secured Notes Outstanding is redeemed in full, such Class of Secured Notes may be replaced by new notes with a greater aggregate outstanding amount), unless consented to by a Majority of the Controlling Class;
- (viii) the new notes created in accordance with such redemption pursuant to a Refinancing must have the same or longer maturity as the Notes outstanding prior to such Refinancing;
- (ix) such Refinancing is done only through the issuance of new notes and not the sale of any Assets;
- (x) the obligations providing the Refinancing are subject to the Priority of Payments and do not rank higher in priority pursuant to the Priority of Payments than the Class of Secured Notes being refinanced; and
- (xi) the voting rights, consent rights, redemption rights and all other rights of the obligations providing the Refinancing are the same in all material respects as the rights of the corresponding Class of Secured Notes being refinanced.

If holders of the Income Notes cause any Class of Secured Notes to be redeemed pursuant to a Refinancing, the Income Notes will be subordinate to payments on the replacement securities. The Indenture provides that the holders of the Income Notes will not have any cause of action against any of the Issuer, the Collateral Manager, the Collateral Administrator or the Trustee for any failure to obtain a Refinancing. If a Refinancing is obtained meeting the requirements of the Indenture, the Issuer and, at the direction of the Collateral Manager, the Trustee will amend the Indenture to the extent necessary to reflect the terms of the Refinancing and no consent for such amendments shall be required from the holders of any Class of Notes, other than a Majority of the Income Notes directing the redemption. No assurance can be given that any such amendments to the Indenture or the terms of any Refinancing will not adversely affect the holders of any Class or Classes of Secured Notes not subject to redemption (or, in the case of the Income Notes, the holders of the Income Notes who do not form a part of the holders of the Income Notes directing such redemption).

The Holders of the Class A Notes will not receive any make whole payment upon a Tax Redemption directed by an Affected Class of Secured Notes or an Optional Redemption occurring in certain cases where a Majority of the Class A Notes are "Non-Permitted Holders". See "Overview of Terms—Redemption Prices."

*Interim reporting could adversely affect the Secured Notes and Income Notes*

The Issuer will use commercially reasonable efforts to cause the aggregate principal balance of Collateral Obligations as of the Interim Report Date to be at least U.S.\$800,000,000. The failure of the Issuer to meet such measures may increase the likelihood of downgrade or withdrawal by a Rating Agency of the rating assigned on the Closing Date to any Class of Notes. In addition, the existence of such requirement may adversely affect the ability of the Collateral Manager to take advantage of investment opportunities prior to the Effective Date. See "Use of Proceeds—Effective Date."

*The Assets may be insufficient to redeem the Notes in an Event of Default.*

It is anticipated that the proceeds received by the Issuer on the Closing Date from the issuance of the Notes, net of certain fees and expenses, will be less than the aggregate amount of Notes. Consequently, it is anticipated that on the Closing Date the Assets would be insufficient to redeem all of the Secured Notes and Income Notes in the event of an Event of Default under the Indenture. See "—The Subordination of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Income Notes will affect their right to payment".

*The Indenture requires mandatory redemption of the Secured Notes for failure to satisfy Coverage Tests and in the event of an S&P Rating Confirmation Failure*

If any Coverage Test with respect to any Class or Classes of Secured Notes is not met on any Determination Date on which such Coverage Test is applicable, or an S&P Rating Confirmation Failure occurs and is continuing, Interest Proceeds and, to the extent Interest Proceeds are insufficient for such purpose, Principal Proceeds, will be applied as follows: Interest Proceeds and Principal Proceeds that otherwise would have been used to pay certain fees and expenses or distributed to the holders of the Secured Notes and Income Notes of each Class (other than Class A Notes and the Class B Notes) that is subordinated to such Class or Classes and (during the Reinvestment Period) Principal Proceeds that would otherwise have been reinvested in Collateral Obligations will instead be used to redeem the Secured Notes of the most senior Class or Classes then Outstanding, in each case in accordance with the Priority of Payments, to the extent necessary to satisfy the applicable Coverage Tests or address the S&P Rating Confirmation Failure (as the case may be) as described under "Overview of Terms—Priority of Payments." This could result in an elimination, deferral or reduction in the payments of Interest Proceeds to the holders of the Class C Notes, Class D Notes, Class E Notes and/or Income Notes, as the case may be. In addition, a mandatory redemption of Secured Notes owing to an S&P Rating Confirmation Failure could result in the Collateral Manager causing the Issuer to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the Collateral Obligations sold. The mandatory redemption requirements also could result in the Collateral Manager aggregating securities to be sold together in one block transaction, thereby possibly resulting in a lower realized value for the Collateral Obligations sold.

*Price volatility may continue*

Over the past three years, securities issued in securitization transactions (including securities such as the Secured Notes and Income Notes) have experienced significant fluctuations in market value and accordingly high price volatility relative to historical experience. There is no assurance that such volatility will not continue.

*The Secured Notes are limited recourse obligations and the Income Notes are non-recourse obligations; investors must rely on available collections from the Collateral Obligations and will have no other source for payment*

The Secured Notes are limited recourse obligations of the Issuer, and the Income Notes are non-recourse obligations of the Issuer. The Secured Notes and Income Notes are payable solely from the Collateral Obligations and all other Assets pledged by the Issuer to the Trustee for the benefit of the secured parties (but not including holders of the Income Notes) pursuant to the Indenture. None of the Trustee, the Collateral Administrator, the Collateral Manager, Citigroup or any of their respective affiliates or the Issuer's affiliates or any other person or

entity will be obligated to make payments on the Secured Notes or Income Notes. Consequently, holders of the Secured Notes and Income Notes must rely solely on distributions on the Assets and, after an Event of Default, proceeds from the liquidation of the Assets for payments on the Secured Notes and Income Notes. If distributions on such Assets (net of certain expenses) are insufficient to make payments on the Secured Notes and Income Notes, no other assets (in particular, no assets of the Collateral Manager, the holders of the Secured Notes and Income Notes, Citigroup, the Trustee, the Collateral Administrator or any affiliates of any of the foregoing) will be available for payment of the deficiency, following realization of the Issuer's assets, and any obligations of the Issuer and any claims against the Issuer to pay such deficiency will be extinguished and will not revive.

*Citigroup will have no ongoing responsibility for the Assets or the Underlying Specified Security or the actions of the Collateral Manager or the Issuer*

Citigroup will have no obligation to monitor the performance of the Assets or the Underlying Specified Security or the actions of the Collateral Manager or the Issuer and will have no authority to advise the Collateral Manager or the Issuer or to direct their actions, which will be solely the responsibility of the Collateral Manager and/or the Issuer, as the case may be. If Citigroup owns Secured Notes, Income Notes or Combination Notes, it will have no responsibility to consider the interests of any holders of Secured Notes, Income Notes or Combination Notes in actions it takes in such capacity. While Citigroup may own Secured Notes, Income Notes or Combination Notes at any time, it has no obligation to make any investment in any Secured Notes, Income Notes or Combination Notes and may sell at any time any Secured Notes, Income Notes or Combination Notes it does purchase.

*The Income Notes are unsecured obligations of the Issuer*

The Income Notes will not be secured by any of the Assets, and, while the Secured Notes are outstanding, holders of the Income Notes will not generally be entitled to exercise remedies under the Indenture. However, in any case where the holders of the Income Notes are entitled to take or direct any action, they may do so in their sole discretion without regard for the interests of any other Class of Secured Notes or Income Notes. The Trustee will have no obligation to act on behalf of the holders of Income Notes except as expressly provided in the Indenture. Distributions to holders of the Income Notes will be made solely from distributions on the Assets after all other payments have been made pursuant to the Priority of Payments described herein. See "Description of the Notes—Priority of Payments". There can be no assurance that the distributions on the Assets will be sufficient to make distributions to holders of the Income Notes after making payments that rank senior to payments on the Income Notes. The Issuer's ability to make distributions to the holders of the Income Notes will be limited by the terms of the Indenture. If distributions on the Assets are insufficient to make distributions on the Income Notes, no other assets will be available for any such distributions.

*Yield on the Income Notes may be lower than expected*

The yield to each holder of the Income Notes will be a function of the purchase price paid by such holder for its Income Notes and the timing and amount of dividends and other distributions made in respect of the Income Notes during the term of the transaction. Each prospective purchaser of the Income Notes should make its own evaluation of the yield that it expects to receive on the Income Notes. Prospective investors should be aware that the timing and amount of dividends and other distributions will be affected by, among other things, the performance of the Collateral Obligations purchased by the Issuer. Each prospective investor should consider the risk that an Event of Default and other adverse performance will result in a lower yield on the Income Notes than that anticipated by such investor. In addition, after the Effective Date, if the Issuer fails any Coverage Test, amounts that would otherwise be distributed as dividends to the holders of the Income Notes on any Payment Date may be paid to other investors in accordance with the Priority of Payments. Each prospective purchaser should consider that any such adverse developments could result in its failure to recover fully its initial investment in the Income Notes.

*There are certain risks associated with the Income Notes*

Payments on the Income Notes will not be made from Interest Proceeds until due and unpaid interest on the Secured Notes and certain other amounts (including certain fees and expenses) have been paid. No payments on the Income Notes will be made from Principal Proceeds until principal of and interest on the Secured Notes and certain other amounts have been paid in full. On any Payment Date, sufficient funds may not be available (including as a

result of a failure of any of the Coverage Tests) to make payments to the holders of the Income Notes in accordance with the Priority of Payments.

The Income Notes represent a highly leveraged investment in the Assets. Therefore, the market value of the Income Notes would be anticipated to be significantly affected by, among other things, changes in the market value of the Assets, changes in the distributions on the Assets, defaults and recoveries on the Assets, capital gains and losses on the Assets, prepayments on Assets and the availability, prices and interest rates of Assets and other risks associated with the Assets as described in "—Relating to the Collateral Obligations." Accordingly, the Income Notes may not be paid in full and may be subject to up to 100% loss. Furthermore, the leveraged nature of the Income Notes may magnify the adverse impact on the Income Notes of changes in the market value of the Assets, changes in the distributions on the Assets, defaults and recoveries on the Assets, capital gains and losses on the Assets, prepayments on Assets and availability, prices and interest rates of the Assets.

After any Enforcement Event, proceeds of any realization on the Assets will be allocated in accordance with the Enforcement Event Priority of Payments pursuant to which the Secured Notes and certain other amounts owing by the Issuer will be paid in full before any allocation to the Income Notes, and each Class of Notes (along with certain other amounts owing by the Issuer) will be paid in order of seniority until it is paid in full before any allocation is made to the next Class of Notes. If an Event of Default has occurred and is continuing, the holders of the Income Notes will not have any creditors' rights against the Issuer and will not have the right to determine the remedies to be exercised under the Indenture. There is no guarantee that any funds will remain to make distributions to the holders of subordinated Classes of Secured Notes or Income Notes following any liquidation of the Assets and the application of the proceeds from the Assets to pay senior Classes of Secured Notes and the fees, expenses, and other liabilities payable by the Issuer.

*Early termination of the Reinvestment Period could adversely affect returns on the Secured Notes and Income Notes*

The Reinvestment Period may terminate early if any of the following occur: (a) acceleration following an Event of Default or (b) the Collateral Manager notifies the Issuer that it is unable to invest in Assets in accordance with the Indenture and the Collateral Management Agreement. Early termination of the Reinvestment Period could adversely affect returns to the Income Notes and may also cause the holders of Secured Notes to receive principal payments earlier than anticipated.

*The Secured Notes are subject to Special Redemption during the Reinvestment Period at the option of the Collateral Manager if the Collateral Manager is unable to identify Collateral Obligations for investment or reinvestment*

The Secured Notes will be subject to redemption in part by the Issuer on any Payment Date during the Reinvestment Period (without regard to the Non-Call Period) if the Collateral Manager elects to notify the Trustee that it has been unable, for a period of at least 20 consecutive Business Days, to identify additional Collateral Obligations that are deemed appropriate by the Collateral Manager and which would meet the criteria for reinvestment described under "Security for the Secured Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion" in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Collection Account that are to be invested in additional Collateral Obligations. On the Special Redemption Date, in accordance with the Indenture, the amount relating to such Special Redemption will be applied as described under "Overview of Terms—Priority of Payments—Application of Principal Proceeds" to pay the principal of the Secured Notes. The application of funds in that manner could result in an elimination, deferral or reduction of amounts available to make payments on the Income Notes. See "Overview of Terms—Priority of Payments—Application of Principal Proceeds" and "Description of the Notes—Special Redemption." Holders of the Class A Notes and the Class B Notes will not receive any make-whole payment in connection with a Special Redemption.

*Additional issuances of notes may have different terms and may have the effect of preventing the failure of the Coverage Tests and the occurrence of an Event of Default*

At any time, the Issuer may issue and sell (x) additional notes of any one or more existing Classes and (y) additional notes of any one or more new classes of notes that are subordinated to all notes issued pursuant to this

Indenture (other than the Income Notes) and use the net proceeds to purchase additional Collateral Obligations or for other purposes permitted under the Indenture if the conditions for such additional issuance described under "Description of the Notes—The Indenture—Modification of Indenture" and "Description of the Notes—The Indenture—Additional Issuance" are met. Among other conditions that must be satisfied in connection with an additional issuance of notes, any such additional issuance will be made only with the consent of the Collateral Manager, a Majority of the Class A Notes, a Majority of the Class B Notes and a Majority of the Income Notes; unless only additional Income Notes are being issued, S&P and Fitch shall have been notified of such additional issuance; and, in the case of the issuance of additional secured notes of an existing Class, the terms of the notes to be issued must be identical to the respective terms of previously issued Secured Notes of the applicable Class (except that the interest due on additional Secured Notes will accrue from the issue date of such additional Secured Notes and the interest rate and price of such notes do not have to be identical to those of the initial Secured Notes of that Class) and such additional issuance shall not be considered a Refinancing under the Indenture.

No assurance can be given that the issuance of additional notes having different interest rates than any Class of Secured Notes may not adversely affect the holders of any Class of Secured Notes or the Income Notes. In addition, the use of such issuance proceeds as Principal Proceeds may have the effect of causing a Coverage Test that was otherwise failing to be cured or modifying the effect of events that would otherwise give rise to an Event of Default and permit the Controlling Class to exercise remedies under the Indenture. There can be no assurance that the Issuer will successfully invest the proceeds of additional notes, or that the portfolio of Collateral Obligations after the issuance of additional notes will perform as well as the portfolio prior to such issuance.

*Additional issuances of secured notes approved by a Majority of Income Notes may adversely affect other holders of Income Notes*

No consent of holders of any Class of Notes, other than the consent of a Majority of the Income Notes, will be required in connection with an additional issuance of new classes of notes and/or additional notes of any one or more existing Classes that complies with the conditions described under "Description of the Notes—The Indenture—Modification of Indenture" and "Description of the Notes—The Indenture—Additional Issuance". If such an additional issuance is approved by a Majority of the Income Notes, the holders of Income Notes who did not approve of the additional issuance may be adversely affected, including through the receipt of distributions pursuant to the Priority of Payments in amounts that are less than the amounts that such holder would have received in the absence of such additional issuance.

*The Controlling Class will control many rights under the Indenture and therefore, holders of the subordinated Classes will have limited rights in connection with an Event of Default, Enforcement Event or distributions thereunder*

Under the Indenture, many rights of the holders of the Secured Notes and Income Notes will be controlled by a Majority of the Controlling Class. Remedies pursued by the holders of the Controlling Class upon an Event of Default could be adverse to the interests of the holders of Secured Notes and Income Notes subordinated to the Controlling Class. After any Enforcement Event, proceeds of any realization on the Assets will be allocated in accordance with the Enforcement Event Priority of Payments pursuant to which the Secured Notes and certain other amounts owing by the Issuer will be paid in full before any allocation to the Income Notes, and each Class of Secured Notes (along with certain other amounts owing by the Issuer) will be paid in order of seniority until it is paid in full before any allocation is made to any more junior Class of Secured Notes or the Income Notes. If an Event of Default has occurred and is continuing, the holders of the Income Notes will not have any creditors' rights against the Issuer and will not have the right to determine the remedies to be exercised under the Indenture. There is no guarantee that any funds will remain to make distributions to the holders of subordinated Classes of Secured Notes or the Income Notes following any liquidation of the Assets and the application of the proceeds from the Assets to pay senior Classes of Secured Notes and the fees, expenses, and other liabilities payable by the Issuer.

In addition, if an Event of Default occurs and is continuing, the holders of the Controlling Class of Notes will be entitled to determine the remedies to be exercised under the Indenture, subject to the terms of the Indenture. See "Description of the Notes—The Indenture—Events of Default." For example, if an Event of Default were to occur and be continuing, a Majority of the Controlling Class would have the right to declare the principal of the Secured Notes to be immediately due and payable and, in general, to control actions taken or not taken with respect to such Event of Default, including exercise or non-exercise of remedies and the waiver or non-waiver thereof. Remedies

pursued by the Controlling Class could be adverse to the interests of the holders of the Secured Notes and Income Notes that are subordinated to the Notes held by the Controlling Class, and the Controlling Class will have no obligation to consider any possible adverse effect on such other interests.

If an Event of Default occurs and is continuing, the Trustee must retain the Assets intact, refrain from liquidating the Assets, and collect all payments in respect of the Assets and continue making payments in the manner described under "Overview of Terms—Priority of Payments" unless either (i) the Trustee determines (in the manner described in the Indenture) that the anticipated proceeds of a sale or liquidation of the Assets (after deducting the reasonable expenses of such sale or liquidation) would be sufficient to discharge in full the amounts then due (or, in the case of interest, accrued) and unpaid on the Secured Notes for principal and interest (including accrued and unpaid Deferred Interest) and all other amounts that, pursuant to the Priority of Payments, are required to be paid prior to such payments on such Secured Notes (including any amounts due and owing as Administrative Expenses (without regard to the Administrative Expense Cap), as Custodial Receipts Custodial Expenses (without giving effect to the Custodial Receipts Custodial Expenses Cap) and any due and unpaid Collateral Management Fees) and a Majority of the Controlling Class agrees with such determination or (ii) if an Event of Default referred to in clause (a)(i), (a)(ii), (e), (f) or (g) of the definition thereof has occurred and is continuing, a Supermajority of the Controlling Class directs the sale and liquidation of the Assets.

*The Issuer may modify the Indenture by supplemental indentures, and most supplemental indentures do not require consent of holders of Secured Notes or Income Notes or confirmation of the ratings of the Notes*

The Indenture will provide that the Issuer and the Trustee may enter into supplemental indentures to modify various provisions of the Indenture. Execution of supplemental indentures is subject to various conditions precedent. In certain cases, the consent of holders of Secured Notes or Income Notes is required, but, in certain cases, such consent is not required. See "Description of the Notes—The Indenture—Modification of Indenture". In addition, while the Rating Agencies will be provided advance notice of proposed supplemental indentures, confirmation of the ratings of the Secured Notes is generally not a condition precedent to the Issuer's entry into a supplemental indenture, except to the extent specified under "Description of the Notes—The Indenture—Modification of Indenture".

*In certain circumstances, holders of Secured Notes and Income Notes will be deemed to have given certain requests, demands, authorizations, directions, notices, consents, waivers or other actions provided by the Indenture to be given by holders*

The Indenture will provide that, with respect to any action or circumstance relating to the Indenture or any other Transaction Document that requires, permits or otherwise contemplates a consent or any other Act (defined below) of Holders (defined below), the Act of a Holder shall be deemed to have been obtained if (i) the Holder is given written notice of the proposed action or the circumstance, including a form providing in substance for the Holder to grant or withhold its Act, (ii) the notice sets forth a deadline by which a Holder that does not, expressly and in accordance with the form, withhold its Act shall be deemed to have granted the Act, (iii) the deadline is not earlier than the 15th Business Day following the date on which the notice is deemed to be given (unless the Trustee determines that a shorter timeframe is necessary or advisable), and (iv) the Holder does not grant or withhold, expressly and in accordance with the form, such Act by such deadline. For purposes of this paragraph, "Holder" shall be deemed to mean a registered holder of Secured Notes or Income Notes and "Act" means any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Indenture to be given or taken by Holders that may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in writing or by an agent duly appointed in writing.

*The Notes may be affected by interest rate risks, including mismatches between the Notes and the Collateral Obligations.*

The Class A Notes and Class B Notes will bear interest at a rate based on three-month LIBOR. The Collateral Obligations may bear interest based on other floating indices or based on rates that reset at periods other than three-month intervals or, in the case of Fixed Rate Obligations, based on a fixed rate. The aggregate outstanding principal balance of the Class A Notes and the Class B Notes may be different than the aggregate principal balance of the Floating Rate Obligations, and such difference may be material, particularly if the Issuer purchases an aggregate principal amount of Fixed Rate Obligations in excess of the aggregate principal amount of Notes that bear interest at fixed rates. Alternatively, if the share of Collateral Obligations held by the Issuer that bear interest at a fixed rate

were to fall over time, there could be a mismatch between the interest earned on the remaining Collateral Obligations and the Notes that bear interest at fixed rates. Furthermore, some Collateral Obligations may pay interest semi-annually, which could cause interest collections during two consecutive Collection Periods to be unbalanced. In order to reduce this risk, on each Payment Date on which there is a Cashflow Excess Amount, the Issuer will be required to reserve the lesser of (i) such Cashflow Excess Amount and (ii) the amount of Interest Proceeds remaining after distributions pursuant to paragraphs (A) to (R) of the priority of payments described under "Overview of Terms—Priority of Payments—Application of Interest Proceeds" have been made, as "Interest Proceeds" with respect to the next Collection Period.

The Issuer may seek to mitigate the risk of an increase the floating rates payable on the Class A Notes and the Class B Notes and the interest earned on Collateral Obligation bearing fixed rates by entering into an Interest Rate Cap as described below under "—Recent regulatory changes may affect the Issuer's ability to enter into hedge agreements". There is no assurance that the Issuer would be able to enter into an Interest Rate Cap or that any Interest Rate Cap would be effective to mitigate these risks. In addition, the realization of the benefits of entering into any Interest Rate Cap will depend upon the creditworthiness of the related counterparty.

In addition, any payments of principal of or interest on Collateral Obligations received during a Collection Period (and, during the Reinvestment Period, not reinvested in Collateral Obligations during such Collection Period) will be reinvested in Eligible Investments maturing not later than the earlier of (A) the date that is 60 days after the date of delivery thereof and (B) the Business Day immediately preceding the Payment Date immediately following the date of delivery thereof. There is no requirement that such Eligible Investments bear interest at a floating rate, and the interest rates available for such Eligible Investments are inherently uncertain.

As a result of such mismatches, changes in the level of LIBOR or any other applicable floating rate index could (to the extent not mitigated by any Interest Rate Cap into which the Issuer may enter after the Closing Date) adversely affect the ability of the Issuer to make payments on the Notes. There can be no assurance that the Collateral Obligations and the Eligible Investments will in all circumstances generate sufficient Interest Proceeds to make timely payments of interest on the Secured Notes or to make distributions to the holders of the Income Notes.

*The Senior Secured Bonds, which are likely to bear interest at fixed rates, are sensitive to changes in interest rates*

In general, the price of a Senior Secured Bond that bears interest at a fixed rate will fluctuate inversely with general changes in interest rates. Senior Secured Bonds with longer durations are likely to be more sensitive to interest rate changes than Senior Secured Bonds with shorter durations. Upward movements in interest rates after the date of purchase of a Senior Secured Bond are likely to adversely affect the price of such Senior Secured Bond. In addition, Senior Secured Bonds may have call or redemption features that would permit the issuer thereof to repurchase the securities from the Issuer. These call or redemption features are less likely to be exercised during a period of increasing interest rates.

Downward movements in interest rates after the date of purchase of a Senior Secured Bond could adversely affect the cashflows obtained from ownership of such Senior Secured Bond. Call or redemption features are more likely to be exercised during a period of declining interest rates. If a call were exercised by the issuer of a Senior Secured Bond during a period of declining interest rates, the Issuer likely would have to replace such called Senior Secured Bond with lower yielding Collateral Obligations.

*Hypothetical performance scenarios are not provided*

No financial hypothetical performance scenarios, modeling runs or return analyses are included in this Offering Circular. In connection with performance scenarios, modeling runs or return analysis (as with the information in this Offering Circular), prospective investors should conduct such financial analyses as they deem prudent, which may include the preparation of their own performance scenarios under a range of economic and other assumptions chosen by such prospective investors or their advisors. Although certain financial information regarding the transactions contemplated by this Offering Circular may be requested from the Initial Purchaser or Placement Agent, each investor or prospective investor must make an independent evaluation of the merits and risks of investment in the Secured Notes or Income Notes.



The actual performance of the Secured Notes and Income Notes will be affected by, among other things, (i) the amount and frequency of principal payments on the Collateral Obligations, which are dependent upon, among other things, the amount of sinking fund payments and any other payments received at or in advance of the scheduled maturity of Collateral Obligations (whether through sale, maturity, redemption, default or other liquidation or disposition) and (ii) the financial condition of the issuers of the Collateral Obligations and the characteristics thereof, including the existence and frequency of exercise of any optional or mandatory redemption features (including applicable redemption prices), the prevailing level of interest rates, the actual default rate and the actual level and timing of recoveries on, among other Collateral Obligations, any Defaulted Obligations, Credit Risk Obligations and Credit Improved Obligations, the frequency of tender or exchange offers for such Collateral Obligations and the extent to which Collateral Obligations may be acquired in the circumstances set forth in the Indenture or otherwise and the reinvestment rates obtained in connection with the purchase of such Collateral Obligations or in connection with the reinvestment of proceeds in Eligible Investments. It is expected that, with respect to a portion of the Collateral Obligations, the respective issuers thereof will have the right or obligation to cause them to be optionally or mandatorily redeemed or otherwise repaid at various times and subject to various conditions.

*Recent regulatory changes may affect the Issuer's ability to enter into hedge agreements.*

The Issuer is not entering into any hedge agreements on the Closing Date and does not anticipate entering into such agreements. At any time after the Closing Date, and subject to the conditions set out in "*The Indenture – hedge agreements*", the Issuer may enter into an Interest Rate Cap pursuant to which the Issuer will be entitled to receive periodic payments determined by reference to the product of a specified notional amount multiplied by the excess of a London interbank offered rate for Dollar deposits over a specified fixed rate. Economic and market conditions could change, and the Issuer or the Collateral Manager could conclude that it would be in the interests of the Issuer to enter into further hedge agreements to, for example, hedge interest rate risk. There have been recent developments, however, that may increase the cost of, or prevent the Issuer from, entering into such hedge agreements.

Pursuant to the Dodd-Frank Act, the Commodity Futures Trading Commission ("CFTC") has promulgated a range of new regulatory requirements that may affect the pricing, terms and compliance costs associated with hedge agreements. In addition, the CFTC recently adopted rules under the Dodd-Frank Act that include "swaps" along with "commodities" as contracts which if traded by an entity may cause that entity to be a "commodity pool" under the Commodity Exchange Act and any person that, on behalf of such entity, engages in or facilitates such activity to be a "commodity pool operator" ("CPO") and a "commodity trading adviser" ("CTA"). Regulation of the Issuer as a commodity pool and/or regulation of the Collateral Manager (or another transaction party) as a CPO and CTA could cause the Issuer to be subject to extensive registration and reporting requirements that may involve material costs to the Issuer. As a result of these developments, if any supplemental indenture permits the Issuer to enter into a Synthetic Security or other hedge, swap or derivative transaction (each a "hedge agreement") or the Issuer proposes to enter into any Interest Rate Cap, the Co-Issuers and the Trustee shall not enter into such supplemental indenture (or, if applicable, the Issuer will not enter into such Interest Rate Cap) without the consent of a Majority of the Income Notes and the Initial Purchaser; *provided* that before entering into any such hedge agreement or Interest Rate Cap, the following conditions must be satisfied: (a) except as the Initial Purchaser and holders of a Majority of the Income Notes shall otherwise specify in a notice to the Issuer, the Issuer obtains an Opinion of Counsel to the effect that (i) the Issuer entering into such hedge agreement or Interest Rate Cap would fall within the scope of the exclusion from commodity pool regulation set forth in CFTC Letter No. 12-45 (Interpretation and No-Action) dated December 7, 2012 issued by the Division of Swap Dealer and Intermediary Oversight of the Commodity Futures Trading Commission, (ii) the Issuer entering into such hedge agreement or Interest Rate Cap would otherwise not cause the Issuer to be considered a "commodity pool" as defined in Section 1a(10) of the Commodity Exchange Act, as amended, or (iii) if the Issuer would be a commodity pool, that (A) at least one transaction party would be the commodity pool operator thereof and (B) the Collateral Manager (or another transaction party) would be the commodity trading adviser thereof, and (C) with respect to the Issuer as a commodity pool, each transaction party that would be the commodity pool operator is eligible for an exemption from registration as a commodity pool operator and all conditions precedent to obtaining such an exemption have been satisfied; (b) each transaction party that would be the commodity pool operator agrees in writing that for so long as the Issuer is a commodity pool, such transaction party shall take all actions necessary to ensure ongoing compliance with the applicable exemption from registration as a commodity pool operator with respect to the Issuer, and shall take any other actions required as a commodity pool operator with respect to the Issuer; (c) if the Issuer would be a commodity pool, the Issuer receives

an Opinion of Counsel to the effect that the Issuer entering into such hedge agreement shall not, in and of itself, cause the Issuer to become a "hedge fund or a private equity fund" as defined for purposes of Section 13 of the Bank Holding Company Act, as amended; (d) the applicable S&P counterparty criteria then in effect are satisfied with respect to the counterparty under such hedge agreement or Interest Rate Cap; (e) each of S&P and Fitch receives notice of such hedge agreement or Interest Rate Cap and a copy of such hedge agreement or Interest Rate Cap is sent to each of S&P and Fitch promptly after execution thereof; and (f) the Issuer receives the written consent of a Majority of the Controlling Class to enter into such hedge agreement or Interest Rate Cap.

*A decrease in LIBOR will lower the interest payable on the Class A Notes and the Class B Notes, and an increase in LIBOR may indirectly reduce the credit support to the Class A Notes and the Class B Notes*

The Interest Rate on the Class A Notes and the Class B Notes is based upon LIBOR and therefore may fluctuate from one Interest Accrual Period to another in response to changes in LIBOR; The Class C Notes, the Class D Notes and the Class E Notes bear a fixed rate of interest and the Income Notes do not bear a stated rate of interest. Over the past two years, LIBOR has experienced historically high volatility and significant fluctuations. The Issuer believes that LIBOR will continue to fluctuate and make no representation as to what LIBOR will be in the future. In accordance with the Concentration Limitations, as much as 40.0% of the Collateral Principal Amount at the Effective Date or thereafter may bear interest at a fixed rate. As a result, there could be a floating/fixed rate and/or basis mismatch between the Class A Notes and the Class B Notes and the underlying Collateral Obligations that bear interest at a fixed rate. In addition, because the Class A Notes and the Class B Notes bear interest based upon three-month LIBOR (other than during the first Interest Accrual Period), there may be a basis mismatch between the Class A Notes and the Class B Notes the underlying Collateral Obligations with interest rates based LIBOR for a different period of time or even three-month LIBOR for a different accrual period. It is possible that LIBOR payable on the Class A Notes and the Class B Notes may rise (or fall) during periods in which LIBOR with respect to the various Collateral Obligations is stable or falling (or rising but capped at a level lower than LIBOR for the Secured Notes). Some Collateral Obligations, however, may have LIBOR floor arrangements that may help mitigate this risk, but there is no requirement for any Floating Rate Obligation to have a LIBOR floor and there is no guarantee that any such LIBOR floor will fully mitigate the risk of falling LIBOR. If LIBOR payable on the Class A Notes and the Class B Notes rises during periods in which LIBOR with respect to the various Floating Rate Obligations is stable, is falling or is rising but is capped at a lower level, "excess spread" (*i.e.*, the difference between the interest collected on the Floating Rate Obligations and the sum of the interest payable on the Secured Notes and certain transaction fees payable by the Issuer) that otherwise would be available as credit support may instead be used to pay interest on the Class A Notes and the Class B Notes. There may also be a timing mismatch between the Class A Notes and the Class B Notes and the underlying Floating Rate Obligations as the LIBOR on such Floating Rate Obligations may adjust more frequently or less frequently, on different dates than LIBOR on the Class A Notes and the Class B Notes. Such a mismatch could result in the Issuer not collecting sufficient Interest Proceeds to make interest payments on the Class A Notes and the Class B Notes. Furthermore, Principal Proceeds and Sale Proceeds may be reinvested in short-term Eligible Investments pending application in accordance with and subject to the Priority of Payments. There is no requirement that such Eligible Investments bear interest at LIBOR. As a result of such mismatches, an increase in the level of LIBOR could adversely impact the ability to make payments in respect of the Income Notes. The Issuer will not enter into interest rate swap transactions to hedge any interest rate or timing mismatch. The Issuer will not enter into interest rate swap transactions to hedge any interest rate or timing mismatch.

*Additional information about LIBOR.*

Regulators and law-enforcement agencies in a number of jurisdictions are conducting investigations into potential manipulation or attempted manipulation of LIBOR submissions to the British Bankers' Association (the "BBA"). Actions by the BBA, regulators or law-enforcement agencies may affect LIBOR (and/or the determination thereof) in unknown ways, which could adversely affect the value of the Notes. This could include a change in the methodology of setting LIBOR or reduced prominence for LIBOR as a benchmark interest rate. Any uncertainty in the value of LIBOR or the development of a widespread market view that LIBOR has been or is being manipulated may adversely affect liquidity of the Notes in the secondary market and their market value. An increase in alternative types of financing at the expense of LIBOR-based syndicated commercial loans may make it more difficult for the

Issuer to source Collateral Obligations prior to the Effective Date or reinvest proceeds in Collateral Obligations that satisfy the reinvestment criteria specified herein or may increase interest expense.

*The weighted average lives of the Secured Notes and Income Notes will vary from their maturity date*

The average life of each Class of Secured Notes and the Income Notes is expected to be shorter than the number of years until its respective Stated Maturity date. Such average lives will be affected by the terms of the Secured Notes (including payment priorities, the Optional Redemption provisions, the Mandatory Redemption provisions, the Tax Redemption provisions, and the Special Redemption provisions), the early retirement of Collateral Obligations, the timing and amount of sales of Collateral Obligations, the ability of the Collateral Manager to invest collections and proceeds in additional Collateral Obligations, the ability of the Issuer to extend the Reinvestment Period, and the financial condition of the obligors in respect of the underlying Collateral Obligations and the characteristics of such Collateral Obligations, including the existence and frequency of exercise of any optional redemption, mandatory redemption, prepayment or sinking fund features, the prevailing level of interest rates, the redemption prices, the actual default rates and the actual level of recoveries on any Defaulted Obligations and the frequency of tender or exchange offers for such Collateral Obligations. In particular, loans are generally prepayable at par and may be prepayable without a premium, and a high proportion of loans could be prepaid. The ability of the Issuer to reinvest proceeds in securities with comparable interest rates that satisfy the reinvestment criteria specified herein may affect the timing and amount of payments received by the holders of Secured Notes and Income Notes and the yield to maturity of the Secured Notes and Income Notes. See "Security for the Secured Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion."

*Projections, estimates and forward-looking statements are speculative in nature*

Estimates of the average lives of the Secured Notes and Income Notes, together with any projections and estimates provided to prospective purchasers of the Secured Notes and Income Notes, are forward-looking statements. Projections are necessarily speculative in nature, and it should be expected that some or all of the assumptions underlying the projections will not materialize or will vary significantly from actual results. Accordingly, actual results will vary from the projections, and such variations may be material. Some important factors that could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates, exchange rates and default and recovery rates; market, financial or legal uncertainties; the timing of acquisitions of Assets; differences in the actual allocation of Assets among asset categories from those assumed; mismatches between the time of accrual and receipt of Interest Proceeds from the Assets.

Without limiting the generality of the foregoing, the inclusion of forward-looking statements herein should not be regarded as a representation by the Issuer, Citigroup, the Collateral Manager, the Trustee, the Collateral Administrator or any of their respective affiliates or any other person as to the results that will actually be achieved by the Issuer with respect to the Secured Notes or Income Notes. None of the Issuer, Citigroup, the Collateral Manager, the Trustee, the Collateral Administrator or any other party to this transaction or any of their respective Affiliates has any obligation to update or otherwise revise any forward-looking statements, projections or estimates, including any revisions to reflect changes in economic conditions or other circumstances arising after the Original Distribution Date or to reflect the occurrence of unanticipated events or otherwise.

*State and local taxes may reduce a holder's anticipated return on the Notes*

In addition to the federal income tax consequences described in "U.S. Federal Income Tax Considerations" and "Certain ERISA and Related Considerations" herein, potential investors should consider the state and local income tax consequences of the acquisition, ownership, and disposition of the Notes. In particular, potential investors in the Income Notes and the Combination Notes should consider possible limitations on or the elimination of the deductibility of certain expenses of the Issuer, including interest expense, for state, local or municipal income tax purposes. State and local income tax law may differ substantially from the corresponding federal law, and this Offering Circular does not purport to describe any aspect of the income tax laws of any state or local jurisdiction. Therefore, potential investors should consult their own tax advisors with respect to the various state or local tax consequences of an investment in the Notes.

*The Issuer may be subject to tax; certain Collateral Obligations may become subject to U.S. withholding tax*

Sidley Austin LLP, special U.S. federal income tax counsel to the Collateral Manager, believes and is expected to provide its opinion to the Issuer, that the Issuer will be treated as a partnership for U.S. federal income tax purposes, provided that two or more persons are treated as the owners of the Income Notes for such purposes, and, therefore, the Issuer will not be subject to U.S. federal income tax on its net income, but will be required to withhold U.S. tax on income effectively connected with the conduct of a trade or business within the United States to the extent such income, if any, is allocable to non-U.S. persons holding its Income Notes or any other equity interests in the Issuer. However, the Issuer will receive an opinion from its special U.S. federal income tax counsel that it will not be engaged in a trade or business within the United States.

The Issuer expects that payments received on the Collateral Obligations and Eligible Investments generally will not be subject to withholding taxes imposed by the United States or other countries from which such payments are sourced. A Collateral Obligation will be eligible for purchase by the Issuer if, at the time it is purchased, either the payments thereon are not subject to U.S. withholding tax or foreign withholding tax (other than taxes imposed on commitment fees) or, unless the withholding tax is imposed under sections 1471-1474 of the Code ("**FATCA**"), the issuer thereof (and the guarantor, if any) is required to make "gross-up" payments that cover the full amount of any such withholding taxes. Payments on the Collateral Obligations and Eligible Investments might become subject to U.S. or other tax due to a change in law or other causes. Payments with respect to any equity securities held by the Issuer likely will be subject to withholding taxes to the extent that such payments are sourced outside the United States. If the obligors of such Collateral Obligations were not then required to make "gross-up" payments that cover the full amount of any such withholding taxes, the amounts available to make payments on the Secured Notes would accordingly be reduced. There can be no assurance that remaining payments on the Collateral Obligations would be sufficient to make timely payments of interest on and payment of principal at the Stated Maturity of each Class of Secured Notes or that there would be amounts available to make distributions on the Income Notes. In addition, fees with respect to Synthetic Letters of Credit are expected to be and, as a condition of their eligibility for acquisition, are required to be subject to United States withholding tax by the relevant agent bank, unless the Issuer has received an opinion of nationally recognized external legal counsel to the effect that such withholding should or will not be required or the Issuer deposits into the LC Reserve Account an amount equal to 30% of all of the fees received by the Issuer in respect of such Synthetic Letters of Credit.

The imposition of unanticipated withholding taxes or Taxes on the Issuer's net income could materially impair the Issuer's ability to make payments on the Notes, cause the Issuer to sell the relevant Collateral Obligations or cause a Tax Redemption if certain requirements are met.

*Blocker Subsidiaries will be subject to tax*

To reduce the risk that the Issuer will be engaged in a trade or business in the United States, in certain circumstances set forth in the Indenture certain Equity Securities, Defaulted Securities and securities or obligations received in an Offer may be owned by one or more Blocker Subsidiaries wholly-owned by the Issuer. Income on such securities or obligations will be subject to U.S. federal income tax, and possibly state and local tax, at regular corporate rates and distributions by such Blocker Subsidiaries to the Issuer (or, in the case of non-U.S. Blocker Subsidiaries, amounts distributed to the Blocker Subsidiary) attributable to such income may also be subject to U.S. withholding tax.

*Holders of Notes May be Subject to Withholding Under FATCA*

Noteholders of the Income Notes (including Noteholders holding Income Notes through Combination Notes) may be subject to FATCA withholding tax to the extent any payments received are attributable to payments in respect of obligations held by the Issuer that were issued or materially modified within the meaning of the FATCA rules after December 31, 2012, if such Noteholders fail to comply with their Noteholder Reporting Obligations or otherwise fail to establish that (i) they are not foreign financial institutions or (ii) if they are foreign financial institutions, they are either exempt from FATCA or have entered into a FATCA Agreement. Noteholders of Secured Notes (including Noteholders holding Secured Notes through Combination Notes) which are materially modified within the meaning of the FATCA rules after December 31, 2012 may also be subject to withholding under FATCA if the Issuer were engaged in a United States trade or business for U.S. Federal income tax purposes and if such Noteholders fail to comply with their Noteholder Reporting Obligations or otherwise fail to establish that (i) they are

not foreign financial institutions or (ii) if they are foreign financial institutions, they are either exempt from FATCA or have entered into a FATCA Agreement.

*There is no assurance that the Secured Notes will be treated as debt for U.S. tax purposes*

Sidley Austin LLP, special U.S. federal income tax counsel to the Collateral Manager, believes and is expected to provide its opinion to the Issuer that the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will, and the Class E Notes should, be treated as debt for U.S. federal income tax purposes provided, with respect to the Class C Notes, the Class D Notes and the Class E Notes, that such Notes are treated for such purposes as separately issued and outstanding on the Closing Date rather than as an indivisible part of the Combination Notes. The Issuer intends to treat the Secured Notes, and the Indenture requires that the Secured Noteholders (including Combination Noteholders with respect to the portion of Secured Notes held through a Combination Note) agree to treat the Secured Notes, for so long as the Issuer is classified as a partnership for U.S. federal tax purposes, as debt of the Issuer for U.S. federal and, to the extent permitted by law, state and local income and franchise tax purposes, and to take no action inconsistent with such treatment unless required by any relevant taxing authority. Nevertheless, the treatment of any class of Secured Notes, particularly the Class E Notes due to their place in the capital structure, as debt of the Issuer could be challenged by the U.S. Internal Revenue Service. If such a challenge were successful, any class of Notes recharacterized would be treated as equity interests in the Issuer, and the U.S. federal income tax consequences of investing such Notes would be substantially the same as the consequences of investing in the Income Notes. See "U.S. Federal Income Tax Considerations". Any classes of Notes treated as equity interests in the Issuer may be subject to a 30% withholding tax under FATCA beginning after December 31, 2013 if such Notes are held by a person that is not a United States unless that person establishes that it is not a "foreign financial institution" which has not entered into a FATCA Agreement or otherwise secured an exemption from FATCA withholding to the extent payments on such Notes are considered attributable to "withholdable payments" within the meaning of the FATCA rules.

*Payments and distributions on the Notes are not required to be grossed up for taxes withheld*

Subject to the potential application of FATCA with respect to Notes, the Issuer expects that payments and distributions on the Notes will ordinarily not be subject to any withholding tax in the United States or any other jurisdiction. See "U.S. Federal Income Tax Considerations". In the event that withholding or deduction of any taxes from payments and distributions on the Notes is required by law in any jurisdiction, the Issuer shall not be under any obligation to make any additional payments in respect of such withholding or deduction.

*Secured Notes issued in additional offerings by the Issuer may not be fungible for U.S. federal income tax purposes with the Secured Notes issued in the original offering*

Whether any new notes would be fungible for U.S. federal income tax purposes with the Secured Notes issued on the Closing Date would depend on whether the issuance of such new notes would be treated as a "qualified reopening" within the meaning of U.S. Treasury regulations. This determination will depend on facts that cannot be determined at this time, including the date on which such issuance occurs, the yield of the outstanding Secured Notes at that time (based on their fair market value) and whether any outstanding Notes are publicly traded or quoted at that time.

*Potential investors in the Income Notes and the Combination Notes should consider certain U.S. federal income tax considerations.*

Holders of Income Notes and Combination Notes will be required to take into account their allocable shares of the Issuer's income, gain, deduction or loss whether or not the Issuer makes cash distributions. In addition, such holders generally will be treated as paying their pro rata shares of the Issuer's expenses. The deductibility of losses and expenses of certain non-corporate holders may be subject to limitations such as the "at risk" rules, limitations on the deductibility of investment interest and the 2% floor on deductions for miscellaneous expenses (including management fees). The deductibility of interest expense attributable to original issue discount accruing with respect to the Class E Notes and any other Class of Secured Notes that is treated as an applicable high yield discount obligation ("AHYDO") that is proportionately allocable to Holders of Income Notes and Combination Notes that are

treated as corporations for U.S. federal income tax purposes may be deferred until the original issue discount is paid and, the portion, if any, that exceeds a qualifying threshold may be permanently disallowed.

Potential investors in the Income Notes and Combination Notes should consult their own tax advisors regarding the U.S. federal income tax consequences of owning the Income Notes and Combination Notes.

*Investors should consider certain ERISA considerations*

If the ownership of any class of equity interest of the Issuer, such as a class of Secured Notes or Income Notes that is characterized as equity, by Benefit Plan Investors were to equal or exceed 25% of the total value of such class, as determined under the Plan Asset Regulation issued by the United States Department of Labor at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*") (such regulation as so modified, the "*Plan Asset Regulation*"), the assets of the Issuer would be deemed to be "plan assets". For purposes of making the 25% determination, the value of any equity interests held by a person (other than a Benefit Plan Investor) who has discretionary authority or control with respect to the assets of the entity or any person who provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of any such person (each, a "*Controlling Person*"), is disregarded. Under the Plan Asset Regulation, an "affiliate" of a person includes any person, directly or indirectly through one or more intermediaries, controlling, controlled by or under common control with the person, and "control" with respect to a person other than an individual means the power to exercise a controlling influence over the management or policies of such person.

If for any reason the assets of the Issuer were deemed to be "plan assets," certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of its business might constitute non-exempt "prohibited transactions" under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded at significant cost to the Issuer. The Collateral Manager, on behalf of the Issuer, may be prevented from engaging in certain investments or other transactions or fee arrangements because they might be deemed to cause non-exempt prohibited transactions. Moreover, if the underlying assets of the Issuer were deemed to be assets constituting plan assets, (i) the assets of the Issuer could be subject to ERISA's reporting and disclosure requirements, (ii) a fiduciary causing a Benefit Plan Investor to make an investment in the equity of the Issuer could be deemed to have delegated its responsibility to manage the assets of the Benefit Plan Investor, (iii) various providers of fiduciary or other services to the Issuer, and any other parties with authority or control with respect to the Issuer, could be deemed to be Plan fiduciaries or otherwise Parties in Interest or Disqualified Persons by virtue of their provision of such services, and (iv) it is not clear that Section 404(b) of ERISA, which generally prohibits plan fiduciaries from maintaining the indicia of ownership of assets of plans subject to Title I of ERISA outside the jurisdiction of the district courts of the United States, would be satisfied in all instances. The term "*Benefit Plan Investor*" is defined in Section 3(42) of ERISA as (a) any employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to the fiduciary responsibility provisions of Title I of ERISA, (b) any plan to which Section 4975 of the Code applies and (c) any entity whose underlying assets include plan assets by reason of such an employee benefit plan's or plan's investment in such entity.

An equity interest is defined under the Plan Asset Regulation as an interest other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on how this definition applies, the Issuer believes that the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be treated as indebtedness without substantial equity features for purposes of the Plan Asset Regulation, although no assurance can be given in this regard. The Class E Notes may, and the Income Notes and Combination Notes will likely, be treated as equity interests in the Issuer for purposes of the Plan Asset Regulation.

Although the Issuer reserves the right to elect to allow its assets to be treated as "plan assets" for purposes of ERISA and Section 4975 of the Code, unless and until it does so, the Issuer intends, through the use of written or deemed representations, to restrict ownership of the Class E Notes, Income Notes and Combination Notes by Benefit Plan Investors and Controlling Persons so that no assets of the Issuer will be deemed to be "plan assets" subject to Title I of ERISA or Section 4975 of the Code as such term is defined in Section 3(42) of ERISA and the Plan Asset Regulation. However, there can be no assurance that ownership of the Class E Notes, the Income Notes and the Combination Notes by Benefit Plan Investors will always remain below the 25% Limitation established under the Plan Asset Regulation.

If any person shall become the beneficial owner of a Secured Note or an Income Note who has made or is deemed to have made a prohibited transaction representation or a Benefit Plan Investor, Controlling Person, Similar Law or Other Plan Law representation that is subsequently shown to be false or misleading or whose ownership otherwise causes a violation of the 25% Limitation, such person shall be a "*Non-Permitted ERISA Holder*". If the Issuer (or the Collateral Manager on behalf of the Issuer) discovers that such holder is a Non-Permitted ERISA Holder, the Issuer shall promptly send notice to such Non-Permitted ERISA Holder demanding that such Non-Permitted ERISA Holder transfer its interest to a person that is not a Non-Permitted ERISA Holder within 20 days after the date of such notice. If such Non-Permitted ERISA Holder fails to so transfer its Notes, the Issuer shall have the right, without further notice to the Non-Permitted ERISA Holder, to cause such Non-Permitted ERISA Holder's interest in such Notes to be sold to a purchaser selected by the Issuer that is not a Non-Permitted ERISA Holder on such terms as the Issuer may choose. See "Transfer Restrictions—Non-Permitted Holder/Non-Permitted ERISA Holder".

See "Certain ERISA and Related Considerations" herein for a more detailed discussion of certain ERISA and related considerations with respect to an investment in the Secured Notes, Income Notes or Combination Notes.

*The Issuer is recently formed, has no significant operating history, has no assets other than the Assets and is limited in its permitted activities*

The Issuer is a recently formed or organized entity and, as of the Original Distribution Date, the Issuer had no prior operating history or track record other than in connection with the pre-closing arrangements to facilitate the acquisition of Collateral Obligations in contemplation of the transactions described herein. See "—Relating to the Collateral Obligations—Assets acquired from the Forward Seller on or about the Closing Date". Accordingly, the Issuer does not have a performance history for you to consider in making your decision to invest in the Secured Notes or Income Notes.

*There is a risk that assets transferred by the Forward Seller to the Issuer may be subject to claims of creditors of the Forward Seller, including any bankruptcy trustee or similar entity acting with respect to the Forward Seller, and that the Issuer's interest in such assets will be limited to rights as a secured creditor*

The Forward Seller will transfer to the Issuer certain Collateral Obligations as described under "—Relating to the Collateral Obligations—Assets acquired from the Forward Seller on or about the Closing Date". Such Collateral Obligations acquired from the Forward Seller are expected to represent, on the Closing Date, approximately 71% of the Target Par Amount (on a trade date basis).

If the Forward Seller were to become the subject of a case or proceeding under the Bankruptcy Law, the trustee in bankruptcy or other party in interest (including the debtor) could assert that Collateral Obligations acquired from such entity, if acquired for less than their fair market value, are collateral for loans by the Issuer and not sales or absolute transfers (and therefore such Collateral Obligations are property of the bankruptcy estate of such entity). Property that an entity has pledged or assigned, or in which such entity has granted a security interest, as collateral security for the payment or performance of a debt would be property of such entity's estate. If a bankruptcy court were to conclude that the Collateral Obligations were pledged by the Forward Seller to the Issuer as collateral security for a debt and not as an absolute assignment and transfer, the distribution of payments arising from the Collateral Obligations might be subject to the automatic stay provisions of the Bankruptcy Law. This would delay the distribution of those payments in accordance with the Priority of Payments for an uncertain period of time. The result may also be reductions in payments under the Collateral Obligations. In addition, a bankruptcy trustee or debtor in possession would have the power to sell such Collateral Obligations if the proceeds of the sale could satisfy the amount of the debt deemed owed by the affiliated seller to the Issuer. The bankruptcy trustee or debtor in possession could also substitute other collateral in lieu of the Collateral Obligations to secure such debt.

However, property that an entity has sold or absolutely assigned and transferred to another party is not property of such entity's estate. The Forward Seller has represented and warranted, and will continue to represent and warrant, that the conveyance of the Collateral Obligations by it is in each case a valid sale or absolute transfer of such Collateral Obligations. In addition, in agreements conveying the Collateral Obligations, each such entity has agreed and will continue to agree that it will treat the transactions described therein as a sale or absolute transfer of the Collateral Obligations.

*Non-compliance with restrictions on ownership of the Secured Notes and Income Notes and the Investment Company Act could adversely affect the Issuer and result in disposition by the Issuer of an investor's interest in the Secured Notes or Income Notes*

The Issuer has not registered with the SEC as an investment company pursuant to the Investment Company Act, in reliance on an exception under Section 3(c)(7) of the Investment Company Act for investment companies (a) whose outstanding securities are beneficially owned exclusively, at the time of acquisition, by "qualified purchasers" (as defined in Section 2(a)(51) of the Investment Company Act) (or, solely in the case of the Income Notes, Knowledgeable Employees (for purposes of Rule 3c-5 of the Investment Company Act) ("Knowledgeable Employees")) or a company owned exclusively by Knowledgeable Employees and/or Qualified Purchasers, or Persons that acquire the Income Notes from Knowledgeable Employees or Qualified Purchasers in transactions satisfying the applicable requirements of Rule 3c-6(b) under the Investment Company Act and, if applicable, of Rule 3c-5(b)(3) under the Investment Company Act) and (b) which do not make a public offering of their securities in the United States.

No opinion or no-action position has been requested of the SEC with respect to the status of the Issuer as investment companies under the Investment Company Act.

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

If the Issuer determines that a holder or beneficial owner of the Secured Notes or Income Notes that was not a Qualified Purchaser or a company owned exclusively by Qualified Purchasers, or a Person that acquired the Income Notes from a Qualified Purchaser in a transaction satisfying the applicable requirements of Rule 3c-6(b) under the Investment Company Act (or, solely in the case of the Income Notes, a Knowledgeable Employee or a company owned exclusively by Knowledgeable Employees and/or Qualified Purchasers, or a Person that acquired the Income Notes from a Knowledgeable Employee or a Qualified Purchaser in a transaction satisfying the applicable requirements of Rule 3c-6(b) under the Investment Company Act and, if applicable, of Rule 3c-5(b)(3) under the Investment Company Act) at the time of its acquisition of the Notes, the Issuer will have the right, at its option, to require such person to dispose of its Notes to a person or entity that is qualified to hold the Notes immediately upon receipt of a notice from the Issuer that the relevant holder or beneficial owner was not a Qualified Purchaser or a company owned exclusively by Qualified Purchasers, or a Person that acquired the Income Notes from a Qualified Purchaser in a transaction satisfying the applicable requirements of Rule 3c-6(b) under the Investment Company Act (or, solely in the case of the Income Notes, a Knowledgeable Employee or a company owned exclusively by Knowledgeable Employees and/or Qualified Purchasers, or a Person that acquired the Income Notes from a Knowledgeable Employee or a Qualified Purchaser in a transaction satisfying the applicable requirements of Rule 3c-6(b) under the Investment Company Act and, if applicable, of Rule 3c-5(b)(3) under the Investment Company Act, as the case may be). See "Transfer Restrictions—Non-Permitted Holder/Non-Permitted ERISA Holder."

The Issuer may be required to withhold a 30% U.S. withholding tax on the portion of its payments on the Notes treated as attributable to or payments of U.S.-source payments received by the Issuer after December 31, 2013, and the proceeds of certain sales received by the Issuer after December 31, 2017 with respect to a Collateral Obligation or Eligible Investment that is not outstanding on December 31, 2012 unless the Issuer obtains information regarding each Holder of the Notes as is necessary to determine which, if any, such Holders are non-U.S. persons not otherwise exempt from withholding under Sections 1471 and 1472 of the Code.



Each purchaser, beneficial owner and subsequent transferee of Notes or any interest therein will: (1) be required or deemed to agree to provide the Issuer and Trustee (i) any information as is necessary (in the sole determination of the Issuer or the Trustee) for the Issuer and the Trustee to determine whether such purchaser, beneficial owner or transferee is a United States person as defined in Section 7701(a)(30) of the Code ("*United States person*") or a United States owned foreign entity as defined in Section 1471(d)(3) of the Code ("*United States owned foreign entity*") and (ii) any additional information that the Issuer or its agent requests in connection with Sections 1471-1474 of the Code and (2) if it is a United States person or a United States owned foreign entity that is a holder or beneficial owner of Notes or an interest therein, be required to (x) provide the Issuer and Trustee its name, address, U.S. taxpayer identification number, if it is a United States owned foreign entity, the name, address and taxpayer identification number of each of its substantial United States owners as defined in Section 1473(2) of the Code ("*substantial United States owner*") and any other information requested by the Issuer or its agent upon request and (y) update any such information provided in clause (x) promptly upon learning that any such information previously provided has become obsolete or incorrect or is otherwise required (the foregoing agreements, "*Noteholder Reporting Obligations*").

If the Issuer determines that (y) any holder of Notes has failed to comply with the Noteholder Reporting Obligations or (z) solely by reason of a Change in Law, the continued legal or beneficial ownership of any Note by any holder imposes any material burden, including a Specified Material Burden, on the Issuer, and the Collateral Manager gives notice thereof to the Trustee, the Issuer will have the right, at its option, to require such person to dispose of its Notes to a person or entity that is qualified to hold the Notes immediately upon receipt of a notice from the Issuer. See "Transfer Restrictions—Non-Permitted Holder/Non-Permitted ERISA Holder."

*Book-entry holders are not considered holders of Secured Notes and Income Notes under the Indenture, and this may delay receipt of payments on the Secured Notes and Income Notes*

Holders of beneficial interests in any Secured Notes and Income Notes held in global form will not be considered holders of such Secured Notes and Income Notes under the Indenture. After payment of any interest, principal or other amount to DTC, the Issuer will not have any responsibility or liability for the payment of such amount by DTC or to any holder of a beneficial interest in a Note. DTC or its nominee will be the sole holder for any Secured Notes and Income Notes held in global form, and therefore each person owning a beneficial interest in a Secured Notes or Income Note held in global form must rely on the procedures of DTC (and if such person is not a participant in DTC on the procedures of the participant through which such person holds such interest) with respect to the exercise of any rights of a holder of a Secured Note or Income Note under the Indenture. The procedures of these institutions may be changed without notice to or the consent of Citigroup, the Collateral Manager or the Issuer.

Holders of the Secured Notes and Income Notes owning a book-entry Note may experience some delay in their receipt of distributions of interest and principal on such Note since distributions are required to be forwarded by the Trustee to DTC, and DTC will be required to credit such distributions to the accounts of its participants which thereafter will be required to credit them to the accounts of the applicable Holders of the Secured Notes and Income Notes, either directly or indirectly through indirect participants. See "Description of the Notes—Form, Denomination, Registration and Transfer of the Notes."

*The Secured Notes and Income Notes will have limited liquidity and are subject to substantial transfer restrictions*

Currently, no market exists for the Notes. Citigroup is not under any obligation to make a market for the Notes. There can be no assurance that any secondary market for any of the Notes will develop, or if a secondary market does develop, that it will provide the holders of the Notes with liquidity of investment or will continue for the life of the Notes. Consequently, a purchaser of Notes must be prepared to hold the Notes for an indefinite period of time or until their Stated Maturity. The Notes will not be registered under the Securities Act or any state securities laws, and the Issuer has no plans, and are under no obligation, to register the Notes under the Securities Act. As a result, the Notes are subject to certain transfer restrictions and can only be transferred to certain transferees as described herein under "Transfer Restrictions". As described herein, the Issuer may, in the future, impose additional restrictions to comply with changes in applicable law. Such restrictions on the transfer of the Notes may further limit their liquidity.

*Recent European risk retention rules may affect the liquidity of the Notes.*

Under rules that became effective on January 1, 2011 pursuant to Article 122a of the European Union's Directive 2006/48/EC ("*Article 122a*"), entities regulated as credit institutions pursuant to such Directive, together with their affiliates subject to consolidated supervision (each an "*Affected Investor*"), that acquire credit risk of a securitization may be subject to certain financial and other penalties, including but not limited to increased capital requirements, unless the originator, sponsor or original lender has explicitly disclosed to the credit institution that it will retain, on an ongoing basis, a material net economic interest of not less than 5%. Guidance published by the Committee of European Banking Supervisors on December 31, 2010 confirmed that a fund managed by the asset manager that structured the relevant securitization does not constitute an "originator" for purposes of satisfying the risk retention requirements of Article 122a. Article 122a also requires that an Affected Investor be able to demonstrate that it has undertaken certain due diligence in respect of, among other things, the credit risk it has acquired and the underlying exposures, and that procedures have been established for monitoring the performance of the underlying exposures on an on-going basis.

No party to the transaction has committed to retain a material net economic interest in the transaction in accordance with the requirements of Article 122a or take any other action which may be required by Affected Investors for the purposes of their compliance with Article 122a. This may have a negative impact on the regulatory capital position of Affected Investors and on the value and liquidity of the Notes in the secondary market. Similar rules may be introduced in the future that would apply similar rules to other investors, such as European insurers, UCITS funds and certain European hedge funds and private equity funds, who hold securitization positions (including securitization positions purchased prior to the implementation of such rules), which could have a further adverse effect on the liquidity of the Notes. Affected Investors in the Notes are responsible for analyzing their own regulatory position, and are encouraged to consult with their own investment and legal advisors regarding compliance with Article 122a (and any corresponding implementing rules in the relevant member state of the EEA) and the suitability of the Notes for investment. None of the Issuer, the Initial Purchaser, the Placement Agent, the Collateral Manager or the Trustee makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Closing Date or at any time in the future.

*Future actions of any Rating Agency can adversely affect the market value or liquidity of the Secured Notes, Income Notes and Exchangeable Combination Notes*

The Rating Agencies may change their published ratings criteria or methodologies for securities such as the Secured Notes or Exchangeable Combination Notes at any time in the future. Further, the Rating Agencies may retroactively apply any such new standards to the ratings of the Secured Notes or Exchangeable Combination Notes. Any such action could result in a substantial lowering (or even withdrawal) of any rating assigned to any Secured Note or to the Exchangeable Combination Notes, despite the fact that such Secured Note or the Exchangeable Combination Notes might still be performing fully to the specifications set forth for such Secured Note or the Exchangeable Combination Notes in this Offering Circular and the Transaction Documents. The rating assigned to any Secured Note or the Exchangeable Combination Notes may also be lowered following the occurrence of an event or circumstance despite the fact that the related Rating Agency previously provided confirmation that such occurrence would not result in the rating of such Secured Note or the Exchangeable Combination Notes being lowered. Additionally, any Rating Agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any class of Secured Notes or the Exchangeable Combination Notes. If any rating initially assigned to any Secured Note or the Exchangeable Combination Notes is subsequently lowered or withdrawn for any reason, Holders of the Secured Notes or the Exchangeable Combination Notes, respectively, may not be able to resell their Notes without a substantial discount. Any reduction or withdrawal to the ratings on any class of Secured Notes or the Exchangeable Combination Notes may significantly reduce the liquidity thereof and may adversely affect the Issuer's ability to make certain changes to the composition of the Assets.

In addition to the ratings assigned to the Secured Notes and the Exchangeable Combination Notes, the Issuer will be utilizing ratings assigned by the Rating Agencies to Obligor of individual Collateral Obligations. A substantial portion of such ratings will primarily be publicly available ratings. There can be no assurance that the Rating Agencies will continue to assign such ratings utilizing the same methods and standards utilized today despite

the fact that such Collateral Obligation might still be performing fully to the specifications set forth in its Underlying Instrument. Any change in such methods and standards could result in a significant rise in the number of CCC Collateral Obligations in the Assets, which could cause the Issuer to fail to satisfy the Overcollateralization Ratio Test on subsequent Determination Dates, which failure could lead to the early amortization of some or all of one or more Classes of the Secured Notes. See "Description of the Notes—Mandatory Redemption" and "Security for the Secured Notes—The Coverage Tests and the Interest Diversion Test."

Either Rating Agency may revise or withdraw its ratings of the Secured Notes or the Exchangeable Combination Notes as a result of a failure by the responsible party to provide it with information requested by such Rating Agency or comply with any of its obligations contained in the engagement letter with such Rating Agency, including the posting of information provided to the Rating Agency on a website that is accessible by rating agencies that were not hired in connection with the issuance of the Secured Notes as described under "—Rating agencies may have certain conflicts of interest; and the Secured Notes or the Exchangeable Combination Notes may receive an unsolicited rating, which may have an adverse effect on the liquidity or the market price of the Secured Notes, Income Notes and Exchangeable Combination Notes". Any such revision or withdrawal of a rating as a result of such a failure might adversely affect the value of the Secured Notes, Income Notes or Exchangeable Combination Notes and, for regulated entities, could affect the status of the Secured Notes or the Exchangeable Combination Notes as a legal investment or the capital treatment of the Secured Notes or the Exchangeable Combination Notes.

*Under current S&P policy, the Secured Notes could be subject to early amortization even if the Issuer's investment portfolio is performing well*

On any Payment Date after the Effective Date, if S&P has not yet confirmed its initial ratings of the Secured Notes, the Secured Notes will be subject to redemption in part in an amount sufficient to cause S&P to provide written confirmation of its initial ratings of the Secured Notes. Under current S&P policy, S&P reserves the right not to provide such rating confirmations upon request, regardless of the terms agreed to among transaction participants. For example, even if the Issuer satisfies the requirements described under "Use of Proceeds—Effective Date," including by delivering to S&P an Accountants' Certificate that shows that as of the Effective Date, the Target Par Condition was satisfied, the Overcollateralization Ratio Test was satisfied, the Concentration Limitations were complied with and the Collateral Quality Test (excluding the S&P CDO Monitor Test) was satisfied, S&P would not be obligated to provide confirmation of its initial ratings of the Secured Notes. As a result, under current S&P policy, the Secured Notes may be subject to a partial redemption even if the Issuer's investment portfolio is in compliance with the applicable tests under the Indenture.

*Rating agencies may have certain conflicts of interest; and the Secured Notes or the Exchangeable Combination Notes may receive an unsolicited rating, which may have an adverse effect on the liquidity or the market price of the Secured Notes, Income Notes and Exchangeable Combination Notes*

S&P and Fitch have been hired by the Issuer to provide their ratings on, in the case of S&P, the Secured Notes and in the case Fitch, the Secured Notes and the Exchangeable Combination Notes. A rating agency may have a conflict of interest where, as is the case with the ratings of the Secured Notes and the Exchangeable Combination Notes (with the exception of unsolicited ratings), the issuer of a security pays the fee charged by the rating agency for its rating services.

To enable the Rating Agencies to comply with Rule 17g-5 under the Exchange Act, the Issuer agreed with each Rating Agency to the effect that it will post on a password-protected internet website, at the same time such information is provided to the Rating Agencies, all information the Issuer provides to the Rating Agencies for the purposes of determining the initial credit rating of the Secured Notes and Exchangeable Combination Notes or undertaking credit rating surveillance of the Secured Notes and Exchangeable Combination Notes. Pursuant to the Collateral Management Agreement, the Collateral Manager will be obligated from and after the Closing Date to cause the Issuer to comply with its obligations under the Indenture and, to the extent known to the Collateral Manager, any rating application letters and any related side letters, relating to Rule 17g-5. Nationally recognized statistical rating organizations ("NRSROs") providing the requisite certification will have access to all information posted on such website. As a result, an NRSRO other than the Rating Agencies may issue ratings on the Secured Notes or Exchangeable Combination Notes (the "Unsolicited Ratings"), which may be lower, and could be significantly lower, than the ratings assigned by the Rating Agencies. S&P may also issue Unsolicited Ratings with

respect to the Exchangeable Combination Notes. The Unsolicited Ratings may be issued prior to, or after, the Closing Date and will not be reflected in the final offering circular for the Secured Notes and Exchangeable Combination Notes nor will such ratings trigger any ratings-based limitations provided under the Indenture. Issuance of any Unsolicited Rating will not affect the issuance of the Secured Notes or Exchangeable Combination Notes. Issuance of an Unsolicited Rating lower than the ratings assigned by the Rating Agencies to the Secured Notes or Exchangeable Combination Notes might adversely affect the value of the Secured Notes, Income Notes and Exchangeable Combination Notes and, for regulated entities, could affect the status of the Secured Notes or Exchangeable Combination Notes as a legal investment or the capital treatment of the Secured Notes or Exchangeable Combination Notes. Investors in the Secured Notes, Income Notes and Exchangeable Combination Notes should monitor whether an unsolicited rating of the Secured Notes or Exchangeable Combination Notes has been issued by a non-hired NRSRO or (with respect to the Exchangeable Combination Notes) S&P and should consult with their legal counsel regarding the effect of the issuance of a rating by a non-hired NRSRO that is lower than the expected ratings set forth in this Offering Circular.

*Certain events or circumstances that require the satisfaction of the S&P Rating Condition may occur without written confirmation from the relevant Rating Agency that such events or circumstances will not result in the downgrade or withdrawal of its rating assigned to the relevant class(es) of Notes*

Under the Indenture, certain events or circumstances require that the S&P Rating Condition has been satisfied (or deemed inapplicable as described under "Ratings of the Secured Notes and Exchangeable Combination Notes—Inapplicability of Certain References to Rating Agencies"). The S&P Rating Condition may be satisfied if the relevant Rating Agency provides written confirmation (which may take the form of a press release or other communication) to the effect that the occurrence of that event or circumstance will not cause such Rating Agency to downgrade or withdraw its rating assigned to the relevant class(es) of Notes.

However, the Rating Agencies have no duty to review any notice given with respect to any event. If the S&P Rating Condition is deemed inapplicable, investors will bear the risk that the relevant Rating Agency may downgrade or withdraw its rating assigned to a class of Notes as a result of the events or circumstances which required satisfaction of the S&P Rating Condition.

*Financial information provided to Holders of Secured Notes and Income Notes in the Monthly Report and the Distribution Report will be unaudited*

On a monthly basis, excluding any month in which a Payment Date occurs, the Issuer will compile and make available (or cause to be compiled and made available) to each Rating Agency, the Trustee, the Collateral Manager, the Initial Purchaser, the Placement Agent and, upon written request therefor, to any registered Holder and upon written notice to the Trustee in the form of the relevant exhibit to the Indenture, any beneficial owner of a Secured Note or Income Note, a monthly report (the "*Monthly Report*"), setting forth certain information with respect to the Collateral Obligations in respect of the immediately preceding month, including certain loss and delinquency information on the Collateral Obligations and measurements of each criterion included in the Investment Criteria. In preparing and furnishing the Monthly Reports, the Issuer will rely conclusively on the accuracy and completeness of the information or data regarding the Collateral Obligations that has been provided to it by the Collateral Administrator, and the Issuer will not verify, recompute, reconcile or recalculate any such information or data. On each Payment Date, the Issuer shall render an accounting to each Rating Agency, the Trustee, the Collateral Manager, the Initial Purchaser, the Placement Agent and, upon written request therefor, to any registered Holder and upon written notice to the Trustee in the form of the relevant exhibit to the Indenture, any beneficial owner of a Note, a report containing all the information in a Monthly Report reported for the full Collection Period as well as setting forth, among other things, certain information as to the distributions being made on such Payment Date, the fees to be paid to the Collateral Manager and the Trustee and the loss and delinquency status of the Collateral Obligations (the "*Distribution Report*"). These Monthly Reports and Distribution Reports will also be made available at the internet website of the Trustee. Neither such information nor any other financial information furnished to Holders of the Secured Notes or Income Notes will be audited and reported upon, and an opinion will not be expressed, by an independent public accountant.

*The Issuer is subject to U.S. anti-money laundering legislation*

The Uniting and Strengthening America By Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "*USA PATRIOT Act*"), signed into law on and effective as of October 26, 2001, requires that financial institutions, a term that includes banks, broker-dealers and investment companies, establish and maintain compliance programs to guard against money laundering activities. The USA PATRIOT Act requires the Secretary of the United States Department of the Treasury (the "*Treasury*") to prescribe regulations in connection with anti-money laundering policies of financial institutions. The Financial Crimes Enforcement Network ("*FinCEN*"), an agency of the Treasury, has announced that it is likely that such regulations would require pooled investment vehicles such as the Issuer to enact anti-money laundering policies. In addition, in December 2011, the Director of FinCEN announced that FinCEN is working on a regulatory proposal that would require investment advisors to establish anti-money laundering programs and report suspicious activity. It is possible that there could be promulgated legislation or regulations that would require the Issuer, the Initial Purchaser, the Placement Agent or other service providers to the Issuer, in connection with the establishment of anti-money laundering procedures, to share information with governmental authorities with respect to investors in the Secured Notes and Income Notes. Such legislation and/or regulations could require the Issuer to implement additional restrictions on the transfer of the Secured Notes and Income Notes. The Issuer reserves the right to request such information as is necessary to verify the identity of a Noteholder and the source of the payment of subscription monies, or as is necessary to comply with any customer identification programs required by FinCEN and/or the SEC. In the event of delay or failure by the applicant to produce any information required for verification purposes, an application for or transfer of Secured Notes or Income Notes and the subscription monies relating thereto may be refused. See "Anti-Money Laundering and Anti-Terrorism Requirements and Disclosures."

*The Secured Notes and Income Notes are not guaranteed; investors need to seek independent advice*

None of the Issuer, Citigroup, the Collateral Manager, the Collateral Administrator or the Trustee or any affiliate of any of them is providing investment, accounting, tax or legal advice in respect of the Secured Notes or Income Notes and none of the foregoing (other than the Trustee to the extent described herein) will have a fiduciary relationship with any investor or prospective investor in the Secured Notes or Income Notes.

None of the Issuer, Citigroup, the Collateral Manager, the Collateral Administrator or the Trustee or any affiliate of any of them makes any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) to any investor of ownership of the Secured Notes or Income Notes, and no investor may rely on any such party for a determination of expected or projected success, profitability, return, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) to any investor of ownership of the Secured Notes or Income Notes. Each holder of Secured Notes and Income Notes will be required to represent (or, in the case of certain non-certificated Notes, deemed to represent) to the Issuer and Citigroup, among other things, that it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors regarding investment in the Secured Notes or Income Notes as it has deemed necessary and that the investment by it is within its powers and authority, is permissible under applicable laws governing such purchase, has been duly authorized by it and complies with applicable securities laws and other laws.

**Relating to the Collateral Obligations**

*Below investment-grade Assets involve particular risks*

The Assets will consist primarily of non-investment grade loans or interests in non-investment grade loans, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. It is anticipated that the Assets generally will be subject to greater risks than investment grade corporate obligations. These risks could be exacerbated to the extent that the portfolio is concentrated in one or more particular types of Collateral Obligations.

Prices of the Assets may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including but not limited to changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors of the Assets. The current uncertainty

affecting the United States economy and the economies of other countries in which issuers of Collateral Obligations are domiciled and the possibility of increased volatility in financial markets could adversely affect the value and performance of the Collateral Obligations. Additionally, loans and interests in loans have significant liquidity and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized and generally may be transferred only to "qualified lenders", loans are not purchased or sold as easily as publicly traded securities. In addition, historically the trading volume in the loan market has been small relative to the debt securities market.

Leveraged loans have historically experienced greater default rates than has been the case for investment grade securities. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on the Collateral Obligations, and an increase in default levels could adversely affect payments on the Secured Notes and Income Notes.

Some of the Collateral Obligations included in the Assets may be Cov-Lite Loans. Cov-Lite Loans typically do not have Maintenance Covenants. Ownership of Cov-Lite Loans may expose the Issuer to different risks, including with respect to liquidity, price volatility and ability to restructure loans, than is the case with loans that have Maintenance Covenants.

A non-investment grade loan, bond or other debt obligation or an interest in a non-investment grade loan is generally considered speculative in nature and may become a Defaulted Obligation for a variety of reasons. Upon any Collateral Obligation becoming a Defaulted Obligation, such Defaulted Obligation may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions and covenants with respect to such Defaulted Obligation. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such Defaulted Obligation. The liquidity for Defaulted Obligations may be limited, and to the extent that Defaulted Obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. Furthermore, there can be no assurance that the ultimate recovery on any Defaulted Obligation will be at least equal to either the minimum recovery rate assumed by either Rating Agency in rating the Secured Notes or any recovery rate used in connection with any analysis of the Secured Notes or Income Notes that may have been prepared by Citigroup for or at the direction of holders of any Secured Notes or Income Notes.

*The nature and default risk of the Assets involves certain risk*

The amount and nature of the Assets have been established in light of certain assumed deficiencies in payment occasioned by principal losses in respect of the Collateral Obligations, but actual deficiencies could exceed assumed deficiencies. Because the Income Notes will be subordinated to the Secured Notes, payments on the Income Notes will be directly and adversely affected by any deficiencies in payment caused by principal losses on the Collateral Obligations. The risk that payments on the Secured Notes and Income Notes could be adversely affected by principal losses on the Collateral Obligations may be increased to the extent that the portfolio of Collateral Obligations is concentrated in any one issuer, industry, region or country.

Certain factors to be considered in connection with the performance of the Collateral Obligations are described or referred to below. In addition, such factors will be exacerbated, and the performance of the Collateral Obligations will be adversely affected, by macroeconomic factors, including general economic conditions affecting capital markets and participants therein (such as the issuers of Collateral Obligations). Such macroeconomic factors include (i) the economic downturns and uncertainties affecting economies and capital markets worldwide, including the events and conditions described above under "Risk Factors—General Commercial Risks", (ii) the effects of, and disruptions and uncertainties resulting from, the terrorist attacks of September 11, 2001 and the military responses thereto, the continuing military conflicts in Iraq and Afghanistan and elsewhere, incidents of terrorism occurring outside the United States and other consequences thereof and similar events, (iii) recent concern about financial performance, accounting and other issues relating to various companies and (iv) recent and proposed changes in accounting and reporting standards.

### *Bank loans*

It is expected that, initially, at least 60% of the Collateral Obligations (by principal balance) will consist of U.S. dollar-denominated senior secured loans and Participation Interests (as defined herein) in senior secured loans, in each case that will be obligations (directly or by way of guarantee) of U.S. corporations, partnerships or other entities or of foreign obligors meeting criteria described herein. In addition, the Indenture defines "loans" as loans or advances, including, for the avoidance of doubt, letter of credit reimbursement obligations.

Loans may become nonperforming for a variety of reasons. Such nonperforming loans may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of the loan. In addition, because holders of such loans may receive confidential information relating to the borrower, because of the unique and customized nature of a loan agreement and the private syndication of a loan, loans may not be purchased or sold as easily as publicly traded securities, and historically, the trading volume in the loan market has been small relative to other markets. Loans may encounter trading delays due to their unique and customized nature, and transfers may require the consent of an agent bank or borrower. Risks associated with bank loans include the fact that prepayments may occur at any time generally without premium or penalty and that the exercise of prepayment rights during periods of declining spreads could cause the Issuer to reinvest prepayment proceeds in lower-yielding Collateral Obligations.

Purchasers of loans are predominately commercial banks, investment funds, investment banks and insurance companies. As secondary market trading volumes increase, new loans frequently contain standardized documentation to facilitate loan trading that may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide any particular degree of liquidity or that the current level of liquidity will continue. In addition, historically the trading volume in the loan market has been small relative to the high-yield debt market. The Issuer will observe certain limitations on its ability to purchase loans and Participation Interests in order to ensure that it is not treated as a "dealer in securities" or otherwise treated as engaged in a trade or business within the United States for U.S. federal income tax purposes.

The purchaser of an assignment of an interest in a loan typically succeeds to all the rights and obligations of the assigning selling institution and becomes a lender under the loan agreement with respect to that loan. As a purchaser of an assignment, the Issuer generally will have the same voting rights as other lenders under the applicable loan agreement, including the right to vote to waive enforcement of breaches of covenants or to enforce compliance by the borrower with the terms of the loan agreement, and the right to set off claims against the borrower and to have recourse to collateral supporting the loan. Such votes may be subject to a majority or greater votes of lenders. Assignments are, however, arranged through private negotiations between assignees and assignors, and in certain cases the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning selling institution.

Assignments and participations are sold strictly without recourse to the selling institutions, and the selling institutions will generally make no representations or warranties about the underlying loan, the borrowers, the documentation of the loans or any collateral securing the loans. In addition, the Issuer will be bound by provisions of the underlying loan agreements, if any, that require the preservation of the confidentiality of information provided by the borrower. Because of certain factors including confidentiality provisions, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not purchased or sold as easily as are publicly traded securities.

### *Investment grade debt securities*

A portion of the Collateral Obligations may consist of U.S. dollar-denominated investment grade debt securities. Investment grade debt securities are investment grade rated obligations that have credit ratings that are intended to reflect (but will not necessarily reflect) relatively less credit and liquidity risk than high-yield debt securities or mezzanine debt securities. Risks of investment grade debt securities may include (among others): (i) market place volatility resulting from changes in prevailing interest rates, (ii) the absence, in many instances, of collateral security, (iii) the operation of mandatory sinking fund or call/redemption provisions during periods of declining interest rates that could cause the Issuer to reinvest premature redemption proceeds in lower-yielding debt obligations and (iv) the

declining creditworthiness and potential for insolvency of the issuer of such investment debt securities during periods of rising interest rates and economic downturn.

#### *Collateral Manager Originated Assets*

The Collateral Obligations may include Collateral Manager Originated Assets, without limitation as to the amount that may be acquired. The portfolio of Assets on the Closing Date is expected to include Collateral Manager Originated Assets representing less than 1% of the Target Par Amount. See "Risk Factors—Relating to Certain Conflicts of Interest—Investors should note the Collateral Manager's conflicts of interests."

#### *Assets acquired from the Forward Seller on or about the Closing Date*

A portion of the Collateral Obligations to be acquired by the Issuer on or about the Closing Date will be acquired from an entity (the "Forward Seller") pursuant to a forward sale agreement (the "Forward Sale Agreement"). The Collateral Manager advises the Forward Seller and affiliates thereof on their investments, and a client of the Collateral Manager is an investor in the Forward Seller and its parent holding company.

The par amount of Collateral Obligations acquired by the Issuer on or before the Closing Date is expected to represent approximately 78% of the Target Par Amount (on a trade date basis), and the par amount of such Collateral Obligations acquired from the Forward Seller is expected to represent approximately 71% of the Target Par Amount (on a trade date basis). The Forward Seller acquired such Collateral Obligations in third party market transactions, and a portion of such Collateral Obligations were acquired in contemplation of their transfer to the Issuer. The Forward Sale Agreement will provide that any Collateral Obligation purchased thereunder that does not settle by assignment on the Closing Date will settle by participation on the Closing Date, subject to elevation to an assignment as soon as practicable following the Closing Date. The purchase price of each such Collateral Obligation will be the sum of (a) its market value determined as of the date of the Forward Sale Agreement minus (b) any payments of principal of such Collateral Obligation received by or on behalf of the Forward Seller on or after the date of the Forward Sale Agreement and before the related settlement date plus (c) accrued and unpaid interest at the rate borne by such Collateral Obligation from and including the date of the Forward Sale Agreement to but excluding the Closing Date (which clause (c) amounts (1) in the context of a Collateral Obligation that has settled with the Issuer on the Closing date, will be paid by the related agent bank for such Collateral Obligation to the Forward Seller and (2) in the context of an Collateral Obligation that has not settled with the Issuer on the Closing Date, will be paid by the Issuer to the Forward Seller upon receipt from the related agent bank).

Any purchase price so determined with respect to a Collateral Obligation sold to the Issuer on or about the Closing Date will be deemed to be the purchase price for such Collateral Obligation for all purposes under the Indenture. Any interested investor may obtain a list of such prices upon request from Citigroup in its capacity as initial purchaser and placement agent.

#### *Assets acquired by contribution after the Closing Date*

The Issuer shall have the right at any time to receive capital contributions consisting of Collateral Obligations and to allocate such Collateral Obligations to the Custodial Account if, after giving effect to such contribution, the Collateral Quality Test would be satisfied (or, if the Collateral Quality Test was not satisfied immediately prior to such contribution, the Collateral Quality Test would be maintained or improved after giving effect to the contribution).

For all purposes under the Indenture, the purchase price of any such contributed Collateral Obligation shall be deemed to be the price determined by the Collateral Manager by reference to a nationally recognized loan or bond pricing service, as applicable, or by means of bid prices from broker-dealers active in the trading of such Collateral Obligation, except that if a price cannot be determined for any Collateral Obligation by such means, such Collateral Obligation shall be deemed to have a Principal Balance equal to its Market Value.

A capital contribution received by the Issuer could have the effect of preventing or delaying the occurrence of an Event of Default and the exercise of remedies under the Indenture that could have been exercised without such a capital contribution.



### *Regulation U Requirements*

Because the Collateral Obligations may include margin stock ("*Margin Stock*") as defined under Regulation U ("*Regulation U*"), issued by the Board of Governors of the Federal Reserve System (the "*FRB*"), certain investors in the Secured Notes and Income Notes may be subject to certain requirements under Regulation U. Regulation U governs certain extensions of credit by persons other than securities broker-dealers (such persons, "*Regulation U Lenders*") that are secured by Margin Stock as defined under Regulation U. Under current interpretations of Regulation U by the FRB and its staff, the purchase of a debt security such as the Secured Notes or Income Notes in a private placement may constitute an extension of credit. Among other things, Regulation U generally imposes certain limits on the amount of credit that Regulation U Lenders may extend that is used to purchase or carry Margin Stock ("*Purpose Credit*").

Regulation U also generally requires Regulation U Lenders (other than persons that are banks within the meaning of Regulation U), who are not otherwise exempted from the registration requirements, to register with the FRB. Under an interpretation of Regulation U by the FRB staff, "qualified institutional buyers" (as defined in Rule 144A) purchasing debt securities in a transaction in compliance with Rule 144A are not required to register with the FRB where the proceeds of the securities are not Purpose Credit. Non-U.S. Persons purchasing Secured Notes or Income Notes in reliance on Regulation S who do not have their principal place of business in a Federal Reserve District of the FRB also are not required to register with the FRB. However, other purchasers of the Secured Notes and Income Notes should consider whether they are required to register with the FRB. In addition, purchasers of Notes that are subject to the registration requirements of Regulation U, as well as any purchasers of the Secured Notes and Income Notes that are banks within the meaning of Regulation U, also may be subject to certain additional requirements under Regulation U. If the registration or other requirements of Regulation U are applicable to a purchaser of Secured Notes or Income Notes, and such purchaser does not comply with such requirements, such failure may affect the enforceability of such purchaser's Secured Notes or Income Notes.

The provisions of the Indenture and the Collateral Management Agreement, including, without limitation, (a) the structure of the accounts established by, and the maintenance of funds and securities under, the Indenture and (b) the requirement that Margin Stock may only be acquired with proceeds of, or amounts traceable to, the Income Notes, have been structured with the intent that the credit extended by purchasing the Secured Notes and Income Notes will not be treated as constituting Purpose Credit; however, such result is not guaranteed.

Moreover, Regulation U Lenders are not subject to the Regulation U credit limits or FRB registration requirement with respect to extensions of credit that are not "secured directly or indirectly by" Margin Stock. Accordingly, the provisions of the Indenture and the Collateral Management Agreement, including, without limitation, the requirement that Income Notes may not be secured by any Assets that constitutes Margin Stock, have, in each case, been structured with the intent that the Income Notes will not be treated as being "secured directly or indirectly by" Margin Stock for purposes of Regulation U; however, such result is not guaranteed.

See "Security for the Secured Notes—Margin Stock." Purchasers of the Secured Notes and Income Notes should consult their own legal advisors as to Regulation U and its application to them.

### *Credit ratings are not an indication or a guarantee of quality*

The following considerations apply, to the extent relevant, to the ratings of the Collateral Obligations and the Secured Notes:

Credit ratings of assets or the obligors thereon represent the rating agencies' opinions regarding their credit quality and are neither indicative of nor a guarantee of quality or performance. A credit rating is not a recommendation to buy, sell or hold assets and may be subject to revision or withdrawal at any time by the assigning rating agency. If a rating assigned to any Collateral Obligation is lowered for any reason, no party is obligated to provide any additional support or credit enhancement with respect to such Collateral Obligation. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, ratings may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an obligor's current financial condition may be better or worse than a rating indicates. Consequently, credit ratings of any Collateral Obligation should be used only as one indicator of investment quality and should not be considered a completely reliable

indicator of investment quality. Rating reductions or withdrawals may occur for any number of reasons and may affect numerous assets at a single time or within a short period of time, which in turn may have a material adverse effect upon the Secured Notes. It is possible that many credit ratings of assets included in or similar to the Collateral Obligations will be subject to significant or severe adjustments downward. See "—Future actions of any Rating Agency can adversely effect the market value or liquidity of the Secured Notes, Income Notes and Exchangeable Combination Notes."

*Holders of the Secured Notes and Income Notes will receive limited information about the Collateral Obligations*

The Issuer and the Collateral Manager will not be required to provide the holders of the Secured Notes or Income Notes or the Trustee with financial or other information (which may include material non-public information) that it receives pursuant to the Collateral Obligations and related documents unless required to do so pursuant to the Indenture or the Collateral Management Agreement. The Collateral Manager also will not be required to disclose to the holders of the Secured Notes or Income Notes the contents of any notice it receives pursuant to the Collateral Obligations or related documents unless required to do so pursuant to the Indenture or the Collateral Management Agreement. In particular, the Collateral Manager will not have any obligation to keep any of these parties informed as to matters arising in relation to any Collateral Obligations, except as may be required in connection with the regular reports prepared by the Issuer (or the Collateral Administrator on behalf of the Issuer) in accordance with the Indenture. In addition, neither the Collateral Manager nor the Issuer has any obligation to provide valuations of the Collateral Obligations or the Secured Notes or Income Notes to holders of the Secured Notes or Income Notes.

The holders of the Secured Notes and Income Notes and the Trustee will not have any right to inspect any records relating to the Collateral Obligations, and the Collateral Manager will not be obligated to disclose any further information or evidence regarding the existence or terms of, or the identity of any obligor on, any Collateral Obligations, unless (i) specifically required by the Collateral Management Agreement or the Indenture or (ii) following its receipt of a written request from the Trustee, the Collateral Manager in its sole discretion determines that the disclosure of such further information or evidence regarding the existence or terms of, or the identity of any obligor on, any Collateral Obligation to the Trustee would not be prohibited by applicable law or the underlying instruments relating to such Collateral Obligation, in which case the Collateral Manager will disclose such further information or evidence to the Trustee; *provided* that (a) the Trustee will not disclose such further information or evidence to any third party except (i) to the extent disclosure may be required by law or any governmental or regulatory authority and (ii) to the extent that the Trustee, in its sole discretion, may determine that such disclosure is consistent with its obligations under the Indenture and (b) the Trustee may disclose on a confidential basis any such information to its agents, attorneys and auditors in connection with the performance of its obligations under the Indenture. Furthermore, the Collateral Manager may, with respect to any information that it elects to disclose, demand that persons receiving such information execute confidentiality agreements before being provided with the information.

*Reinvestment risk may adversely affect returns on the Secured Notes and Income Notes*

The amount of Assets purchased on the Closing Date and the amount and timing of purchases of Assets after the Closing Date will affect the cash flows available to make payments on, and the return to the holders of, the Secured Notes and Income Notes. Reduced liquidity and relatively lower volumes of trading in certain Assets, in addition to restrictions on investment under the Indenture, could result in periods of time during which the Issuer is not able to fully invest its available cash in Assets or during which the assets available for investment will not be of comparable quality. It is unlikely that the Issuer's available cash will be invested fully in Assets at any time. Further, the longer the period such cash is invested in Eligible Investments, the greater the adverse impact may be on the aggregate amount of Interest Proceeds available for distribution by the Issuer. The associated reinvestment risk on the Assets will be borne by the holders of the Secured Notes and Income Notes in the reverse of such securities' order of priority, beginning with the Income Notes. Although the Collateral Manager may mitigate this risk to some degree during the Reinvestment Period by declaring a Special Redemption, the Collateral Manager is not required to do so. Any Special Redemption will result in early deleveraging of the Issuer and may result in a lower yield on the Income Notes.

During the Reinvestment Period and, to the limited extent described more fully herein, after the Reinvestment Period, so long as certain requirements are met, the Collateral Manager will have discretion to dispose of certain Collateral Obligations and to reinvest Principal Proceeds and Sale Proceeds of Collateral Obligations in compliance with the Investment Criteria. The level of earnings on reinvestments will depend on the availability of investments determined by the Collateral Manager to be appropriate investments by the Issuer and the interest rates thereon. The need to satisfy the Investment Criteria and identify acceptable investments may require the purchase of Collateral Obligations having lower yields than those Collateral Obligations previously acquired by the Issuer as Collateral Obligations mature, prepay or are sold or require temporary investment in Eligible Investments. In addition, obligors on the Collateral Obligations may be more likely to exercise any rights they may have to redeem or refinance such obligations when interest rates or spreads are declining. Any decrease in the yield on the Assets will reduce the amounts available for distribution on the Secured Notes and Income Notes.

*An extension of the Reinvestment Period involves certain risks*

The Reinvestment Period may be extended at the request of the Collateral Manager under certain conditions described under "Security for the Secured Notes—Reinvestment Period Extension". The extension of the Reinvestment Period would generally be expected to increase the weighted average lives of the Secured Notes. However, market conditions could change during the extended Reinvestment Period. The Collateral Manager may not be able to acquire additional Collateral Obligations that it believes are appropriate for the Issuer's portfolio of Collateral Obligations and may elect to effect a Special Redemption as a result. If the Issuer's performance deteriorates during the extended Reinvestment Period, such deterioration could occur in a time of decreased liquidity for the Secured Notes, and investors may not be able to sell their Secured Notes for an indefinite period of time.

Fees may be paid to certain holders of Secured Notes in connection with an extension of the Reinvestment Period. If the Reinvestment Period Extension is made in connection with the issuance of Additional Notes, such fees may be paid by the Issuer from the proceeds of the issuance. In any case, such fees may be paid from amounts otherwise payable to the Trustee, in accordance with the Priority of Payments, for distribution to the holders of Income Notes, to the extent that 100% of the holders of Income Notes so direct in writing. Such fees may also be paid by any other person at their own expense. Neither the Issuer nor any other person that elects to pay fees in connection with the extension of the Reinvestment Period will be required to do so, nor will any such person be required to pay fees to one holder of Secured Notes, in any particular amount or at all, by virtue of having paid fees to another holder of Secured Notes. Without limiting the foregoing, any such person may elect to pay one holder of Secured Notes of a particular Class a fee, but not to pay such fee to any other holder of Secured Notes of such Class. Such fees will be negotiated with the relevant investors.

*The consent right of the Class A Notes and the Class B Notes with respect to Asset sales and purchases by the Issuer following certain Events of Default or "Cause" events with respect to the Collateral Manager may adversely affect returns on the Notes*

The Indenture provides that, without the consent of holders of 100% of the Aggregate Outstanding Amount of the Class A Notes and the Class B Notes, so long as any Class A Notes or Class B Notes are Outstanding, the Issuer shall not have the right to effect the sale of any Asset (other than sales that are required pursuant to the provisions described in clauses (d), (g) and (h) of the first paragraph under "Security for the Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion") or purchase of any Collateral Obligation while any Class A Notes or Class B Notes are Outstanding: (i) during the occurrence and continuation of certain Events of Default or (ii) following the delivery of notice by the Issuer or the Trustee to the Collateral Manager removing the Collateral Manager for certain events constituting "Cause" under the Collateral Management Agreement (unless such notice of removal is subsequently withdrawn). See "Security for the Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion." Consequently, if such clause (i) or (ii) is applicable, unless the Issuer obtains the required consent, the Issuer may be prevented from disposing of Assets that are deteriorating in value or from purchasing Collateral Obligations that represent an attractive investment opportunity (or from effecting such disposals or purchases in a timely manner), which could adversely affect the value and performance of the Collateral Obligations.

*Loan prepayments and defaults thereon will affect the timing, amount and character of cash flows received by the Issuer, which will affect the ability of the Issuer to invest and reinvest available funds in appropriate Assets*

Loans are generally prepayable in whole or in part at any time at the option of the obligor thereof at par plus accrued unpaid interest thereon. Prepayments on loans may be caused by a variety of factors which are often difficult to predict. Consequently, there exists a risk that loans purchased at a price greater than par may experience a capital loss as a result of such a prepayment. In addition, principal proceeds received upon such a prepayment are subject to reinvestment risk during the Reinvestment Period. Any inability of the Issuer to reinvest payments or other proceeds in Assets with comparable interest rates that satisfy the Investment Criteria specified herein may adversely affect the timing and amount of payments received by the holders of Secured Notes and Income Notes and the yield to maturity of the Secured Notes. There is no assurance that the Issuer will be able to reinvest proceeds in assets with comparable interest rates that satisfy the Investment Criteria or (if it is able to make such reinvestments) as to the length of any delays before such investments are made. The rate of prepayments, amortization and defaults may be influenced by various factors including:

- changes in obligor performance and requirements for capital;
- the level of interest rates;
- lack of credit being extended and/or the tightening of credit underwriting standards in the commercial lending industry; and
- the overall economic environment, including any fluctuations in the recovery from the current economic conditions.

The Issuer cannot predict the actual rate of prepayments, accelerated amortization or defaults which will be experienced with respect to the Collateral Obligations. As a result, the Secured Notes and Income Notes may not be a suitable investment for any investor that requires a regular or predictable schedule of principal payments.

*Investors will not have an opportunity to evaluate the investments to be made by the Collateral Manager and, accordingly, will depend on the judgment of the Collateral Manager*

The proceeds received from time to time in respect of Collateral Obligations previously purchased by the Issuer will be invested in Collateral Obligations that will not have been disclosed to investors. Purchasers of the Secured Notes and Income Notes will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Collateral Manager and, accordingly, will be dependent upon the judgment and ability of the Collateral Manager in investing and managing the proceeds of the Secured Notes and Income Notes and the Assets, and in identifying investments over time, and the relevant restrictions in the Indenture and the Collateral Management Agreement. No assurance can be given that the Collateral Manager will be successful in obtaining suitable investments or that, if such investments are made, the objectives of the Issuer will be achieved.

*The Issuer may not be able to acquire Collateral Obligations that satisfy the Investment Criteria*

A portion of the initial Collateral Obligations is expected to be purchased after the Closing Date as described herein. The ability of the Issuer to acquire an initial portfolio of Collateral Obligations that satisfies the Investment Criteria at the projected prices, ratings, rates of interest and any other applicable characteristics will be subject to market conditions and availability of such Collateral Obligations. Any inability of the Issuer to acquire Collateral Obligations that satisfy the Investment Criteria specified herein may adversely affect the timing and amount of payments received by the holders of Secured Notes and Income Notes and the yield to maturity of the Secured Notes. There is no assurance that the Issuer will be able to acquire Collateral Obligations that satisfy the Investment Criteria.

*Investing in Participation Interests involves certain risks*

The Issuer may acquire interests in loans either directly (by way of assignment from the selling institution) or indirectly (by purchasing a Participation Interest from the selling institution). As described in more detail below,

holders of Participation Interests are subject to additional risks not applicable to a holder of a direct interest in a loan.

Participations by the Issuer in a selling institution's portion of a loan typically result in a contractual relationship only with such selling institution, not with the borrower. In the case of a Participation Interest, the Issuer will generally have the right to receive payments of principal, interest and any fees to which it is entitled only from the institution selling the participation and only upon receipt by such selling institution of such payments from the borrower. By holding a Participation Interest in a loan, the Issuer generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set off against the borrower, and the Issuer may not directly benefit from the collateral supporting the loan in which it has purchased the participation. As a result, the Issuer will assume the credit risk of both the borrower and the institution selling the participation, which will remain the legal owner of record of the applicable loan. In the event of the insolvency of the selling institution, the Issuer, by owning a Participation Interest, may be treated as a general unsecured creditor of the selling institution, and may not benefit from (and may be at risk as a result of) any set off between the selling institution and the borrower. In addition, the Issuer may purchase a participation from a selling institution that does not itself retain any portion of the applicable loan and, therefore, may have limited interest in monitoring the terms of the loan agreement and the continuing creditworthiness of the borrower. When the Issuer holds a Participation Interest in a loan it may not have the right to vote under the applicable loan agreement with respect to every matter that arises thereunder and may not have the right to vote to waive enforcement of any default by an obligor. It is expected that each selling institution will reserve the right to administer the loan sold by it as it sees fit and to amend the documentation evidencing such loan in all respects. However, most agreements governing Participation Interests with respect to bank loans provide that the Selling Institution may not vote in favor of any amendment, modification or waiver that forgives principal, interest or fees, reduces principal, interest or fees that are payable, postpones any payment of principal (whether a scheduled payment or a mandatory prepayment), interest or fees, or releases any material guarantee or security without the consent of the participant (at least to the extent the participant would be affected by any such amendment, modification or waiver). Selling institutions voting in connection with such matters may have interests different from those of the Issuer and may fail to consider the interests of the Issuer in connection with their votes.

*Investing in loans and participations governed by the laws of a non-U.S. jurisdiction involves certain risks*

Certain of the loans or Participation Interests may be governed by the laws of a jurisdiction other than a United States jurisdiction. The Issuer is unable to provide any information with respect to the risks associated with purchasing a loan or a Participation Interest under an agreement governed by the laws of a jurisdiction other than a United States jurisdiction, including characterization under such laws of such Participation Interest or sub-Participation Interest in the event of the insolvency of the institution from whom the Issuer purchases such Participation Interest or sub-Participation Interest or the insolvency of the institution from whom the grantor of the sub-Participation Interest purchased its Participation Interest.

*Limited control of administration and amendment of Collateral Obligations.*

As a holder of an interest in a bank loan, bond or other Collateral Obligations, the Issuer will have limited consent and control rights and such rights may not be effective in view of the expected proportion of such obligations held by the Issuer. The Collateral Manager will exercise or enforce, or refrain from exercising or enforcing, any or all of the Issuer's rights in connection with the Collateral Obligations or any related documents or will refuse amendments or waivers of the terms of any Collateral Obligation and related documents in accordance with its portfolio management practices and the standard of care specified in the Collateral Management Agreement. The Collateral Manager's ability to agree to changes to the terms of the Collateral Obligations will generally not otherwise be restricted by the Indenture. The holders of Notes will not have any right to compel the Collateral Manager to take or refrain from taking any actions other than in accordance with its portfolio management practices and the standard of care specified in the Collateral Management Agreement.

The Collateral Manager may, in accordance with its portfolio management standards and subject to the Transaction Documents, agree to extend or defer the maturity, or adjust the outstanding balance of any Collateral Obligation, or otherwise amend, modify or waive the terms of any related loan agreement, including the payment terms thereunder. Any amendment, waiver or modification of a Collateral Obligation could postpone the expected

maturity of the Notes and/or reduce the likelihood of timely and complete payment of interest on or principal of the Secured Notes or distributions on the Income Notes.

*Voting restrictions on syndicated loans for minority holders.*

The Issuer will generally purchase each Collateral Obligation in the form of (1) an assignment of, or Participation Interest in, a note or other obligation issued under a loan facility to which more than one lender is a party or (2) an assignment of a bond issued under an indenture or similar document pursuant to which bonds are issued to multiple bond investors. These loan facilities are administered for the lenders by a lender or other agent acting as the lead administrator. The terms and conditions of these loan facilities or indenture, as applicable, may be amended, modified or waived only by the agreement of a specified percentage of the lenders or bond holders, as applicable, generally a majority or a super-majority (measured by outstanding loans or commitments or bonds, as applicable) or, in certain circumstances, a unanimous vote of the lenders or bond holders, as applicable. The Issuer is likely to have a minority interest in such loan or bond facilities. Consequently, the terms and conditions of a Collateral Obligation issued or sold in connection with a loan or bond facility may be modified, amended or waived in a manner contrary to the preferences of the Issuer if the amendment, modification or waiver of such term or condition does not require the unanimous vote of the lenders or bond holders, as applicable, and a sufficient number of the other lenders or bond holders, as applicable, concur with such modification, amendment or waiver. There can be no assurance that any Collateral Obligations issued or sold in connection with any loan or bond facility will maintain the terms and conditions to which the Issuer or a predecessor in interest to the Issuer originally agreed.

*Third party litigation; limited funds available.*

The Issuer's investment activities may subject it to the risks of becoming involved in litigation by third parties. This risk may be greater where the Issuer exercises control or significant influence over a company's direction. See "—Lender liability considerations and equitable subordination can affect the Issuer's rights with respect to Collateral Obligations". The expense of defending against claims against the Issuer by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Issuer. The funds available to the Issuer to pay certain fees and expenses of the Trustee, the Collateral Administrator and the Administrator and for payment of the Issuer's other accrued and unpaid Administrative Expenses are limited as described in "Description of the Notes—Priority of Payments." In the event that such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and the Issuer may not be able to defend or prosecute legal proceedings that may be brought against it (or lenders as a group) or that the Issuer (or lenders as a group) might otherwise bring to protect its (or their) interests.

*Concentration risk*

The Issuer will invest in a portfolio of Collateral Obligations consisting of interests in loans, bonds and letter of credit reimbursement obligations which are subject to the concentration limitations described under "Overview of Terms—Concentration Limitations". The concentration of the portfolio in any one obligor would subject the Notes to a greater degree of risk with respect to defaults by such obligor, and the concentration of the portfolio in any one industry would subject the Notes to a greater degree of risk with respect to economic downturns relating to such industry. See "Security for the Secured Notes".

*Liens arising by operation of law may take priority over the Issuer's liens on an obligor's underlying collateral and impair the Issuer's recovery on a Collateral Obligation in the event of a default or foreclosure on that Collateral Obligation*

Federal or state law may grant liens on the collateral (if any) securing a Collateral Obligation that have priority over the Issuer's interest. An example of a lien arising under federal or state law is a tax or other government lien on property of an Obligor. A tax lien may have priority over the Issuer's lien on such collateral. To the extent a lien having priority over the Issuer's lien exists with respect to the collateral related to any Collateral Obligation, the Issuer's interest in the asset will be subordinate to such lien. If the creditor holding such lien exercises its remedies, it is possible that, after such creditor is repaid, sufficient cash proceeds from the underlying collateral will not be available to pay the outstanding principal amount of such Collateral Obligation.

*Insolvency considerations with respect to issuers of Collateral Obligations will affect the Issuer's rights*

Various laws enacted for the protection of creditors may apply to the Collateral Obligations. The information in this and the following paragraph is applicable with respect to U.S. issuers. Insolvency considerations will differ with respect to non-U.S. issuers. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of a Collateral Obligation, such as a trustee in bankruptcy, were to find that the issuer did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such Collateral Obligation and, after giving effect to such indebtedness, the issuer (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the issuer or to recover amounts previously paid by the issuer in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. Generally, an issuer would be considered insolvent at a particular time if the sum of its debts were then greater than all of its property at a fair valuation or if the present fair salable value of its assets were then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether the issuer was "insolvent" after giving effect to the incurrence of the indebtedness constituting the Collateral Obligations or that, regardless of the method of valuation, a court would not determine that the issuer was "insolvent" upon giving effect to such incurrence. In addition, in the event of the insolvency of an issuer of a Collateral Obligation, payments made on such Collateral Obligations could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year under federal bankruptcy law or even longer under state laws) before insolvency.

In general, if payments on a Collateral Obligation are voidable, whether as fraudulent conveyances or preferences, such payments can be recaptured, either from the initial recipient (such as the Issuer) or from subsequent transferees of such payments (such as the holders of the Secured Notes and Income Notes). To the extent that any such payments are recaptured from the Issuer, the resulting loss will be borne, as among the holders of the Secured Notes and Income Notes, in the first instance by the holders of the Income Notes, then by the holders of the Class E Notes, then by the holders of the Class D Notes, then by the holders of the Class C Notes, then by the holders of the Class B Notes, and then by the holders of the Class A Notes. However, a court in a bankruptcy or insolvency proceeding would be able to direct the recapture of any such payment from a holder of Secured Notes or Income Notes only to the extent that such court has jurisdiction over such holder or its assets. Moreover, it is likely that voidable payments could not be recaptured directly from a holder that has given value in exchange for its Note, in good faith and without knowledge that the payments were voidable. Nevertheless, since there is no judicial precedent relating to a structured transaction such as that involving the issuance of the Secured Notes and Income Notes, there can be no assurance that a holder of Secured Notes or Income Notes will be able to avoid recapture on this or any other basis.

*Bankruptcy of one or more Obligor could reduce or eliminate the return to the Issuer on a Collateral Obligation and so may impair payments on the Secured Notes and Income Notes*

There is a significant risk that one or more of the obligors may enter bankruptcy proceedings. Such proceedings may result in, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of the related Collateral Obligation(s). There are a number of significant risks inherent in the bankruptcy process. *First*, rulings in a bankruptcy case are the product of adversary proceedings determined by a court with equitable powers, and are beyond the control of specific creditors. *Second*, a bankruptcy filing may adversely and permanently affect the Obligor making such filing. The Obligor may lose its market position, key employees, relationships with important suppliers, access to the capital markets or other sources of liquidity and otherwise become incapable of restoring itself as a viable entity. If for this or any other reason, a Chapter 11 reorganization is converted to or becomes a liquidation, the liquidation value of the Obligor may not equal the liquidation value that was believed to exist at the time of purchase of the Collateral Obligation. *Third*, the duration of a bankruptcy case is difficult to predict. A creditor's return on investment can be adversely affected by delays while a plan of reorganization is being negotiated, approved by parties in interest and confirmed by the bankruptcy court until it ultimately becomes effective. For example, in general, unsecured creditors' claims for interest accrued between the bankruptcy filing and a reorganization plan's consummation are not allowed. *Fourth*, the administrative costs of the debtor and official committees in connection with the bankruptcy case are frequently high and will be paid out of the

debtor's estate prior to any return to general unsecured creditors. If the bankruptcy case involves protracted or difficult litigation, or turns into a liquidation, substantial assets may be devoted to such administrative costs; a creditor's costs in monitoring and enforcing its investment also may substantially increase. Certain claims that have priority by law (for example, claims for taxes) also may be significant. *Finally*, under certain circumstances, creditors' claims against bankrupt or insolvent entities may be subject to equitable subordination or recharacterization as equity (particularly where the creditor is an insider or otherwise controls the debtor), and transfers made to creditors may be subject to avoidance and disgorgement as preferences or fraudulent conveyances.

*Lender liability considerations and equitable subordination can affect the Issuer's rights with respect to Collateral Obligations*

In recent years, a number of judicial decisions have upheld judgments of borrowers against lending institutions on the basis of various evolving legal theories, collectively termed "*lender liability*." Generally, lender liability is founded on the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith, commercial reasonableness and fair dealing, or a similar duty owed to the borrower or issuer or has assumed an excessive degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or shareholders. Because of the nature of the Assets (and, if applicable, actions of the Collateral Manager and/or its affiliates with respect thereto), the Issuer may be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "*equitable subordination*." Because of the nature of the Assets (and, if applicable, actions of the Collateral Manager and/or its affiliates with respect thereto), the Issuer may be subject to claims from creditors of an obligor that debt obligations issued by such obligor that are held by the Issuer should be equitably subordinated.

Because the Collateral Manager or affiliates of, or persons related to, the Collateral Manager may hold equity or other interests in obligors of Collateral Obligations, the Issuer could be exposed to claims for equitable subordination or lender liability or both based on such equity or other holdings.

The preceding discussion is based upon principles of United States federal and state laws. Insofar as Collateral Obligations that are obligations of non-United States obligors are concerned, the laws of certain foreign jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under United States federal and state laws.

*Collateral Obligations of non-U.S. Obligor may expose the Issuer to different economic risks, legal and regulatory uncertainties and potential impairment of enforcement actions against such Obligor*

Up to 20% of the Assets by principal balance may consist, in part, of Collateral Obligations of Obligor organized under the laws of, a substantial portion of the operations of which are located in, or a substantial portion of the revenue of which is derived from, a country other than the United States. Collateral Obligations of Obligor located outside the United States and its territories may involve greater risks than Collateral Obligations of Obligor located in the United States and its territories. These risks include: (a) less publicly available information about the related Obligor; (b) varying levels of governmental regulation and supervision; and (c) the difficulty of enforcing legal rights in a foreign jurisdiction and related uncertainties as to the status, interpretation and application of laws. Moreover, foreign companies are generally not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies. Generally, there is less governmental supervision and regulation of exchanges, brokers and issuers in foreign countries than there is in the United States. For example, there may be no comparable provisions under certain foreign laws with respect to insider trading and similar investor protection afforded by securities laws that apply with respect to securities transactions



consummated in the United States. Moreover, if the sovereign rating of a country in which an obligor on a Collateral Obligation is located is downgraded, the ratings applicable to such Collateral Obligation may decline as well.

Foreign markets also have different clearance and settlement procedures, and in certain markets there have been times when settlements have failed to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in periods when assets of the Issuer are uninvested and no return is earned thereon. The inability of the Issuer to make intended Collateral Obligation purchases due to settlement problems or the risk of intermediary counterparty failures could cause the Issuer to miss investment opportunities. The inability to dispose of a Collateral Obligation due to settlement problems could result either in losses to the Issuer due to subsequent declines in the value of such Collateral Obligation or, if the Issuer has entered into a contract to sell the security, could result in possible liability to the purchaser. Transaction costs of buying and selling foreign securities, including brokerage, tax and custody costs, also are generally higher than those involved in domestic transactions. Furthermore, foreign financial markets, while generally growing in volume, have, for the most part, substantially less volume than U.S. markets, and securities of many foreign companies are less liquid and their prices more volatile than securities of comparable domestic companies.

In many foreign countries, there is the possibility of expropriation, nationalization or confiscatory taxation, limitations on the convertibility of currency or the removal of securities, property or other assets of the Issuer, political, economic or social instability or adverse diplomatic developments, each of which could have an adverse effect on the Issuers investments in such foreign countries (which may make it more difficult to pay U.S. Dollar-denominated obligations). The economies of individual non-U.S. countries may also differ from the U.S. economy in such respects as the effect of the global recession, growth or contraction of the gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resources self-sufficiency and balance of payments position. Accordingly, Collateral Obligations of non-U.S. Obligor could face risks which would not pertain to Collateral Obligations of U.S. Obligor, which could expose the Issuer to losses on such Collateral Obligations.

*Rising interest rates may render some Obligor unable to pay interest on their Collateral Obligations*

Most of the Collateral Obligations bear interest at floating interest rates. To the extent interest rates increase, periodic interest obligations owed by the related Obligor will also increase. As prevailing interest rates increase, some Obligor may not be able to make the increased interest payments on Collateral Obligations or refinance their balloon and bullet Collateral Obligations, resulting in payment defaults and Defaulted Obligations. Conversely if interest rates decline, Obligor may refinance their Collateral Obligations at lower interest rates which could shorten the average life of, and reduce the distributions otherwise payable to, the Secured Notes and Income Notes if the proceeds of such refinancing were not reinvested.

*Balloon loans and bullet loans present refinancing risk*

The Assets will primarily consist of Collateral Obligations that are either balloon loans or bullet loans. Balloon and bullet loans involve a greater degree of risk than other types of transactions because they are structured to allow for either small (balloon) or no (bullet) principal payments over the term of the loan, requiring the Obligor to make a large final payment upon the maturity of the Collateral Obligation. The ability of such Obligor to make this final payment upon the maturity of the Collateral Obligation typically depends upon its ability either to refinance the Collateral Obligation prior to maturity or to generate sufficient cash flow to repay the Collateral Obligation at maturity. The ability of any Obligor to accomplish any of these goals will be affected by many factors, including the availability of financing at acceptable rates to such Obligor, the financial condition of such Obligor, the marketability of the collateral (if any) securing such Collateral Obligation, the operating history of the related business, tax laws and the prevailing general economic conditions. Consequently, such Obligor may not have the ability to repay the Collateral Obligation at maturity, and the Issuer could lose all or most of the principal of the Collateral Obligation. Given their relative size and limited resources and access to capital, some Obligor may have difficulty in repaying or refinancing their balloon and bullet Collateral Obligation on a timely basis or at all.

Significant numbers of Obligor are facing the need to refinance their debt over the next few years, and significant numbers of collateralized debt obligation transactions are facing the end of their reinvestment periods or the final maturities of their own debt. As a result of the foregoing "refinancing cliff", there could be significant pressure on the ability of Obligor to refinance their debt over the next few years. If the issue is not addressed

through adequate systemic liquidity or other measures, increased defaults could result, and there could be downward pressure on the prices and markets for debt instruments, including Collateral Obligations.

*The Issuer may purchase a material amount of Senior Secured Bonds*

Up to 40% of the Assets by principal balance may consist of Collateral Obligations that are Senior Secured Bonds. Senior Secured Bonds are subject to most of the risks described above with respect to Senior Secured Loans and Collateral Obligations more generally.

Risks of Senior Secured Bonds may be more pronounced than risks for Senior Secured Loans for several reasons, including: (i) lower recovery rates, (ii) fewer and/or less restrictive financial and other covenants than Senior Secured Loans of comparable seniority, (iii) longer maturities relative to maturities of Senior Secured Loans, (iv) limited liquidity and secondary market support, (v) substantial market price volatility resulting from changes in prevailing interest rates given the inverse relationship between prevailing interest rates and fixed rate debt obligations, (vi) subordination to the certain prior claims, (vii) the operation of mandatory sinking fund or call/redemption provisions during periods of declining interest rates that could cause the Issuer to reinvest premature redemption proceeds in lower yielding Collateral Obligations, (viii) the purchase thereof by original investors therein that are willing to bear a material risk of non-payment (as opposed to banks for which such purchase would be prohibited by applicable banking laws) and (ix) less frequent or detailed credit monitoring by the institutions that hold Senior Secured Bonds (as opposed to regulated banks that are required to conduct periodic credit analysis of their borrowers). An economic downturn could severely disrupt the market for Senior Secured Bonds and adversely affect the value of outstanding Senior Secured Bonds and the ability of the issuers thereof to repay principal and interest. An increase in interest rates could also severely disrupt the market for Senior Secured Bonds and adversely affect the value of outstanding Senior Secured Bonds.

Issuers of Senior Secured Bonds may be highly leveraged and may not have available to them more traditional methods of financing. The prices of Senior Secured Bonds are likely to be more sensitive to adverse economic changes or individual corporate developments than higher rated securities. For example, during an economic downturn or a sustained period of rising interest rates, issuers of Senior Secured Bonds may be more likely to experience financial stress, especially if such issuers are highly leveraged. During such periods, timely service of debt obligations may also be adversely affected by specific issuer developments, the issuer's inability to meet specific projected business forecasts or the unavailability of additional financing. The risk of loss due to default by the issuer is significantly greater for the holders of Senior Secured Bonds because such securities may be unsecured and may be subordinated to other creditors of the issuer of such securities. In addition, the Issuer may incur additional expenses to the extent it is required to seek recovery upon a default on a Senior Secured Bond (or any other Collateral Obligation) or participate in the restructuring of such obligation.

As a result of the limited liquidity of Senior Secured Bonds, their prices have at times experienced significant and rapid decline when a substantial number of holders decided to sell. In addition, the Issuer may have difficulty disposing of certain Senior Secured Bonds because there may be a thin trading market for such securities. To the extent that a secondary trading market for non-investment grade Senior Secured Bonds does exist, it is generally not as liquid as the secondary market for highly rated securities. Under adverse market or economic conditions, the secondary market for Senior Secured Bonds could contract further, independent of any specific adverse changes in the condition of a particular issuer. Reduced secondary market liquidity may have an adverse affect on market price and the Issuer's ability to dispose of particular Collateral Obligations when necessary to meet the Issuer's liquidity needs or in response to a specific economic event such as a deterioration in the creditworthiness of the issuer of such Collateral Obligations. Reduced secondary market liquidity for certain Senior Secured Bonds also may make it more difficult for the Issuer to obtain accurate market quotations for purposes of valuing the Issuer's portfolio. Market quotations are generally available on many Senior Secured Bonds only from a limited number of dealers and may not necessarily represent firm bids of such dealers of prices for actual sales.

Adverse publicity and investor perceptions, which may not be based on fundamental analysis, also may decrease the market value and liquidity of Senior Secured Bonds, particularly in a thinly traded market.

## **Relating to the Collateral Manager**

### *Past performance of the Collateral Manager is not indicative of future performance*

The past performance of the Collateral Manager and principals or affiliates thereof in managing other portfolios or investment vehicles may not be indicative of the results that the Collateral Manager may be able to achieve with the Assets. Similarly, the past performance of the Collateral Manager and principals or affiliates thereof over a particular period may not be indicative of the results that may occur in future periods. Furthermore, the nature of, and risks associated with, the Issuer's investments may differ from those investments and strategies undertaken historically by the Collateral Manager and principals and affiliates thereof. There can be no assurance that the Issuer's investments will perform as well as past investments of the Collateral Manager or principals or affiliates thereof, that the Issuer will be able to avoid losses or that the Issuer will be able to make investments similar to such past investment. In addition, such past investments may have been made utilizing a leveraged capital structure and an asset mix and fee arrangements that are different from the anticipated capital structure, asset mix and fee arrangements of the Issuer. Moreover, because the investment criteria that govern investments in the Assets do not govern the principals' investments and investment strategies generally, such investments conducted in accordance with such criteria, and the results they yield, are not directly comparable with, and may differ substantially from, other investments undertaken by the Collateral Manager and principals and affiliates thereof.

### *The Issuer will depend on the managerial expertise available to the Collateral Manager and its key personnel*

The Issuer's activities will generally be directed by the Collateral Manager. The holders of the Secured Notes and Income Notes will generally not make decisions with respect to the management, disposition or other realization of any Collateral Obligation, or other decisions regarding the business and affairs of the Issuer. Consequently, the success of the Issuer will depend, in large part, on the financial and managerial expertise of the Collateral Manager's investment professionals from time to time. There can be no assurance that such investment professionals will continue to serve in their current positions or continue to be employed by the Collateral Manager. In the event that one or more of the investment professionals of the Collateral Manager were to leave the Collateral Manager, the Collateral Manager would have to reassign responsibilities internally and/or hire one or more replacement employees, and the foregoing could have a material adverse effect on the performance of the Issuer. Any such event will not, standing alone, give rise to a termination of the Collateral Management Agreement. See "The Collateral Manager" and "The Collateral Management Agreement."

### *Regulatory and other legal matters may adversely affect the Collateral Manager and the Issuer*

GPIM and its affiliates operate in a heavily regulated environment. As a registered investment adviser, GPIM is subject to the requirements of the Investment Advisers Act and the SEC's regulations thereunder. The SEC and other regulators, including state securities commissions, state attorneys general and self-regulatory organizations, have in recent years significantly increased their regulatory activities with respect to asset management firms. GPIM is also subject to regulatory and, if applicable, self-regulatory requirements of various other jurisdictions. Various regulatory and self-regulatory requirements also apply to affiliates of GPIM. Any failure to comply with these requirements could expose GPIM and/or its affiliates to civil and/or criminal liability, as well as reputational damage, which could adversely affect the Issuer.

GPIM is subject to routine periodic examinations by the staff of the SEC, as well as more targeted or specific caused-based examinations and potential examinations and investigations by other regulatory and self-regulatory authorities. Such examinations may also relate to one or more of GPIM's affiliates. In its examinations, the staff of the SEC seeks broadly to identify any violations of the law and regulations as well as to identify weaknesses in internal controls and compliance policies and procedures. Alleged or suspected violations of law or regulations may lead to more specific caused-based examinations. Examinations and investigations can lead to administrative or other legal proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or termination of status as a registered entity or member of a self-regulatory organization. Whether or not the foregoing consequences are applicable, examinations, investigations and proceedings can result in significant expenses for the subject entities, as well as adverse publicity and diversion of management and other personnel. GPIM and the Issuer could be adversely affected by the foregoing.

## Relating to Certain Conflicts of Interest

*In general, the transaction described in this Offering Circular will involve various potential and actual conflicts of interest*

Various potential and actual conflicts of interest may arise from the overall investment activity of the Collateral Manager, its clients and its affiliates and Citigroup and its affiliates. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

*Investors should note the Collateral Manager's conflicts of interest*

Various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Collateral Manager, its affiliates and their respective clients. The following briefly summarizes some of these conflicts; it is not intended to be an exhaustive list of all such conflicts.

Although the professional staff of the Collateral Manager will devote as much time to the Issuer as the Collateral Manager deems appropriate to perform its duties in accordance with the Collateral Management Agreement and in accordance with reasonable commercial standards, the staff may have conflicts in allocating its time and services among the Issuer and the Collateral Manager's other accounts. The Indenture places significant restrictions on the Collateral Manager's ability to buy and sell Collateral Obligations. Accordingly, during certain periods or in certain circumstances, the Collateral Manager may be unable as a result of such restrictions to buy or sell securities or to take other actions that it might consider to be in the best interests of the Issuer and the holders of the Secured Notes and Income Notes. In addition, because of the different seniorities and other characteristics of the various Classes of Secured Notes and the Income Notes, decisions by the Collateral Manager with respect to the Issuer are likely to affect such Classes differently (and may even affect one or more Classes adversely while affecting one or more other Classes positively). Such conflicts are inherent in a multiclass capital structure within a single entity managed by a single collateral manager.

The Collateral Obligations may include loans or bonds with respect to which the Collateral Manager or affiliates thereof were among the principal originators (the "*Collateral Manager Originated Assets*"), without limitation as to the amount that may be acquired. The portfolio of Assets on the Closing Date is expected to include Collateral Manager Originated Assets. The acquisition of Collateral Manager Originated Assets may give rise to interests that conflict with those of the Issuer. In addition, the Collateral Manager, its affiliates and their respective clients may invest in obligations that would be appropriate as security for the Secured Notes. Such investments may be different from those made on behalf of the Issuer. The Collateral Manager and/or its affiliates may also have ongoing relationships with, render services to or engage in transactions with other issuers of collateralized debt obligations that invest in assets of a similar nature to those of the Issuer, and with companies whose securities are pledged to secure the Secured Notes, and may own equity or debt securities issued by issuers of and other obligors on Collateral Obligations. As a result, officers or affiliates of the Collateral Manager may possess information relating to issuers of Collateral Obligations that is not known to the individuals at the Collateral Manager responsible for monitoring the Collateral Obligations and performing the other obligations under the Collateral Management Agreement.

The Collateral Manager serves, and expects in the future to serve, as collateral manager or advisor or sub-advisor for various collateralized loan obligation vehicles and/or collateralized bond obligation vehicles and other credit investment vehicles (or the like). In addition, affiliates and clients of the Collateral Manager may invest in securities that are senior to, or have interests different from or adverse to, the securities that are pledged to secure the Secured Notes. The Collateral Manager and/or its affiliates may at certain times be simultaneously seeking to purchase or dispose of investments for its respective account, the Issuer, any similar entity for which it serves as manager or advisor and for its clients or affiliates. Subject to the requirements of the governing instruments pertaining to the Collateral Manager or its affiliates, investment opportunities sourced by the Collateral Manager will generally be allocated to the Issuer in a manner that the Collateral Manager believes, in its judgment, to be appropriate given factors that it believes to be relevant. Such factors may include the investment objectives, liquidity, diversification, lender covenants and other limitations of the Issuer and the Collateral Manager or other affiliates and the amount of funds each of them has available for such investment. In the event that the Issuer and another account managed by the Collateral Manager should purchase or sell the same securities or loans at the same

time, the Collateral Manager anticipates that such purchases or sales, respectively, will be aggregated and allocated. The Collateral Manager intends to use its reasonable efforts to allocate such investments among its accounts in an equitable manner and in accordance with applicable law.

Neither the Collateral Manager nor any of its affiliates is under any obligation to offer investment opportunities of which they become aware to the Issuer or to account to the Issuer (or share with the Issuer or inform the Issuer of) any such transaction or any benefit received by them from any such transaction or to inform the Issuer of any investments before offering any investments to other funds or accounts that the Collateral Manager and/or its affiliates manage or advise. Furthermore, the Collateral Manager and/or its affiliates may make an investment on behalf of any account that they manage or advise without offering the investment opportunity or making any investment on behalf of the Issuer. Furthermore, affiliates of the Collateral Manager may make an investment on their own behalf without offering the investment opportunity to, or the Collateral Manager making any investment on behalf of, the Issuer. Affirmative obligations may exist or may arise in the future, whereby affiliates of the Collateral Manager are obligated to offer certain investments to funds or accounts that such affiliates manage or advise before or without the Collateral Manager offering those investments to the Issuer. The Collateral Manager may make investments on behalf of the Issuer in securities, or other assets, that it has declined to invest in for its own account, the account of any of its affiliates or the account of its other clients. The Collateral Manager will endeavor to resolve conflicts arising therefrom in a manner that it deems equitable to the extent possible under the prevailing facts and circumstances and applicable law. Affiliates of the Collateral Manager may receive fees for services that exceed the fees received by the Collateral Manager from the Issuer. This disparity in fee income may create potential conflicts of interest between the Collateral Manager's obligations to the Issuer and such affiliates' obligations to such other clients. Fees and expense reimbursements received by the Collateral Manager may exceed those to which an investment adviser to a regulated mutual fund would be entitled. Additionally, the Incentive Collateral Management Fee entitles the Collateral Manager to residual cash flows of the Issuer. Accordingly, the Incentive Collateral Management Fee may create an incentive for the Collateral Manager to make investments that are riskier or more speculative than would be the case if the Collateral Manager were compensated solely based on a flat percentage of the Issuer's assets.

It is anticipated that, on the Closing Date, a beneficial interest in approximately 100% of the Exchangeable Combination Notes will be sold in the form of Custodial Receipts to clients of and/or affiliates of and/or accounts managed by GPIM. Clients of and/or affiliates of and/or accounts managed by GPIM will purchase approximately 82% of the Income Notes (directly or through the Combination Notes). Such Exchangeable Combination Notes and Income Notes may be sold by such party or parties, in whole or in part, to related and unrelated parties at any time after the Closing Date. In addition, the Collateral Manager and/or its affiliates and/or accounts managed thereby (the "*CM Investors*") may purchase Notes at any time. Subject to the transfer requirements described herein, such Notes may be sold by any CM Investor to related and unrelated parties at any time after the Closing Date. In addition, upon the removal or resignation of the Collateral Manager, the Issuer may, subject to the approval of a Majority of the Income Notes, appoint a replacement collateral manager; provided that a Majority of the Controlling Class does not disapprove such replacement collateral manager and each Rating Agency has received notice thereof. Any Collateral Manager Notes will be disregarded and deemed not to be Outstanding in connection with any vote in connection with (i) the removal for "Cause" of the Collateral Manager, (ii) the approval of a successor Collateral Manager if the appointment of the Collateral Manager is being terminated pursuant to the Collateral Management Agreement for "Cause", (iii) the assignment by the Collateral Manager of its rights and responsibilities under the Collateral Management Agreement, (iv) the waiver of any Event of Default under the Indenture that resulted primarily from an action taken or failed to be taken by the Collateral Manager and (v) the waiver of any event constituting "Cause" under the Collateral Management Agreement; provided that any such Collateral Manager Notes will not be disregarded, will be deemed to be Outstanding and will have voting rights with respect to all other matters as to which the holders of Notes are entitled to vote, including, without limitation, votes in connection with an Optional Redemption or the approval of a successor Collateral Manager if the appointment of the Collateral Manager is not being terminated pursuant to the Collateral Management Agreement for "Cause." See "The Collateral Management Agreement." The investment in Combination Notes and Income Notes by one or more CM Investors may give the Collateral Manager an incentive to take actions that may vary from the interests of holders of other Classes of Notes.

The Collateral Manager is an investment adviser registered pursuant to the Investment Advisers Act of 1940 (the "*Investment Advisers Act*") and, as such, is subject to the provisions of the Investment Advisers Act. Failure to

comply with the requirements imposed on the Collateral Manager as a consequence of registration under the Investment Advisers Act may have a significant adverse effect on the Collateral Manager's ability to perform its duties to the Issuer. Although the Collateral Manager is registered under the Investment Advisers Act, the Issuer will not be an investment company subject to registration under the Investment Company Act. As a result, the Issuer will not be subject to regulation (including limitations on leverage and certain diversification requirements) that would apply to a regulated mutual fund.

There is no limitation or restriction on the Collateral Manager, the Initial Purchaser, the Placement Agent or any of their respective affiliates with regard to acting as collateral manager, initial purchaser or placement agent (or in a similar role, as applicable) to other parties or persons. This and other future activities of the Collateral Manager, the Initial Purchaser, the Placement Agent and/or their respective affiliates may give rise to additional conflicts of interest.

It is contemplated that the Issuer will form an advisory committee (the "*Advisory Committee*") comprised of at least one Advisory Committee Member. The Advisory Committee will have the functions contemplated in the Indenture, the Collateral Management Agreement and in the several Advisory Committee Member Agreements entered into in connection with the appointments of the Advisory Committee Members to the Advisory Committee (collectively, the "*Advisory Committee Member Agreements*"), including having the power (upon request and if so decided by the Advisory Committee Members) (i) to approve the purchase of any Collateral Obligation (A) with respect to which the Collateral Manager and/or an affiliate originated, structured, acted as an underwriter or a placement agent, or (B) from the related issuer of which the Collateral Manager or an affiliate, as applicable, received any compensation, and (ii) to consent to the purchase or sale of any Collateral Obligation in a transaction that requires notice to the Issuer and the consent of the Issuer pursuant to Section 206(3) of the Investment Advisers Act. Each holder of any Note by its acceptance thereof will be deemed to have approved each consent and other action taken by the Advisory Committee Members.

In addition, with the prior authorization of the Issuer, which will be given under the Collateral Management Agreement and can be revoked at any time, the Collateral Manager and/or its affiliates may enter into agency cross-transactions where the Collateral Manager and/or its affiliates act as broker for the Issuer and for the other party to the transaction, to the extent permitted under applicable law, in which case the Collateral Manager or any such affiliate will receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to the transaction. The Indenture will provide that each of the Issuer and each securityholder of the Issuer, including each holder of Secured Notes, consents and agrees that such cross-transactions are authorized, and that any subsequent authorization by the Issuer or revocation of such authorization may be effected through the Independent Party of the Issuer.

*The Issuer will be subject to various conflicts of interest involving Citigroup*

Various potential and actual conflicts of interest may arise as a result of the investment banking, commercial banking, asset management, financing and financial advisory services and products provided by the Citigroup Companies to the Issuer, the Trustee, the Collateral Manager and the CM Investors, the issuers of the Collateral Obligations and others, as well as in connection with the investment, trading and brokerage activities of the Citigroup Companies. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

Citigroup will serve as initial purchaser for the Class A Notes, Class B Notes and a portion of the Income Notes and as placement agent for the Placed Notes and will be paid fees and commissions for such services by the Issuer from the proceeds of the issuance of the Secured Notes and Income Notes. One or more of the Citigroup Companies may from time to time hold Secured Notes, Income Notes or Combination Notes for investment, trading or other purposes. None of the Citigroup Companies are required to own or hold any Notes and may sell any Notes held by them at any time.

Certain short-term investments to be held by the Issuer may be issued, managed or underwritten by one or more of the Citigroup Companies. One or more of the Citigroup Companies may provide investment banking, commercial banking, asset management, financing and financial advisory services and products to the Collateral Manager, its affiliates, and funds managed by the Collateral Manager and its affiliates, and purchase, hold and sell, both for their

respective accounts or for the account of their respective clients, on a principal or agency basis, loans, securities, and other obligations and financial instruments of the Collateral Manager, its affiliates, and funds managed by the Collateral Manager and its affiliates. As a result of such transactions or arrangements, one or more of the Citigroup Companies may have interests adverse to those of the Issuer and holders of the Secured Notes and Income Notes.

One or more of the Citigroup Companies may:

- have placed or underwritten, or acted as a financial arranger, structuring agent or advisor in connection with the original issuance of, or may act as a broker or dealer with respect to, certain of the Collateral Obligations;
- act as trustee, paying agent and in other capacities in connection with certain of the Collateral Obligations or other classes of securities issued by an issuer of a Collateral Obligation or an affiliate thereof;
- be a counterparty to issuers of certain of the Collateral Obligations under swap or other derivative agreements;
- lend to certain of the issuers of Collateral Obligations or their respective affiliates or receive guarantees from the issuers of those Collateral Obligations or their respective affiliates;
- provide other investment banking, asset management, commercial banking, financing or financial advisory services to the issuers of Collateral Obligations or their respective affiliates; or
- have an equity interest, which may be a substantial equity interest, in certain issuers of the Collateral Obligations or their respective affiliates.

When acting as a trustee, paying agent or in other service capacities with respect to a Collateral Obligation, the Citigroup Companies will be entitled to fees and expenses senior in priority to payments to such Collateral Obligation. When acting as a trustee for other classes of securities issued by the issuer of a Collateral Obligation or an affiliate thereof, the Citigroup Companies will owe fiduciary duties to the holders of such other classes of securities, which classes of securities may have differing interests from the holders of the class of securities of which the Collateral Obligation is a part, and may take actions that are adverse to the holders (including the Issuer) of the class of securities of which the Collateral Obligation is a part. As a counterparty under swaps and other derivative agreements, the Citigroup Companies might take actions adverse to the interests of the Issuer, including, but not limited to, demanding collateralization of its exposure under such agreements (if provided for thereunder) or terminating such swaps or agreements in accordance with the terms thereof. In making and administering loans and other obligations, the Citigroup Companies might take actions including, but not limited to, restructuring a loan, foreclosing on or exercising other remedies with respect to a loan, requiring additional collateral or other credit enhancement, charging significant fees and interest, placing the obligor in bankruptcy or demanding payment on a loan guarantee or under other credit enhancement. The Issuer's purchase, holding and sale of Collateral Obligations may enhance the profitability or value of investments made by the Citigroup Companies in the issuers thereof. As a result of all such transactions or arrangements between the Citigroup Companies and issuers of Collateral Obligations or their respective affiliates, the Citigroup Companies may have interests that are contrary to the interests of the Issuer and the holders of the Secured Notes and Income Notes.

As part of their regular business, the Citigroup Companies may also provide investment banking, commercial banking, asset management, financing and financial advisory services and products to, and purchase, hold and sell, both for their respective accounts or for the account of their respective clients, on a principal or agency basis, loans, securities, and other obligations and financial instruments and engage in private equity investment activities. The Citigroup Companies will not be restricted in their performance of any such services or in the types of debt or equity investments, which they may make. In conducting the foregoing activities, the Citigroup Companies will be acting for their own account or the account of their customers and will have no obligation to act in the interest of the Issuer.

The Citigroup Companies may, by virtue of the relationships described above or otherwise, at the Original Distribution Date or at any time thereafter, be in possession of information regarding certain of the issuers of

Collateral Obligations and their respective affiliates that is or may be material in the context of the Secured Notes or Income Notes and that is or may not be known to the general public. None of the Citigroup Companies has any obligation, and the offering of the Secured Notes and Income Notes will not create any obligation on their part, to disclose to any purchaser of the Secured Notes or Income Notes any such relationship or information, whether or not confidential.



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## DESCRIPTION OF THE NOTES

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### The Indenture and the Notes

All of the Notes will be issued pursuant to the Indenture. However, only the Secured Notes will be secured obligations of the Issuer. Of the Class C Notes, Class D Notes, Class E Notes and Income Notes, U.S.\$78,750,000 Class C Notes will constitute the Class C Note Component, U.S.\$65,100,000 Class D Notes will constitute the Class D Note Component, U.S.\$60,480,000 Class E Notes will constitute the Class E Note Component and U.S.\$97,041,000 Income Notes will constitute the Income Note Component of the Combination Notes. See "—The Combination Notes".

### Status and Security of the Secured Notes

The Secured Notes will be limited recourse obligations of the Issuer only, secured as described below, and will rank in priority with respect to each other and the Income Notes as described herein. Under the terms of the Indenture, the Issuer will grant to the Trustee for the benefit of the Secured Parties a security interest in the Assets to secure the Issuer's obligations under the Indenture and the Secured Notes. See "Security for the Secured Notes."

Payments of interest and principal on the Secured Notes will be made from the proceeds of the Assets, in accordance with the priorities described under "Overview of Terms—Priority of Payments" and "—Priority of Payments." The aggregate amount that will be available from the Assets for payment on the Secured Notes and of certain expenses of the Issuer on any Payment Date prior to the occurrence of an Enforcement Event will be the sum of Interest Proceeds and Principal Proceeds for the related Collection Period. To the extent that the proceeds of the Assets are insufficient to meet payments due in respect of the Secured Notes and expenses following liquidation of the Assets, the Issuer will have no obligation to pay such deficiency.

### Interest on the Secured Notes

The Secured Notes will bear stated interest from the Closing Date, and such interest will be payable quarterly in arrears on each Payment Date on the Aggregate Outstanding Amount thereof on the first day of the related Interest Accrual Period (after giving effect to payments of principal thereof on such date).

The *per annum* stated interest rate payable on the Secured Notes of each Class (the "*Interest Rate*" for such Class) with respect to each Interest Accrual Period will be the rate indicated under "Overview of Terms—Principal Terms of the Notes."

Any payment of interest due on the Class C Notes, the Class D Notes or the Class E Notes on any Payment Date to the extent sufficient funds are not available to make such payment in accordance with the Priority of Payments on such Payment Date, but only if one or more Classes of Notes more senior to such Class is Outstanding, shall constitute Secured Note Deferred Interest and will not be considered due and payable on such Payment Date, but will be deferred and added to the principal balance of the applicable Class of Secured Notes and, thereafter, will bear interest at the Interest Rate applicable to such Class, until the earliest of (i) the Payment Date on which funds are available to pay such Secured Note Deferred Interest in accordance with the Priority of Payments, (ii) the Redemption Date with respect to such Class and (iii) the Stated Maturity of such Class. Regardless of whether any Classes of Notes more senior to the Class C Notes, the Class D Notes or the Class E Notes is Outstanding, to the extent that funds are not available on any Payment Date (other than the Redemption Date with respect to, or Stated Maturity of, the Class C Notes, the Class D Notes or the Class E Notes, respectively) to pay previously accrued Secured Note Deferred Interest on the Class C Notes, the Class D Notes or the Class E Notes, respectively, such previously accrued Secured Note Deferred Interest will not be due and payable on such Payment Date and any failure to pay such previously accrued Secured Note Deferred Interest on such Payment Date will not be an Event of Default under the Indenture. See "—The Indenture—Events of Default." Interest may be deferred (i) on the Class C Notes as long as any Class A Notes or Class B Notes is outstanding, (ii) on the Class D Notes as long as any Class A Notes, Class B Notes or Class C Notes are outstanding and (iii) on the Class E Notes as long as any Class A Notes,

Class B Notes, Class C Notes or Class D Notes are outstanding. Interest will cease to accrue on Secured Note Deferred Interest on the date of payment thereof

If any interest due and payable in respect of any Class A Note (or, if there are no Class A Notes Outstanding, any Class B Note, or, if there are no Class A Notes or Class B Notes Outstanding, any Class C Note, or, if there are no Class A Notes, Class B Notes or Class C Notes Outstanding, any Class D Note, or, if there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes Outstanding, any Class E Note) is not punctually paid or duly provided for on the applicable Payment Date or at the applicable Stated Maturity and such default continues for five Business Days (or, in the case of a failure to disburse due to an administrative error or omission by the Collateral Manager, Trustee, Collateral Administrator or any Paying Agent, for seven Business Days after a trust officer of the Trustee receives written notice or has actual knowledge of such administrative error or omission), an Event of Default will occur. To the extent lawful and enforceable, interest on such defaulted interest will accrue at a *per annum* rate equal to the Interest Rate applicable to such Secured Notes from time to time in each case until paid.

Interest on the Secured Notes will be calculated on the basis of (i) in the case of the Class A Notes and the Class B Notes, the actual number of days elapsed in the applicable Interest Accrual Period *divided by* 360 and (ii) in the case of each other Class of Secured Notes, the number of days in the applicable Interest Accrual Period based upon a 360-day year consisting of twelve 30-day months.

The Calculation Agent will determine LIBOR for each Interest Accrual Period on the Interest Determination Date. The Issuer has initially appointed the Trustee as the Calculation Agent.

As soon as possible after 11:00 a.m. London time on each Interest Determination Date, but in no event later than 11:00 a.m. New York time on the London Banking Day immediately following each Interest Determination Date, the Calculation Agent will calculate the Interest Rate applicable to each Class of Secured Notes during the related Interest Accrual Period and the Note Interest Amount (in each case, rounded to the nearest cent, with half a cent being rounded upward) payable on the related Payment Date in respect of the related Interest Accrual Period. At such time, the Calculation Agent will communicate such rates and amounts to the Issuer, the Trustee, the Paying Agents and the Collateral Manager. The Calculation Agent will also specify to the Issuer the quotations upon which the Interest Rate for each Class of Secured Notes is based, and in any event the Calculation Agent shall notify the Issuer before 5:00 p.m. (New York time) on every Interest Determination Date if it has not determined and is not in the process of determining any such Interest Rate or Note Interest Amount, together with its reasons therefor. The Calculation Agent's determination of the foregoing rates and amounts for any Interest Accrual Period will (in the absence of manifest error) be final and binding upon all parties.

The Issuer will agree that for so long as any Secured Notes remain Outstanding there will at all times be a Calculation Agent which shall not control, be controlled by or be under common control with the Issuer or its affiliates or the Collateral Manager or its affiliates. The Calculation Agent may be removed by the Issuer or the Collateral Manager, on behalf of the Issuer, at any time. If the Calculation Agent is unable or unwilling to act as such or is removed by the Issuer or the Collateral Manager, on behalf of the Issuer, or if the Calculation Agent fails to determine any of the information required to be published on the Irish Stock Exchange via the Companies Announcement Office, the Issuer or the Collateral Manager, on behalf of the Issuer, will be required to appoint promptly a replacement Calculation Agent which does not control and is not controlled by or under common control with the Issuer, the Collateral Manager or their respective affiliates. The Calculation Agent may not resign its duties or be removed without a successor having been duly appointed.

Payments of interest to each Holder of the Secured Notes of each Class and to each Holder of Income Notes shall be made ratably among the Holders of the Secured Notes of such Class and Holders of the Income Notes in the proportion that the Aggregate Outstanding Amount of the Notes of such Class registered in the name of each such Holder on the applicable Record Date bears to the Aggregate Outstanding Amount of all Notes of such Class on such Record Date.

### **Principal of the Secured Notes**

The Secured Notes of each Class will mature at par on the Stated Maturity, unless previously redeemed or repaid prior thereto as described herein. Principal will not be payable on the Secured Notes except in the limited circumstances described under "—Optional Redemption and Tax Redemption," "—Mandatory Redemption,"

"—Special Redemption," "Overview of Terms—Priority of Payments—Application of Interest Proceeds," "Overview of Terms—Priority of Payments—Application of Principal Proceeds" and "—Priority of Payments".

On each Payment Date prior to the occurrence of an Enforcement Event, Principal Proceeds (other than (i) amounts the Collateral Manager (on behalf of the Issuer) may direct the Trustee to deposit in the Revolver/Delayed Drawdown Funding Account to defease funding requirements with respect to Delayed Drawdown Collateral Obligations and Revolving Collateral Obligations and (ii) during the Reinvestment Period, Principal Proceeds that have previously been reinvested in Collateral Obligations or that the Collateral Manager intends to invest in Collateral Obligations during the next Interest Accrual Period) will be applied in accordance with the priorities set forth under "Overview of Terms—Priority of Payments—Application of Principal Proceeds." Upon the occurrence of an Enforcement Event, Interest Proceeds and Principal Proceeds will be applied in accordance with the Enforcement Event Priority of Payments described under "—Priority of Payments".

At any time during which the Coverage Tests are not met, principal payments on the Secured Notes will be made as described under "—Mandatory Redemption."

The average life of each Class of Secured Notes is expected to be less than the number of years until the Stated Maturity of such Secured Notes. See "Risk Factors—Relating to the Secured Notes and Income Notes—The weighted average lives of the Secured Notes and Income Notes will vary from their maturity date."

Payments of principal to each Holder of the Secured Notes of each Class and to each Holder of Income Notes shall be made ratably among the Holders of the Secured Notes of such Class and Holders of the Income Notes in the proportion that the Aggregate Outstanding Amount of the Notes of such Class registered in the name of each such Holder on the applicable Record Date bears to the Aggregate Outstanding Amount of all Notes of such Class on such Record Date.

### **Optional Redemption and Tax Redemption**

#### *General—Redemption of Notes*

The Secured Notes will be redeemed by the Issuer, at the written direction of each of (x) a Majority of the Income Notes and (y) the Collateral Manager as follows: based upon such written direction, (i) the Secured Notes will be redeemed in whole (with respect to all Classes of Secured Notes) but not in part on any Payment Date after the Non-Call Period from Sale Proceeds and/or Refinancing Proceeds; or (ii) the Secured Notes may be redeemed in part by Class from Refinancing Proceeds on any Payment Date after the Non-Call Period as long as the Class of Secured Notes to be redeemed represents all but not less than all of such Class of such Secured Notes. In connection with any such redemption (each such redemption, an "*Optional Redemption*"), the Secured Notes shall be redeemed at the applicable Redemption Prices. To effect an Optional Redemption, a Majority of Income Notes and the Collateral Manager must provide the above described written direction to the Issuer and the Trustee not later than 45 days prior to the Payment Date on which such redemption is to be made; *provided* that all Secured Notes to be redeemed must be redeemed simultaneously.

Upon receipt of a notice of redemption of the Secured Notes in whole but not in part (subject to the two immediately succeeding paragraphs with respect to a redemption from proceeds that include Refinancing Proceeds), the Collateral Manager in its sole discretion will direct the sale of all or part of the Collateral Obligations and other Assets such that the proceeds from such sale and all other funds available for such purpose in the Collection Account and the Payment Account will be at least sufficient to pay the Redemption Prices of the Secured Notes to be redeemed and to pay all Administrative Expenses (regardless of the Administrative Expense Cap), all Custodial Receipts Custodial Expenses (regardless of the Custodial Receipts Custodial Expenses Cap) and all Collateral Management Fees due and payable under "Overview of Terms—Priority of Payments—Application of Interest Proceeds". If such proceeds of such sale and all other funds available for such purpose in the Collection Account and the Payment Account would not be sufficient to redeem all Secured Notes then required to be redeemed and to pay such fees and expenses, the Secured Notes may not be redeemed. If such notice of redemption is given by Combination Noteholders holding a Majority of the Income Notes in the form of the Income Note Component, the proceeds of the sale of the Underlying Specified Security (and application of the proceeds thereof to the Class C Note Component, the Class D Note Component and the Class E Component) may, at the option of the Combination Noteholders effecting such redemption, be considered in making the determination referred to in the preceding two

sentences. The Collateral Manager, in its sole discretion, may effect the sale of all or any part of the Collateral Obligations or other Assets through the direct sale of such Collateral Obligations or other Assets or by participation or other arrangement.

In addition to (or in lieu of) a sale of Collateral Obligations and/or Eligible Investments in the manner provided above, the Secured Notes may, after the Non-Call Period, be redeemed in whole (but not in part) from Refinancing Proceeds and/or Sale Proceeds or in part by Class from Refinancing Proceeds by obtaining a loan or an issuance of replacement securities, whose terms in each case will be negotiated by the Collateral Manager on behalf of the Issuer, from one or more financial institutions or purchasers, it being understood that any rating of such replacement securities by a Rating Agency will be based on a credit analysis specific to such replacement securities and independent of the rating of the Secured Notes being refinanced (any such redemption and refinancing, a "*Refinancing*"), if (i) the terms of such Refinancing and any financial institutions acting as lenders thereunder or purchasers thereof are acceptable to the Collateral Manager and a Majority of the Income Notes and (ii) such Refinancing otherwise satisfies the conditions described below. Prior to effecting any Refinancing in part by Class, the Issuer shall notify Fitch and S&P of such Refinancing.

In the case of a Refinancing upon a redemption of the Secured Notes in whole but not in part as described above, such Refinancing will be effective only if (i) the Refinancing Proceeds, all Sale Proceeds from the sale of Collateral Obligations and Eligible Investments in accordance with the procedures set forth in the Indenture, and all other available funds (excluding any funds credited to the LC Reserve Account) will be at least sufficient to redeem simultaneously the Secured Notes then required to be redeemed, in whole but not in part, and to pay the other amounts included in the aggregate Redemption Prices and all accrued and unpaid Administrative Expenses (regardless of the Administrative Expense Cap) and Custodial Receipts Custodial Expenses (regardless of the Custodial Receipts Custodial Expenses Cap), including the reasonable fees, costs, charges and expenses incurred by the Issuer, the Trustee and the Collateral Administrator (including reasonable attorneys' fees and expenses) in connection with such Refinancing, (ii) the Sale Proceeds, Refinancing Proceeds and other available funds are used (to the extent necessary) to make such redemption and (iii) the agreements relating to the Refinancing contain limited recourse and non-petition provisions equivalent (*mutatis mutandis*) to those contained in the Indenture.

In the case of a Refinancing upon a redemption of the Secured Notes in part by Class (where any Class of Secured Notes to be redeemed represents not less than the entire Class of such Secured Notes) as described above, such Refinancing will be effective only if (i) Fitch and S&P has been notified of such Refinancing, (ii) (x) in the case of a Refinancing of the Class A Notes or Class B Notes, the spread over LIBOR applicable to the related class of refinancing obligation does not exceed the spread of the Class of Secured Notes being refinanced and (y) otherwise, the interest rate applicable to the related class of refinancing obligations does not exceed the fixed rate payable on the Class of Secured Notes being refinanced, (iii) the Refinancing Proceeds will be at least sufficient to pay in full the aggregate Redemption Prices of the entire Class or Classes of Secured Notes subject to Refinancing, (iv) all accrued and unpaid Administrative Expenses (regardless of the Administrative Expenses Cap) incurred in connection with such Refinancing, including the reasonable fees, costs, charges and expenses incurred by the Trustee and the Collateral Manager (including reasonable attorneys' fees and expenses) in connection with such Refinancing, does not exceed the amount of Interest Proceeds available, after taking into account all amounts required to be paid pursuant to the Priority of Payments on the related Payment Date prior to the distribution of any remaining Interest Proceeds to the holders of the Income Notes, unless such expenses shall have been paid or shall be adequately provided for by an entity other than the Issuer (v) the Refinancing Proceeds are used (to the extent necessary) to make such redemption, (vi) the agreements relating to the Refinancing contain limited recourse and non-petition provisions equivalent (*mutatis mutandis*) to those contained in the Indenture, (vii) any new notes created in accordance with such redemption pursuant to a Refinancing must have the same aggregate outstanding amount as the Notes Outstanding prior to such Refinancing (except that if the most junior Class of Secured Notes Outstanding is redeemed in full, such Class of Secured Notes may be replaced by new notes with a greater aggregate outstanding amount), unless consented to by a Majority of the Controlling Class, (viii) the new notes created in accordance with such redemption pursuant to a Refinancing must have the same or longer maturity as the Notes Outstanding prior to such Refinancing, (ix) such Refinancing is done only through the issuance of new notes and not the sale of any Assets, (x) the obligations providing the Refinancing are subject to the Priority of Payments and do not rank higher in priority pursuant to the Priority of Payments than the Class of Secured Notes being refinanced and (xi) the voting

rights, consent rights, redemption rights and all other rights of the obligations providing the Refinancing are the same in all material respects as the rights of the corresponding Class of Secured Notes being refinanced.

The holders of the Income Notes will not have any cause of action against any of the Issuer, the Collateral Manager, the Collateral Administrator or the Trustee for any failure to obtain a Refinancing. If a Refinancing is obtained meeting the requirements specified above as certified by the Collateral Manager, the Issuer and the Trustee shall amend the Indenture to the extent necessary to reflect the terms of the Refinancing, and no further consent for such amendments shall be required from the holders of Notes other than holders of the Income Notes directing the redemption. The Trustee will not be obligated to enter into any amendment that, in its view, adversely affects its duties, obligations, liabilities or protections under the Indenture, and the Trustee will be entitled to conclusively rely upon an officer's certificate or opinion of counsel as to matters of law (which may be supported as to factual (including financial and capital markets) matters by any relevant certificates and other documents necessary or advisable in the judgment of counsel delivering such opinion of counsel) provided by the Issuer to the effect that such amendment meets the requirements specified above and is otherwise permitted under the Indenture (except that such officer or counsel will have no obligation to certify or opine as to the sufficiency of the Refinancing Proceeds, or the sufficiency of the Accountants' Certificate required under the Indenture).

In the event of any Optional Redemption, the Issuer shall, at least 30 days prior to the Redemption Date, notify the Trustee in writing of such Redemption Date, the applicable Record Date, the principal amount of Notes to be redeemed on such Redemption Date and the Redemption Price.

The Secured Notes shall also be redeemed in whole but not in part (any such redemption, a "*Tax Redemption*") at the written direction (delivered to the Trustee) of (x) a Majority of any Affected Class or (y) a Majority of the Income Notes, in either case following the occurrence and during the continuance of a Tax Event. In connection with any Tax Redemption, holders of 100% of the Aggregate Outstanding Amount of any Class of Secured Notes may elect to receive less than 100% of the Redemption Price that would otherwise be payable to the holders of such Class of Secured Notes.

The Income Notes may be redeemed, in whole but not in part, on any Payment Date on or after the redemption or repayment in full of the Secured Notes, at the direction of either of (x) a Majority of the Income Notes or (y) so long as GPIM or any Affiliate thereof is the Collateral Manager, the Collateral Manager. See "—The Income Notes".

#### *Redemption Procedures*

In the event of any Optional Redemption, the written direction of a Majority of the Income Notes and the Collateral Manager shall be provided to the Issuer, the Trustee and the Collateral Manager as set forth above under "—General—Redemption of Secured Notes". Notice of an Optional Redemption or Tax Redemption will be given by first-class mail, postage prepaid, mailed not later than nine Business Days prior to the applicable Redemption Date to each holder of Secured Notes at such holder's address in the register maintained by the registrar under the Indenture. In addition, for so long as any Notes are listed on the Irish Stock Exchange and so long as the guidelines of such exchange so require, notice of Optional Redemption or Tax Redemption of any Secured Notes shall also be given to the holders of such listed Notes by publication on the Irish Stock Exchange via the Companies Announcement Office. Secured Notes called for redemption must be surrendered at the office of any Paying Agent. The initial Paying Agent for the Secured Notes will be the Trustee.

The Issuer will have the option to withdraw any such notice of an Optional Redemption on any day up to and including the later of (x) the day on which the Collateral Manager is required to deliver to the Trustee the sale agreement or agreements or certifications as described in the following paragraph and (y) the day on which the holders of Secured Notes are notified of such redemption in accordance with the Indenture.

Unless Refinancing Proceeds are being used to redeem the Secured Notes in whole or in part, in the event of any Optional Redemption or Tax Redemption, no Secured Notes may be optionally redeemed unless

- (i) at least five Business Days before the scheduled Redemption Date the Collateral Manager shall have furnished to the Trustee evidence in a form reasonably satisfactory to the Trustee that the Collateral Manager on behalf of the Issuer has entered into a binding agreement or agreements with a financial or

other institution or institutions whose short-term unsecured debt obligations (other than such obligations whose rating is based on the credit of a person other than such institution) are rated, or guaranteed by a Person whose short-term unsecured debt obligations are rated, at least "A-1" by S&P and at least "P-1" by Moody's to purchase (directly or by participation or other arrangement), not later than the Business Day immediately preceding the scheduled Redemption Date in immediately available funds, all or part of the Assets at a purchase price at least sufficient, together with the Eligible Investments maturing, redeemable or puttable to the issuer thereof at par on or prior to the scheduled Redemption Date, to pay all Administrative Expenses (regardless of the Administrative Expense Cap), all Custodial Receipts Custodial Expenses (regardless of the Custodial Receipts Custodial Expenses Cap) and all Collateral Management Fees payable in accordance with the Priority of Payments and redeem all of the Secured Notes on the scheduled Redemption Date at the applicable Redemption Prices (or in the case of any Class of Secured Notes, such lesser amount that the holders of such Class have elected to receive, in the case of a Tax Redemption where holders of such Class have elected to receive less than 100% of the Redemption Price that would otherwise be payable to the holders of such Class), or

(ii) prior to selling any Collateral Obligations and/or Eligible Investments, the Collateral Manager shall certify to the Trustee that, in its judgment, the aggregate sum of (A) expected proceeds from the sale of Eligible Investments, and (B) for each Collateral Obligation, the product of its Principal Balance and its Market Value and its Applicable Advance Rate, shall exceed the sum of (x) the aggregate Redemption Prices (or in the case of any Class of Secured Notes, such lesser amount that the holders of such Class have elected to receive, in the case of a Tax Redemption where holders of such Class have elected to receive less than 100% of the Redemption Price that would otherwise be payable to the holders of such Class) of the Outstanding Secured Notes and (y) all Administrative Expenses (regardless of the Administrative Expense Cap), all Custodial Receipts Custodial Expenses (regardless of the Custodial Receipts Custodial Expenses Cap) and all Collateral Management Fees payable under the Priority of Payments. Any certification delivered by the Collateral Manager pursuant to this section "Optional Redemption—Redemption Procedures" must include (1) the prices of, and expected proceeds from, the sale (directly or by participation or other arrangement) of any Collateral Obligations and/or Eligible Investments and (2) all calculations required by this section "Optional Redemption—Redemption Procedures". Any holders of Secured Notes, the Collateral Manager or any of the Collateral Manager's Affiliates or accounts managed by it shall have the right, subject to the same terms and conditions afforded to other bidders, to bid on Assets to be sold as part of an Optional Redemption or Tax Redemption.

Notice of redemption shall be given by the Issuer or, upon an issuer order, by the Trustee in the name and at the expense of the Issuer. Failure to give notice of redemption, or any defect therein, to any holder of any Note selected for redemption shall not impair or affect the validity of the redemption of any other Notes.

### **Mandatory Redemption**

If a Coverage Test (as described under "Security for the Secured Notes—The Coverage Tests and the Interest Diversion Test") is not met on any Determination Date on which such Coverage Test is applicable, the Issuer shall apply available amounts in the Payment Account to make payments on the Secured Notes pursuant to the Priority of Payments (a "*Mandatory Redemption*") as described under "Overview of Terms—Priority of Payments."

### **Special Redemption**

The Secured Notes will be subject to redemption in part by the Issuer, on any Payment Date (i) during the Reinvestment Period, if the Collateral Manager at its sole discretion notifies the Trustee at least five Business Days prior to the applicable Special Redemption Date that it has been unable, for a period of at least 20 consecutive Business Days, to identify additional Collateral Obligations that are deemed appropriate by the Collateral Manager in its sole discretion and which would meet the criteria for reinvestment described under "Security for the Secured Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion" in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Collection Account that are to be invested in additional Collateral Obligations or (ii) after the Effective Date, if the Collateral Manager notifies the Trustee that a redemption is required in order to cause S&P to provide written confirmation (which may take the form of a press release or other written communication) of its initial ratings of the Secured Notes (each a "*Special Redemption*"). On the first Payment Date (and all subsequent Payment Dates) following the

Collection Period in which such notice is given (a "*Special Redemption Date*"), the amount in the Collection Account representing (1) in the case of a Special Redemption during the Reinvestment Period, Principal Proceeds that the Collateral Manager has determined cannot be practicably reinvested in additional Collateral Obligations or (2) in the case of a Special Redemption after the Effective Date, Interest Proceeds and Principal Proceeds available in accordance with the Priority of Payments, will in each case be applied in accordance with the Priority of Payments. In the case of clause (2), such amounts will be used for application in accordance with the Note Payment Sequence in an amount sufficient to cause S&P to provide written confirmation (which may take the form of a press release or other written communication) of its initial ratings of the Secured Notes, as described in "Use of Proceeds—Effective Date." Notice of a Special Redemption will be given by the Trustee not less than (x) in the case of a Special Redemption described in clause (i) above, three Business Days prior to the applicable Special Redemption Date and (y) in the case of a Special Redemption described in clause (ii) above, one Business Day prior to the applicable Special Redemption Date, in each case by facsimile, email transmission or first class mail, postage prepaid, to each holder of Secured Notes affected thereby at such holder's facsimile number, email address or mailing address in the register maintained by the applicable registrar under the Indenture. In addition, for so long as any Notes are listed on the Irish Stock Exchange and so long as the guidelines of such exchange so require, notice of Special Redemption shall also be given to the holders of such listed Notes by publication on the Irish Stock Exchange via the Companies Announcement Office.

### **Cancellation; Issuer Prohibited from Acquiring Notes**

No Note may be surrendered (including in connection with any abandonment, donation, gift, contribution or other event or circumstance) except in connection with (i) any registration of transfer or exchange of such Note, (ii) any replacement of any Note mutilated, defaced or deemed lost or stolen, (iii) any redemption of such Note or (iv) any payment of such Note as provided in the Indenture. For purposes of the calculation of each Overcollateralization Ratio Test, if any Note or Notes are surrendered in breach of the limitation set forth in the preceding sentence, such Note or Notes shall be deemed to continue to be Outstanding in its or their full Aggregate Outstanding Amount immediately prior to such surrender.

All Notes surrendered for payment, registration of transfer, exchange, redemption or discharge of Indenture, or mutilated, defaced or deemed lost or stolen, shall be promptly canceled by the Trustee and may not be reissued or resold. Any Notes, if surrendered to any Person other than the Trustee, shall be delivered to the Trustee. All canceled Notes held by the Trustee shall be destroyed or held by the Trustee in accordance with its standard retention policy unless the Issuer shall direct by an Issuer order received prior to destruction that they be returned to it. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled, except as expressly permitted by the Indenture.

Notwithstanding anything contained in the Indenture to the contrary, the Issuer may not acquire any of the Notes (including any Notes surrendered or abandoned). The preceding sentence shall not limit an optional or mandatory redemption pursuant to the terms of the Indenture.

### **Entitlement to Payments**

Payments on the Notes will be made to the person in whose name the Note is registered on the Record Date. Payments on Certificated Notes will be made in U.S. Dollars by wire transfer, as directed by the investor, in immediately available funds to the investor; *provided*, that wiring instructions have been provided to the Trustee on or before the related Record Date and *provided, further*, that if appropriate instructions for any such wire transfer are not received by the Record Date, then such payment shall be made by check drawn on a U.S. bank mailed to such holder of a Note at such holder's address specified in the applicable register maintained by the Trustee. Final payments in respect of principal on the Notes will be made only against surrender of the Notes at the office of any Paying Agent appointed under the Indenture.

Payments on any Global Notes will be made to DTC or its nominee, as the registered owner thereof. None of the Issuer, the Collateral Manager, the Trustee or any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Notes or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests. The Issuer expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note representing a Class of Secured Notes held by it or its nominee or a payment of a distribution in respect of a Global

Note representing Income Notes held by it or its nominee, will immediately credit participants' accounts (through which, in the case of Regulation S Global Notes, Euroclear and Clearstream hold their respective interests) with payments in amounts proportionate to their respective beneficial interests in the stated original principal amount of a Global Note for a Class of Notes, as shown on the records of DTC or its nominee. The Issuer also expects that payments by participants to owners of beneficial interests in a Global Note held through the participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for the customers. The payments will be the responsibility of the participants.

*Prescription.* Except as otherwise required by applicable law, claims by holders of Notes in respect of principal and interest must be made to the Trustee or any Paying Agent if made within two years of such principal or interest becoming due and payable. Any funds deposited with the Trustee or any Paying Agent in trust for the payment of principal or interest remaining unclaimed for two years after such principal or interest has become due and payable shall be paid to the Issuer pursuant to the Indenture; and the holder of a Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment of such amounts and all liability of the Trustee and any Paying Agent with respect to such trust funds shall thereupon cease.

### **Priority of Payments**

On each Payment Date, unless an Enforcement Event has occurred and is continuing, and subject to any subordination effected pursuant to the provisions of the Indenture described under "—The Indenture—Petitions for Bankruptcy", Interest Proceeds will be applied in the order of priority described under "Overview of Terms—Priority of Payments—Application of Interest Proceeds."

On each Payment Date, unless an Enforcement Event has occurred and is continuing, and subject to any subordination effected pursuant to the provisions of the Indenture described under "—The Indenture—Petitions for Bankruptcy", Principal Proceeds will be applied in the order of priority described under "Overview of Terms—Priority of Payments—Application of Principal Proceeds."

#### *Enforcement Event Priority of Payments*

Notwithstanding the provisions of "Overview of Terms—Priority of Payments—Application of Interest Proceeds" and "Overview of Terms—Priority of Payments—Application of Principal Proceeds", but subject to any subordination effected pursuant to the provisions of the Indenture described under "—The Indenture—Petitions for Bankruptcy", if the acceleration of the maturity of the Secured Notes has occurred following an Event of Default and such acceleration has not been rescinded (an "*Enforcement Event*"), on each date or dates fixed by the Trustee (each such date to occur on a Payment Date), proceeds in respect of the Assets will be applied in the following order of priority (the "*Enforcement Event Priority of Payments*"):

- (A) (1) *first*, to the payment of taxes and governmental fees owing by the Issuer, if any, and (2) *second*, to the payment of the accrued and unpaid Administrative Expenses (for this purpose, excluding Custodial Receipts Custodial Expenses, but including Custodial Receipts Indemnities), in the priority stated in the definition thereof, up to the Administrative Expense Cap;
- (B) to the payment of the Base Collateral Management Fee due and payable to the Collateral Manager and (in the case of the following clauses first and second, solely to the extent that, after giving effect to the payment of such Deferred Base Collateral Management Fee and Base Collateral Management Fee Interest on a pro forma basis, sufficient Interest Proceeds and Principal Proceeds remain to pay in full all amounts due under clauses (C) through (F) below), *first*, to the payment of any Base Collateral Management Fee Interest due and payable to the Collateral Manager and *second*, to the payment of any Deferred Base Collateral Management Fee due and payable to the Collateral Manager;
- (C) to the payment of accrued and unpaid interest on the Class A Notes;
- (D) to the payment of principal of the Class A Notes until the Class A Notes have been paid in full;



- (E) to the payment of accrued and unpaid interest on the Class B Notes;
- (F) to the payment of principal of the Class B Notes until the Class B Notes have been paid in full;
- (G) (1) first to the payment of Custodial Receipts Custodial Expenses to the Custodian up to the Custodial Receipts Custodial Expenses Cap; provided that any Custodial Receipts Custodial Expenses that exceed the Custodial Receipts Custodial Expenses Cap in an Interest Accrual Period shall not accrue; and (2) second, to the payment of accrued and unpaid interest on the Class C Notes (excluding Class C Deferred Interest but including interest on Class C Deferred Interest);
- (H) to the payment of any Class C Deferred Interest;
- (I) to the payment of principal of the Class C Notes until the Class C Notes have been paid in full;
- (J) to the payment of accrued and unpaid interest on the Class D Notes (excluding Class D Deferred Interest but including interest on Class D Deferred Interest);
- (K) to the payment of any Class D Deferred Interest;
- (L) to the payment of principal of the Class D Notes until the Class D Notes have been paid in full;
- (M) to the payment of accrued and unpaid interest on the Class E Notes (excluding Class E Deferred Interest but including interest on Class E Deferred Interest);
- (N) to the payment of any Class E Deferred Interest;
- (O) to the payment of principal of the Class E Notes until the Class E Notes have been paid in full;
- (P) to the payment of (in the same manner and order of priority stated therein) any Administrative Expenses (excluding any Custodial Receipts Indemnities) not paid pursuant to clause (A)(2) above due to the limitation contained therein;
- (Q) (1) *first*, to the payment of the Subordinated Collateral Management Fee due and payable to the Collateral Manager, (2) *second*, to the payment of any Subordinated Collateral Management Fee Interest due and payable to the Collateral Manager, and (3) *third*, to the payment of any Deferred Subordinated Collateral Management Fee due and payable to the Collateral Manager;
- (R) to pay the Reinvesting Holders of the Income Notes (whether or not any applicable Reinvesting Holder continues on the date of such payment to hold all or any portion of such Income Notes) of any Reinvestment Amounts accrued and not previously paid pursuant to this clause (R) or pursuant to clause (F) under "Overview of Terms—Priority of Payments—Application of Principal Proceeds" with respect to their respective Income Notes, pro rata in accordance with the respective aggregate Reinvestment Amounts with respect to the Income Notes;
- (S) to pay to the holders of the Income Notes until the Income Notes have realized an Income Notes Internal Rate of Return of 12%; provided that (x) the amount otherwise distributable pursuant to this clause (S) to the Custodial Receipts Custodian in respect of the Income Note Component of the Combination Notes held through a Custodial Receipts arrangement (1) first, shall be applied to the payment of, first, Custodial Receipts Indemnities not paid pursuant to clause (A)(2) above due to the limitations contained therein and, second, Custodial Receipts Custodial Expenses not paid pursuant to clause (G)(1) above due to the limitations contained therein and (2) second, to the extent of any remaining amount, shall be paid to the Custodial Receipts Custodian in respect of the Income Note Component of the Combination Notes held through such Custodial Receipts arrangement and (y) any such amounts so applied to the payment of Custodial Receipts Custodial Expenses pursuant to subclause (x)(1) of this proviso shall be deemed paid with respect to the Income Note Component of the Combination Notes held through such Custodial Receipts arrangement for purposes of calculating whether such Income Note Component of such

Combination Notes held through such Custodial Receipts arrangement has realized an Income Notes Internal Rate of Return of 12%;

- (T) first, to the payment of any Deferred Incentive Collateral Management Fee due and payable to the Collateral Manager (subject to the terms of the Income Note Specified Reclassification, if applicable) and, second, to pay the Issuer for distribution to its partners an amount equal to U.S.\$1,500 per annum (prorated for the related Interest Accrual Period on the basis of a 360-day year consisting of twelve 30-day months); and
- (U) to pay the balance to the Collateral Manager and the holders of the Income Notes, such balance to be allocated as follows (subject to the terms of the Income Note Specified Reclassification, if applicable):
  - (x) 25% (less an amount equal to any portion of the Incentive Collateral Management Fee that would have been payable on such Payment Date that is waived by the Collateral Manager) to the Collateral Manager as the Incentive Collateral Management Fee payable on such Payment Date and (y) 75% (plus an amount equal to any portion of the Incentive Collateral Management Fee that would have been payable on such Payment Date that is waived by the Collateral Manager) to the holders of the Income Notes; *provided* that the amount otherwise distributable pursuant to this clause (U) to the Custodial Receipts Custodian in respect of the Income Note Component of the Combination Notes held through a Custodial Receipts arrangement (1) first, shall be applied to the payment of, first, Custodial Receipts Indemnities not paid pursuant to clause (A)(2) above due to the limitations contained therein or clause (S) above and, second, Custodial Receipts Custodial Expenses not paid pursuant to clause (G)(1) above due to the limitations contained therein or clause (S) above and (2) second, to the extent of any remaining amount, shall be paid to the Custodial Receipts Custodian in respect of the Income Note Component of the Combination Notes held through such Custodial Receipts arrangement.

Any amount to be paid by the Issuer under or in connection with the Issuer entering into an Interest Rate Cap that would otherwise be distributable to the Holders of the Income Notes shall reduce the amount that would otherwise be distributed to such Holders and shall be released from the lien of this Indenture.

## **The Indenture**

### *Events of Default*

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

- (a) a default in the payment, when due and payable, of (i) any interest on any Class A Note or any Class B Note, or, if there are no Class A Notes or Class B Notes Outstanding, any Class C Note, or, if there are no Class A Notes, Class B Notes or Class C Notes Outstanding, any Class D Note, or, if there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes Outstanding, any Class E Note and, in each case, the continuation of any such default for five Business Days, or (ii) any principal of, or interest or Deferred Interest on, or any Redemption Price in respect of, any Secured Note at its Stated Maturity or on any Redemption Date; *provided* that, in the case of a default resulting from a failure to disburse due to an administrative error or omission by the Collateral Manager, Trustee, Collateral Administrator or any Paying Agent, such default will not be an Event of Default unless such failure continues for seven Business Days after a trust officer of the Trustee receives written notice or has actual knowledge of such administrative error or omission;
- (b) the failure on any Payment Date to disburse amounts available in the Payment Account in accordance with the priority of payments set forth in the Indenture and continuation of such failure for a period of five Business Days; *provided* that, in the case of a failure to disburse due to an administrative error or omission by the Trustee, Collateral Administrator or any Paying Agent, such default will not be an Event of Default unless such failure continues for seven Business Days after a trust officer of the Trustee receives written notice or has actual knowledge of such administrative error or omission;
- (c) the Issuer, the Assets or the Combination Note Underlying Specified Security Collateral becomes an investment company required to be registered under the Investment Company Act (unless such requirement is eliminated within 30 days to the extent consistent with applicable law);

- (d) except as otherwise provided in this definition of "Event of Default", a default in a material respect in the performance, or material breach, of any other material covenant of the Issuer in the Indenture (it being understood, without limiting the generality of the foregoing, that any failure to meet any Concentration Limitation, Collateral Quality Test, Interest Diversion Test or Coverage Test or the Target Par Condition is not an Event of Default and any failure to satisfy the requirements described under "Use of Proceeds—Effective Date" is not an Event of Default, except in either case to the extent provided in clause (g) below), or the failure of any material representation or warranty of the Issuer made in the Indenture or in any certificate or other writing delivered pursuant thereto or in connection therewith to be correct in each case in all material respects when the same shall have been made, and the continuation of such default, breach or failure for a period of 45 days after notice to the Issuer and the Collateral Manager by registered or certified mail or overnight courier, by the Trustee, the Issuer or the Collateral Manager or to the Issuer, the Collateral Manager and the Trustee by the holders of at least a Majority of the Controlling Class, specifying such default, breach or failure and requiring it to be remedied and stating that such notice is a "*Notice of Default*" under the Indenture;
- (e) the entry of a decree or order by a court having competent jurisdiction adjudging the Issuer as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Issuer under the Bankruptcy Law or any other applicable law, or appointing a receiver, liquidator, assignee, or sequestrator (or other similar official) of the Issuer or of any substantial part of its property or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days;
- (f) the institution by the Issuer of proceedings to have the Issuer adjudicated as bankrupt or insolvent, or the consent of the Issuer to the institution of bankruptcy or insolvency proceedings against the Issuer, or the filing by the Issuer of a petition or answer or consent seeking reorganization or relief under the Bankruptcy Law or any other similar applicable law, or the consent by the Issuer to the filing of any such petition or to the appointment in a proceeding of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Issuer or of any substantial part of its property, or the making by the Issuer of an assignment for the benefit of creditors, or the admission by the Issuer in writing of its inability to pay its debts generally as they become due, or the taking of any action by the Issuer in furtherance of any such action; or
- (g) the following events have both occurred:
  - (x) on any Determination Date after the Effective Date, failure of the quotient of (a) (1) the Collateral Principal Amount plus (2) the aggregate Market Value of all Defaulted Obligations on such date plus (3) without duplication, the amounts on deposit in any Account (including Eligible Investments therein but excluding certain amounts on deposit to the extent of unfunded funding obligations under Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations) representing Principal Collections divided by (b) the Aggregate Outstanding Amount of the Class A Notes, to equal or exceed 102.5%; and
  - (y) on or before the 20th day following such Determination Date, a Majority of the Class A Notes have given a notice by registered or certified mail or overnight courier to the Issuer, the Collateral Manager and the Trustee specifying such event and stating that such notice is a "*Notice of Default*" under the Indenture.

If an Event of Default occurs and is continuing (other than an Event of Default referred to in clause (e) or (f) above), the Trustee may, and shall subject to the terms of the Indenture, upon the written direction of a Majority of the Controlling Class by notice to the Issuer and the Collateral Manager (who shall forward such notice to each Rating Agency), declare the principal of the Secured Notes to be immediately due and payable ("acceleration"), and upon any such declaration the principal of the Secured Notes, together with accrued and unpaid interest thereon (including, in the case of the Class C Notes, Class D Notes and Class E Notes, any Deferred Interest) through the date of acceleration, shall become immediately due and payable. If an Event of Default described in clause (e) or (f) above occurs, acceleration will occur automatically.

If an Event of Default has occurred and is continuing, the Trustee will retain the Assets intact and collect all payments in respect of the Assets and make and apply all payments and deposits and maintain all accounts in respect of the Assets and the Secured Notes in accordance with the Priority of Payments and the subordination provisions of the Indenture and shall not sell or liquidate the Assets unless either: (i) the Trustee determines (in the manner

described in the Indenture) that the anticipated proceeds of a sale or liquidation of the Assets (after deducting the reasonable expenses of such sale or liquidation) would be sufficient to discharge in full the amounts then due (or, in the case of interest, accrued) and unpaid on the Secured Notes for principal and interest (including Deferred Interest) and all other amounts that, pursuant to the Priority of Payments, are required to be paid prior to such payments on such Secured Notes (including any amounts due and owing as Administrative Expenses (without regard to the Administrative Expense Cap), as Custodial Receipts Custodial Expenses (without giving effect to the Custodial Receipts Custodial Expenses Cap) and any due and unpaid Collateral Management Fees) and a Majority of the Controlling Class agrees with such determination; or (ii) in the case of an Event of Default pursuant to (a)(i), (a)(ii), (e), (f), or (g) of the definition thereof, a Supermajority of the Controlling Class directs the sale and liquidation of the Assets.

A Majority of the Controlling Class will have the right following the occurrence, and during the continuance of, an Event of Default to cause the institution of and direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any other trust or power conferred upon the Trustee; *provided* that (a) such direction shall not conflict with any rule of law or with any express provision of the Indenture, (b) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction, (c) the Trustee shall have been provided with indemnity reasonably satisfactory to it, and (d) notwithstanding the foregoing, any direction to the Trustee to undertake a sale of Assets must satisfy the requirements described in the preceding paragraph and the other applicable provisions of the Indenture.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee will be under no obligation to exercise the rights or powers vested in it under the Indenture in respect of an Event of Default at the request or direction of the holders of any Secured Note unless such holders have provided to the Trustee security or indemnity reasonably satisfactory to the Trustee. Prior to the time a judgment or decree for payment of the money due has been obtained by the Trustee, as provided in the Indenture, a Majority of the Controlling Class may on behalf of the Holders of all the Secured Notes waive any past Event of Default or any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default, and its consequences, with respect to such Secured Notes, except any such Event of Default or occurrence (a) in the payment of the principal of or interest on any Secured Note (which may be waived only with the consent of the holder of such Secured Note), (b) in respect of a covenant or provision of the Indenture that, under the provision of the Indenture providing for supplemental indentures with the consent of Holders of Secured Notes, cannot be modified or amended without the waiver or consent of the holder of each Outstanding Secured Note materially and adversely affected thereby (which may be waived only with the consent of each such holder) or (c) in respect of certain representations contained in the Indenture relating to the security interests in the Assets (which may be waived only by a Majority of the Controlling Class and with notice to each Rating Agency).

No holder of a Secured Note will have the right to institute any proceeding with respect to the Indenture unless (i) such holder previously has given to the Trustee written notice of an Event of Default, (ii) the holders of not less than 25% of the then Aggregate Outstanding Amount of the Secured Notes of the Controlling Class have made a written request upon the Trustee to institute such proceedings in its own name as Trustee and such holders have provided the Trustee indemnity reasonably satisfactory to the Trustee, (iii) the Trustee, for 30 days after its receipt of such notice, request and provision of such indemnity to the Trustee, has failed to institute any such proceeding and (iv) no direction inconsistent with such written request has been given to the Trustee during such 30-day period by a Majority of the Controlling Class.

#### *Additional Issuance*

At any time, the Issuer may issue and sell (x) Additional Notes of any one or more existing Classes and (y) Additional Notes of any one or more new classes of notes that are subordinated to all notes issued pursuant to the Indenture (other than the Income Notes) and use the proceeds to purchase additional Collateral Obligations or as otherwise permitted under the Indenture; *provided* that the following conditions are met: (a) each of the Collateral Manager, a Majority of the Income Notes, a Majority of the Class A Notes and a Majority of the B Notes consents to such issuance; (b) in the case of Additional Notes of any one or more existing Classes of Secured Notes, the aggregate principal amount of notes of such Class issued in all additional issuances may not exceed 100% of the aggregate principal amount of the Secured Notes of such Class issued on the Closing Date; (c) in the case of Additional Notes of any one or more existing Classes of Secured Notes, the terms of the notes issued must be

identical to the respective terms of previously issued Secured Notes of the applicable Class (except that the interest due on Additional Notes will accrue from the issue date of such Additional Notes and the interest rate and price of such notes do not have to be identical to those of the initial Secured Notes of that Class) and such additional issuance shall not be considered a Refinancing under the Indenture; (d) unless the S&P Rating Condition is satisfied (or deemed inapplicable as described under "Ratings of the Secured Notes and Exchangeable Combination Notes—Inapplicability of Certain References to Rating Agencies"), each Class of Additional Notes consisting of Secured Notes shall be purchased at par and (x) in the case of new Class A Notes or Class B Notes, the spread over LIBOR applicable to such new Notes does not exceed the spread applicable to the Secured Notes of such existing Class and (y) otherwise, the interest rate applicable to such new Notes of such Class does not exceed the fixed rate payable on the Secured Notes of such existing Class; (e) unless only additional Income Notes are being issued, Additional Notes of all Classes must be issued and such issuance of additional securities must be proportional across all Classes in accordance with the respective percentages thereof Outstanding on the date of issuance thereof, *provided* that the principal amount of Income Notes issued in any such issuance may exceed the proportion otherwise applicable to the Income Notes; (f) unless only additional Income Notes are being issued, the S&P Rating Condition shall have been satisfied (or deemed inapplicable as described under "Ratings of the Secured Notes and Exchangeable Combination Notes—Inapplicability of Certain References to Rating Agencies") with respect to any Class of Notes not constituting part of such additional issuance and S&P and Fitch shall have been notified of such additional issuance; (g) the proceeds of any Additional Notes (net of fees and expenses incurred in connection with such issuance) shall not be treated as Refinancing Proceeds and shall be treated as Principal Proceeds and used to purchase additional Collateral Obligations, to invest in Eligible Investments or to apply pursuant to the Priority of Payments; and (h) immediately after giving effect to such issuance, each Coverage Test is satisfied or, with respect to any Coverage Test that was not satisfied immediately prior to giving effect to such issuance and will continue not to be satisfied immediately after giving effect to such issuance, the degree of compliance with such Coverage Test is maintained or improved immediately after giving effect to such issuance and the application of the proceeds thereof. The use of such issuance proceeds as Principal Proceeds may have the effect of causing a Coverage Test that was otherwise failing to be cured or modifying the effect of events that would otherwise give rise to an Event of Default and permit the Controlling Class to exercise remedies under the Indenture. Such additional securities of an existing Class may be offered at prices that differ from the applicable initial offering price and at varying prices within a Class.

#### *Notices*

Notices to the holders of the Notes shall be given by first class mail, postage prepaid, to registered holders of Notes at each such holder's address appearing in the register maintained by the Trustee.

#### *Modification of Indenture*

With the written consent of the Collateral Manager (and any former Collateral Manager, if such supplemental indenture would change any provision of the Indenture entitling such Person to any fee or other amount payable to it thereunder so as to reduce or delay the right of such Person to such payment or affect its rights and obligations), a Majority of each Class of Secured Notes materially and adversely affected thereby, if any, and if the Income Notes are materially and adversely affected thereby, a Majority of the Income Notes, the Trustee and the Issuer may execute one or more supplemental indentures to add any provisions to, or change in any manner or eliminate any of the provisions of, the Indenture or modify in any manner the rights of the holders of the Secured Notes of any Class under the Indenture; *provided* that without the consent of each holder of each Outstanding Secured Note of each Class and each Holder of each Outstanding Income Note materially and adversely affected thereby (except as otherwise permitted pursuant to the provisions described in clause (xxii) of the succeeding paragraph below with respect to the Exchangeable Combination Notes), no such supplemental indenture described above may:

- (i) change the Stated Maturity of the principal of or the due date of any installment of interest on any Note, reduce the principal amount thereof or the rate of interest thereon or the Redemption Price with respect to any Secured Note or Income Note, or change the earliest date on which Secured Notes or Income Notes of any Class may be redeemed, change the date of any scheduled distribution on the Income Notes, change the provisions of the Indenture relating to the application of proceeds of any Assets to the payment of principal of or interest on the Secured Notes, or distributions on the Income Notes or change any place where, or the coin or currency in which, Secured Notes or Income Notes or the principal thereof

or interest or any distribution thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of an Optional Redemption or Tax Redemption, on or after the applicable Redemption Date);

- (ii) reduce the percentage of the Aggregate Outstanding Amount of holders of Notes of each Class whose consent is required for any waiver of compliance with certain provisions of the Indenture or certain defaults thereunder or their consequences provided for in the Indenture;
- (iii) except as otherwise permitted by the Indenture, permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any part of the Assets or terminate such lien on any property at any time subject thereto or deprive the holder of any Secured Note, or the holder of any Income Note as an indirect beneficiary, of the security afforded by the lien of the Indenture;
- (iv) reduce the percentage of the Aggregate Outstanding Amount of holders of any Class of Secured Notes whose consent is required to request the Trustee to preserve the Assets or rescind the Trustee's election to preserve the Assets or to sell or liquidate the Assets pursuant to the Indenture;
- (v) modify any of the provisions of the Indenture with respect to entering into supplemental indentures, except to increase the percentage of Outstanding Secured Notes or Income Notes the consent of the holders of which is required for any such action or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Secured Note or Income Note Outstanding and affected thereby;
- (vi) modify the definition of the term "Outstanding" or (except pursuant to the provisions described in clause (xvi), (xvii) or (xviii) of the succeeding paragraph below) the priority of payments set forth in the Indenture;
- (vii) modify any of the provisions of the Indenture in such a manner as to affect the calculation of the amount of any payment of interest or principal on any Secured Note, or any amount available for distribution to the holders of Income Notes, or to affect the rights of the holders of any Secured Notes or Income Notes to the benefit of any provisions for the redemption of such Secured Notes or Income Notes contained therein; or
- (viii) cause a taxable event for U.S. federal income tax purposes in respect of the Secured Notes.

The Issuer and the Trustee may also enter into supplemental indentures, without obtaining the consent of holders of the Secured Notes or Income Notes (except any consent required by clause (v), (vii), (x), (xv), (xxii) or (xxiv) below) but with the written consent of the Collateral Manager (and any former Collateral Manager, if such supplemental indenture would change any provision of the Indenture entitling such Person to any fee or other amount payable to it thereunder so as to reduce or delay the right of such Person to such payment or affect its rights and obligations), at any time and from time to time, subject to certain requirements described in the Indenture:

- (i) to evidence the succession of another person to the Issuer and the assumption by any such successor person of the covenants of the Issuer in the Indenture and in the Notes;
- (ii) to add to the covenants of the Issuer or the Trustee for the benefit of the Secured Parties and the holders of the Income Notes;
- (iii) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee;
- (iv) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or to better assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture (including, without limitation, any and all actions necessary or desirable as a result of a Change in Law) or to subject to the lien of the Indenture any additional property;
- (v) to add to the conditions, limitations or restrictions on the authorized amount, terms and purposes of the issue, authentication and delivery of the Secured Notes, Combination Notes or Income Notes, *provided* that, if the holders of any Class of Secured Notes, Combination Notes or Income Notes would be

materially and adversely affected by such supplemental indenture entered into pursuant to this clause (v), the consent to such supplemental indenture has been obtained from a Majority of each such Class;

- (vi) to evidence and provide for the acceptance of appointment under the Indenture by a successor Trustee and to add to or change any of the provisions of the Indenture as shall be necessary to facilitate the administration of the trusts under the Indenture by more than one Trustee, pursuant to the requirements of the Indenture;
- (vii) to modify the restrictions on and procedures for resales and other transfers of Secured Notes, Combination Notes or Income Notes (x) to restrict transfers of Secured Notes, Combination Notes or Income Notes or interests therein to any category of holder whose legal or beneficial ownership of Secured Notes, Combination Notes or Income Notes or interest therein would, solely by reason of a Change in Law, impose any material burden, including a Specified Material Burden, on the Issuer; *provided* that the Issuer and the Collateral Manager will consult with any interested Holder or Holders of Secured Notes, Combination Notes or Income Notes in order to effect modifications of the type contemplated by this subclause (x) in a manner designed to impose the least burdensome restrictions and/or procedures from among those available to achieve the intended result; (y) to enable the Issuer to rely upon any exemption from registration under the Securities Act or the Investment Company Act or to remove restrictions on resale and transfer to the extent not required thereunder; or (z) subject to receipt by the Issuer of an opinion of U.S. federal income tax counsel of nationally recognized standing, taking into account all of the activities and assets of the Issuer, to the effect that such amendment will not cause the Issuer to be required to withhold on account of any U.S. federal tax under Section 1446 of the Code, to permit transfers of Combination Notes to Persons that are not "United States persons" as defined in Section 7701(a)(30) of the Code; *provided* that, if the Holders of any Class of Secured Notes or Income Notes or of any Combination Notes would be materially and adversely affected by such supplemental indenture entered into pursuant to this clause (z), the consent to such supplemental indenture has been obtained from a Majority of each such Class and/or a Majority of the Combination Notes, as applicable;
- (viii) to make such changes (including the removal and appointment of any listing agent or Paying Agent in Ireland) as shall be necessary or advisable in order for any Notes (including the Residual Combination Notes, following issuance thereof) to be or remain listed on an exchange, including the Irish Stock Exchange;
- (ix) to correct or supplement any inconsistent or defective provisions in the Indenture, the Secured Notes, the Combination Notes or the Income Notes, to cure any ambiguity, omission or errors in the Indenture or to conform the provisions of the Indenture, the Secured Notes, the Combination Notes or the Income Notes to this Offering Circular;
- (x) to take any action necessary or desirable to (1) prevent the Issuer or the Trustee from becoming subject to (or otherwise minimize) any withholding or other taxes, fees or assessments, or (2) reduce the risk of the Issuer being treated as engaged in a United States trade or business, *provided* that, if the Holders of any Class of Secured Notes or Income Notes or of Combination Notes would be materially and adversely affected by such supplemental indenture entered into pursuant to this clause (x), the consent to such supplemental indenture has been obtained from a Majority of each such Class and/or a Majority of the Combination Notes, as applicable;
- (xi) to make such changes as shall be necessary to permit the Issuer (A) to issue additional securities of any one or more new classes that are subordinated to the existing Secured Notes (or to the most junior class of securities of the Issuer (other than the Income Notes) issued pursuant to the Indenture, if any class of securities issued pursuant to the Indenture other than the Secured Notes is then Outstanding), *provided* that any such additional issuance of securities shall be issued in accordance with the Indenture; (B) to issue additional securities of any one or more existing Classes, *provided* that any such additional issuance of securities shall be issued in accordance with the Indenture; or (C) to issue replacement securities in connection with a Refinancing in accordance with the Indenture;
- (xii) to amend the name of the Issuer;

- (xiii) to facilitate the issuance of participation notes, combination notes, composite securities, custodial receipts and other similar securities and to facilitate the establishment of one or more subclasses of (A) Income Notes pursuant to the definition of "Reinvesting Holder" or (B) Combination Notes in connection with a sale of all or any portion of (x) the Underlying Specified Security pursuant to the provisions of the Indenture described under "—The Combination Notes—Sale of Underlying Specified Security" or (y) the Income Notes pursuant to the provisions of the Indenture described under "—The Combination Notes—Sale of Income Note Component";
- (xiv) to facilitate the selection of any other nationally recognized investment rating agency selected by the Issuer (or the Collateral Manager on behalf of the Issuer) as contemplated by the definition of "Rating Agency" should Fitch or S&P cease to be a Rating Agency;
- (xv) to evidence any waiver or modification by any Rating Agency as to any requirement or condition, as applicable, of such Rating Agency set forth herein or to modify the terms hereof in order that it may be consistent with the requirements of the Rating Agencies, including to address any change in the rating methodology employed by either Rating Agency; *provided* that if the Class A Notes or the Class B Notes are Outstanding, then the consent to such supplemental indenture entered into pursuant to this clause (xv) has been obtained from a Majority of the Class A Notes and a Majority of the Class B Notes (voting separately by Class);
- (xvi) to amend the terms of the Indenture (including the Priority of Payments) applicable to the Income Notes (including Income Notes in global form) (A) so that they may be issued, reissued, established, reestablished or reclassified in multiple classes or series reflecting the relevant entitlements of the holders thereof relating to Reinvestment Amounts and payments relating to Reinvestment Amounts and (B) otherwise to facilitate the administration of Reinvestment Amounts; *provided* that no such amendment pursuant to this clause shall change the priority of payments of Reinvestment Amounts under the Priority of Payments;
- (xvii) to amend the terms of the Indenture applicable to the Income Notes and the ICMF Amounts (including the Priority of Payments) (A) so that the Income Notes may be issued, reissued, established, reestablished or reclassified in multiple classes or series as contemplated by the definition of "Income Notes Specified Reclassification" and (B) otherwise to facilitate the Income Note Specified Reclassification;
- (xviii) to amend the terms of the Indenture (including the Priority of Payments) applicable to the Income Notes (including Income Notes in global form) (A) so that they may be issued, reissued, established, reestablished or reclassified in multiple classes or series reflecting the relevant entitlements of the holders thereof relating to Collateral Management Fee Waived Amounts and (B) otherwise to facilitate the administration of Collateral Management Fee Waived Amounts; *provided* that no such amendment pursuant to this clause shall change the priority of payments of Collateral Management Fees under the Priority of Payments;
- (xix) to facilitate the listing of the Notes on a non-U.S. exchange;
- (xx) subject to satisfaction of the S&P Rating Condition (or deemed inapplicability thereof as described under "Ratings of the Secured Notes and Exchangeable Combination Notes—Inapplicability of Certain References to Rating Agencies"), to amend the terms of the Indenture to facilitate the Issuer's ownership of real property, or interests therein, received in an insolvency, bankruptcy, reorganization, debt restructuring or workout of an obligor with respect to an Asset;
- (xxi) to change the monthly or quarterly dates on which reports are required to be delivered under the Indenture (but not the frequency with which such reports are delivered);
- (xxii) so long as any Exchangeable Combination Notes are Outstanding, subject to satisfaction of the S&P Rating Condition (or deemed inapplicability thereof as described under "Ratings of the Secured Notes and Exchangeable Combination Notes—Inapplicability of Certain References to Rating Agencies") and the consent of a Majority of the Combination Notes, to, from time to time, (A) amend the then-



existing stated amount or Aggregate Outstanding Amount of the Exchangeable Combination Notes (without affecting the Combination Note Proportional Interest of any Combination Note with respect to any Class of Notes or the Underlying Specified Security) or (B) amend the terms of the Indenture to provide for a per annum stated interest rate payable with respect to the Exchangeable Combination Notes;

(xxiii) subject to receipt by the Issuer of an opinion of counsel that such amendment will not cause the Issuer to be treated as a publicly traded partnership taxable as a corporation, to amend the minimum denomination of the Combination Notes;

(xxiv) to amend the terms of the Indenture in order that the Issuer may avoid registration as a "commodity pool" as defined in Section 1a(10) of the Commodity Exchange Act, as amended, provided that, if the holders of any Class of Secured Notes or Income Notes would be materially and adversely affected by such supplemental indenture entered into pursuant to this clause (xxiv), the consent to such supplemental indenture has been obtained from a Majority of each such Class; or

(xxv) to take any action necessary to allow the Issuer to comply with FATCA or any rules or regulations promulgated thereunder (including in order to give effect to any remedy herein against any Non-Permitted Noteholder in relation to FATCA).

The Collateral Manager will not be bound to follow any amendment or supplement to the Indenture unless it has consented thereto in accordance with the Indenture. The Trustee shall not be obligated to enter into any supplemental indenture which affects the Trustee's (or, for so long as the Trustee is also the Collateral Administrator, the Collateral Administrator's) own rights, duties, liabilities or immunities under the Indenture or otherwise, except to the extent required by law.

With respect to any supplemental indenture the consent to which is expressly required from all or a Majority of each Class materially and adversely affected thereby, unless notified in writing by a Majority of any Class of Secured Notes or Income Notes (after the Trustee has provided written notice to the holders of the Notes of the form and substance of the proposed supplemental indenture) that such Class of Secured Notes or Income Notes, as applicable, will be materially and adversely affected by such supplemental indenture, the Trustee may rely, as to whether or not such Class would be materially and adversely affected, upon an officer's certificate of the Collateral Manager.

In executing or accepting the additional trusts created by any supplemental indenture permitted by the Indenture or the modifications thereby of the trusts created by the Indenture, the Trustee shall be entitled to receive an opinion of counsel stating that the execution of such supplemental indenture is authorized or permitted by the Indenture and that all conditions precedent thereto have been satisfied. Any such opinion of counsel may be supported as to factual (including financial and capital markets) matters by such relevant certificates and other documents as may be necessary or advisable in the judgment of counsel delivering such opinion of counsel.

The Trustee shall not be liable for any reliance made in good faith upon an opinion of counsel or an officer's certificate of the Collateral Manager delivered to the Trustee as described in the Indenture. Such determination shall be conclusive and binding on all present and future holders.

At the cost of the Issuer, for so long as any Secured Notes shall remain Outstanding, not later than 15 Business Days prior to the execution of any proposed supplemental indenture pursuant to the provisions described in the fifth preceding paragraph and not later than 10 Business Days prior to the execution of any proposed supplemental indenture pursuant to the provisions described in the sixth preceding paragraph, the Trustee shall deliver to the Collateral Manager (who shall forward it to each Rating Agency), the Collateral Administrator and the Holders of Secured Notes a copy of such supplemental indenture.

#### *Hedge Agreements*

At any time after the Closing Date, the Issuer may enter into an Interest Rate Cap pursuant to which the Issuer will be entitled to receive periodic payments determined by reference to the product of a specified notional amount multiplied by the excess of a London interbank offered rate for Dollar deposits over a specified fixed rate; *provided* that the Issuer may not enter into any Interest Rate Cap unless:

- (i) such Interest Rate Cap is entered into in accordance with customary market documentation;
- (ii) the notional amount used to compute such periodic payments shall not exceed U.S.\$400,000,000;
- (iii) any premium or other amount payable by the Issuer under or in connection with such Interest Rate Cap shall be paid no later than the date on which such Interest Rate Cap becomes effective (and no amount may thereafter become payable by the Issuer under such Interest Rate Cap);
- (iv) any premium or other amount payable by the Issuer under or in connection with such Interest Rate Cap shall be paid solely from the proceeds of (x) a Cash contribution made to the capital of the Issuer pursuant to the Indenture, (y) an amount that would otherwise be distributed to the Holders of the Income Notes in accordance with the Priority of Payments or (z) subject to the satisfaction of the S&P Rating Condition (or deemed inapplicability thereof as described under "Ratings of the Secured Notes and Exchangeable Combination Notes—Inapplicability of Certain References to Rating Agencies") and notice to Fitch, from Interest Proceeds or Principal Proceeds on deposit in the Collection Account; and
- (v) the restrictions as described below are satisfied.

If any supplemental indenture permits the Issuer to enter into a Synthetic Security or other hedge, swap or derivative transaction (each a "hedge agreement") or the Issuer proposes to enter into any Interest Rate Cap, the Co-Issuers and the Trustee shall not enter into such supplemental indenture (or, if applicable, the Issuer will not enter into such Interest Rate Cap) without the consent of a Majority of the Income Notes and the Initial Purchaser; *provided* that before entering into any such hedge agreement or Interest Rate Cap, the following conditions must be satisfied: (a) except as the Initial Purchaser and holders of a Majority of the Income Notes shall otherwise specify in a notice to the Issuer, the Issuer obtains an Opinion of Counsel to the effect that (i) the Issuer entering into such hedge agreement or Interest Rate Cap would fall within the scope of the exclusion from commodity pool regulation set forth in CFTC Letter No. 12-45 (Interpretation and No-Action) dated December 7, 2012 issued by the Division of Swap Dealer and Intermediary Oversight of the Commodity Futures Trading Commission, (ii) the Issuer entering into such hedge agreement or Interest Rate Cap would otherwise not cause the Issuer to be considered a "commodity pool" as defined in Section 1a(10) of the Commodity Exchange Act, as amended, or (iii) if the Issuer would be a commodity pool, that (A) at least one transaction party would be the commodity pool operator thereof and (B) the Collateral Manager (or another transaction party) would be the commodity trading adviser thereof, and (C) with respect to the Issuer as a commodity pool, each transaction party that would be the commodity pool operator is eligible for an exemption from registration as a commodity pool operator and all conditions precedent to obtaining such an exemption have been satisfied; (b) each transaction party that would be the commodity pool operator agrees in writing that for so long as the Issuer is a commodity pool, such transaction party shall take all actions necessary to ensure ongoing compliance with the applicable exemption from registration as a commodity pool operator with respect to the Issuer, and shall take any other actions required as a commodity pool operator with respect to the Issuer; (c) if the Issuer would be a commodity pool, the Issuer receives an Opinion of Counsel to the effect that the Issuer entering into such hedge agreement shall not, in and of itself, cause the Issuer to become a "hedge fund or a private equity fund" as defined for purposes of Section 13 of the Bank Holding Company Act, as amended; (d) the applicable S&P counterparty criteria then in effect are satisfied with respect to the counterparty under such hedge agreement or Interest Rate Cap; (e) each of S&P and Fitch receives notice of such hedge agreement or Interest Rate Cap and a copy of such hedge agreement or Interest Rate Cap is sent to each of S&P and Fitch promptly after execution thereof; and (f) the Issuer receives the written consent of a Majority of the Controlling Class to enter into such hedge agreement or Interest Rate Cap.

#### *Supplemental Indentures related to the Combination Notes*

Subject to any additional consent requirements imposed by provisions of the Indenture described under "—The Indenture—Modification of the Indenture", with the consent of a Majority of the Combination Notes, the Issuer and the Trustee may enter into one or more supplemental indentures to amend the provisions of the Indenture described

under "—The Combination Notes", the provisions of the Indenture described in this section or certain other provisions of the Indenture solely to the extent such provisions relate to the Combination Notes; *provided* that the Trustee and the Issuer shall not enter into any supplemental indenture that amends the provisions of the Indenture described under "—The Combination Notes" or the provisions of the Indenture described in this section for any of the purposes specified in the proviso to the first paragraph under "—The Indenture—Modification of the Indenture" (as if each reference therein to "Secured Notes" were a reference to "Combination Notes") without the consent of all of the holders of Combination Notes materially and adversely affected thereby. Notwithstanding the foregoing, with respect to any supplemental indenture described under "—The Indenture—Modification of the Indenture" that explicitly addresses the conditions under which consent of all or a portion of Combination Noteholders shall be required, the provisions of the Indenture described in this section shall not impose any additional consent requirement.

Not later than 15 Business Days prior to the execution of any proposed supplemental indenture described in this section, the Trustee, at the expense of the Issuer, shall mail to the Combination Noteholders and the Collateral Manager (who shall forward it to each Rating Agency) a copy of such supplemental indenture.

With respect to any supplemental indenture permitted pursuant to the provisions described in this section, the consent to which is expressly required pursuant to such provisions from all of the holders of Combination Notes materially and adversely affected thereby, unless notified in writing by a Majority of the Combination Notes (after the Trustee has provided written notice to the holders of the Combination Notes of the form and substance of the proposed supplemental indenture) that the holders of the Combination Notes will be materially and adversely affected by such supplemental indenture, the Trustee may rely, as to whether or not the holders of Combination Notes would be materially and adversely affected, upon an officer's certificate of the Collateral Manager.

#### *Acts of Holders*

The Indenture will provide that, with respect to any action or circumstance relating to the Indenture or any other Transaction Document that requires, permits or otherwise contemplates a consent or any other Act (defined below) of Holders (defined below), the Act of a Holder shall be deemed to have been obtained if (i) the Holder is given written notice of the proposed action or the circumstance, including a form providing in substance for the Holder to grant or withhold its Act, (ii) the notice sets forth a deadline by which a Holder that does not, expressly and in accordance with the form, withhold its Act shall be deemed to have granted the Act, (iii) the deadline is not earlier than the 15th Business Day following the date on which the notice is deemed to be given (unless the Trustee determines that a shorter timeframe is necessary or advisable), and (iv) the Holder does not grant or withhold, expressly and in accordance with the form, such Act by such deadline.

For purposes of this section "Indenture—Acts of Holders", "Holder" shall be deemed to mean a registered holder of Secured Notes, Income Notes or Combination Notes.

"Act" means any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Indenture to be given or taken by Holders that may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in writing or by an agent duly appointed in writing.

#### *Consolidation, Merger or Transfer of Assets*

Except under the limited circumstances set forth in the Indenture, the Issuer may not consolidate with, merge into, or transfer or convey all or substantially all of its assets to, any other corporation, partnership, trust or other person or entity.

#### *Petitions for Bankruptcy*

The Indenture will provide that the holders of the Notes may not seek to commence a bankruptcy proceeding against or cause the Issuer or any Blocker Subsidiary to petition for bankruptcy until the payment in full of all Notes (and any other debt obligations of the Issuer that have been rated upon issuance by any rating agency at the request of the Issuer) and the expiration of a period equal to one year and one day or, if longer, the applicable preference period then in effect *plus* one day, following such payment in full. In the event one or more holders of Notes cause the filing of a petition in bankruptcy against the Issuer or any Blocker Subsidiary prior to the expiration of such

period, any claim that such holder(s) have against the Issuer (including under all Combination Notes and Notes of any Class held by such holder(s)) or with respect to any Assets (including any proceeds thereof) shall, notwithstanding anything to the contrary in the Priority of Payments described herein and notwithstanding any objection to, or rescission of, such filing, be fully subordinate in right of payment to the claims of each holder of any Note (and each other secured creditor of the Issuer) that does not seek to cause any such filing, with such subordination being effective until each Note held by each Holder of any Note (and each claim of each other secured creditor of the Issuer) that does not seek to cause any such filing is paid in full in accordance with the Priority of Payments described herein (after giving effect to such subordination). The foregoing agreement will constitute a "subordination agreement" within the meaning of Section 510(a) of the Bankruptcy Law. The Issuer shall direct the Trustee to segregate payments and take other reasonable steps to effect the foregoing, including obtaining a separate CUSIP for the Combination Notes and Notes of each Class held by such holder(s).

Even though each holder will agree not to cause the filing of an involuntary petition in bankruptcy in relation to the Issuer (and will agree to subordinate its claims with respect to the Issuer and the Assets in the event it breaches such agreement) as described above, there is the possibility that a bankruptcy court may in the exercise of its equitable or other powers determine not to enforce such an agreement on the ground that such an agreement violates an essential policy underlying the Bankruptcy Law.

#### *Satisfaction and Discharge of the Indenture*

The Indenture will be discharged upon (i) (x) delivery to the Trustee for cancellation of all of the Secured Notes and Income Notes, (y) with certain exceptions (including the obligation to pay principal and interest), upon deposit with the Trustee of funds sufficient for the payment or redemption thereof or (z) after an Event of Default, following an election to liquidate the assets that has been made and not rescinded, if (1) there are no Assets that remain subject to the lien of the Indenture and (2) all funds on deposit in the Accounts and the Underlying Specified Security Account have been distributed in accordance with the terms of the Indenture or the Issuer has otherwise deposited such funds with the Trustee, in trust for such purpose, and (ii) subject to the subordination provisions of the Priority of Payments, the payment by the Issuer (or deposit of funds with the Trustee, in trust for such purpose) of all other amounts due under the Indenture.

If, in connection with liquidation of the Assets following an Event of Default in accordance with the provisions of the Indenture described above under "—the Indenture—Events of Default" or in connection with an Optional Redemption, Tax Redemption or payment upon the Stated Maturity of the Secured Notes, the Trustee is unable to dispose of any Asset after using commercially reasonable efforts for a period not less than 90 days to do so, then the Trustee may release such Asset from the lien of the Indenture by providing notice to the Issuer of such release, provided that (x) the Trustee has complied with the provisions described in the following paragraph but no sale of such Asset was effected pursuant thereto and (y) the Collateral Manager has delivered an officer's certificate to the Trustee (i) certifying that the Collateral Manager believes in good faith that continued commercially reasonable efforts to sell such Asset would not result in a Firm Bid to purchase such Asset and (ii) instructing the Trustee as to the disposition of such Asset by providing account details or other transfer instructions.

Prior to releasing any Asset from the lien of the Indenture under the provisions described in the preceding paragraph, the Trustee shall comply with the following:

- (i) Not later than 35 Business Days prior to the date on which such Asset is to be released from the lien of the Indenture (the "*Release Date*"), the Trustee shall notify each Holder of Secured Notes and Income Notes that it intends to release such Asset from the lien of the Indenture and request that any holder of Secured Notes or Income Notes that wishes to bid on such Asset notify the Trustee of such intention within 15 Business Days of the date of such notice.
- (ii) The Trustee shall conduct a sale of such Asset on the Release Date, with such sale to be a public sale in compliance with Article 9 of the UCC if any Holder of Secured Notes notified the Trustee pursuant to clause (i) above that it wishes to bid on such Asset, and otherwise a private sale. Not later than 10 Business Days prior to the Release Date:
  - (A) in the case of a public sale, the Trustee shall provide public notice of such sale;

- (B) the Trustee shall provide a notice to each Holder of Secured Notes and Income Notes containing the following information:
  - (I) the Release Date;
  - (II) the information contained in the schedule of Collateral Obligations attached to the Indenture with respect to such Asset; and
  - (III) statement that each Holder of Income Notes (and, in the case of a public sale, each Holder of Secured Notes) shall be entitled to submit to the Trustee at such sale a bona fide firm bid, actionable by the Issuer, to purchase such Asset from the Issuer (any such firm bid, together with any other such bid submitted by any other qualified bidder at such sale, each a "*Firm Bid*").
- (ii) If one or more Firm Bids are received by the Trustee at such sale, the Trustee, on behalf of the Issuer, shall sell such Asset to the bidder who submitted the highest Firm Bid (or, if only one Firm Bid was received, to the bidder who submitted such Firm Bid).

#### *Trustee*

The Bank of New York Mellon Trust Company, National Association will be the Trustee under the Indenture and the Collateral Administrator under the Collateral Administration Agreement. The payment of the fees and expenses of the Trustee relating to the Secured Notes is solely the obligation of the Issuer and solely payable out of the Assets. The Trustee and/or its affiliates may receive compensation in connection with the Trustee's investment of trust assets in certain Eligible Investments as provided in the Indenture. Eligible Investments may include investments for which the Trustee or an affiliate of the Trustee provides services. The Issuer, the Collateral Manager and their affiliates may maintain other banking relationships in the ordinary course of business with the Trustee or its affiliates.

The Indenture contains provisions for the indemnification of the Trustee by the Issuer, payable solely out of the Assets, for any loss, liability or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust. The Trustee may resign at any time by providing 30 days' notice. The Trustee may be removed (i) at any time when no Event of Default has occurred and is continuing, (x) by an act of a Majority of each Class of Secured Notes delivered to the Trustee and the Issuer or (y) by an issuer order delivered to the Trustee (any removal pursuant to clause (i)(y), an "*Issuer Discretionary Removal*") and (ii) at any time when an Event of Default shall have occurred and be continuing, by an act of a Majority of the Controlling Class as set forth in the Indenture. No resignation or removal of the Trustee will become effective until the acceptance of the appointment of the successor Trustee. If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any reason (other than resignation), the Issuer shall promptly appoint a successor Trustee, which, if the Trustee is removed pursuant to an Issuer Discretionary Removal, may be one of the Designated Trustees; provided that, unless such successor Trustee is one of the Designated Trustees, such successor Trustee shall be appointed only upon the written consent of a Majority of the Secured Notes of each Class (voting separately by Class) or, at any time when an Event of Default shall have occurred and be continuing, by a Majority of the Controlling Class.

The Trustee will make certain reports with respect to the Collateral Obligations available via its internet website. The Trustee's internet website shall initially be located at "[https:// gctinvestorreporting.bnymellon.com](https://gctinvestorreporting.bnymellon.com)"<sup>4</sup>. The Trustee shall have the right to change the way such statements are distributed in order to make such distribution more convenient and/or more accessible to the above parties and the Trustee shall provide timely and adequate notification to all above parties regarding any such changes. As a condition to access to the Trustee's internet website, the Trustee may require registration and the acceptance of a disclaimer. The Trustee will not be liable for the dissemination of information in accordance with the Indenture. The Trustee shall be entitled to rely on but shall not be responsible for the content or accuracy of any information provided in the information set forth in such reports and may affix thereto any disclaimer it deems appropriate in its reasonable discretion.

<sup>4</sup> Such website is expressly not incorporated, in any way, as a part of this Offering Circular.

### *Collateral Administrator*

Certain administrative duties of the Issuer will be performed for the Issuer, or the Collateral Manager on behalf of the Issuer, with respect to the Assets, including the performance of certain calculations with respect to the Collateral Quality Test and the Coverage Tests, by The Bank of New York Mellon Trust Company, National Association, in its capacity as collateral administrator (the "*Collateral Administrator*") subject, in each case, to the Collateral Administrator's receipt from the Collateral Manager of information with respect to the Assets that is not contained in the Assets database under the agreement to be entered into on or prior to the Closing Date among the Issuer, the Collateral Manager and the Collateral Administrator (the "*Collateral Administration Agreement*").

Pursuant to the terms of the Collateral Administration Agreement, the Issuer and the Collateral Manager will retain The Bank of New York Mellon Trust Company, National Association to compile certain reports, schedules and calculations required to be prepared by the Issuer under the Indenture or by the Collateral Manager under the Collateral Management Agreement. The compensation paid to The Bank of New York Mellon Trust Company, National Association by the Issuer for such services will be separate from the fees paid to the Collateral Manager and to The Bank of New York Mellon Trust Company, National Association in its capacity as Trustee.

Except when the Collateral Administrator is (A) removed as a result of (i) a default in the performance of its material duties or (ii) certain bankruptcy events or (B) resigns due to the Issuer's failure to pay fees, indemnity payments or expense reimbursements due to the Collateral Administrator in accordance with the Collateral Administration Agreement, no removal or resignation of the Collateral Administrator shall be effective until the date as of which a successor collateral administrator reasonably acceptable to the Collateral Manager and the Issuer shall have agreed in writing to assume all of the Collateral Administrator's duties and obligations pursuant to the Collateral Administration Agreement.

### *Noteholder Relations—Standard of Conduct*

In exercising any of its voting rights, rights to direct and consent or any other rights as a Holder of any Class of Notes under the Indenture, such Holder shall not have any obligation or duty to any Person or to consider or take into account the interests of any Person and shall not be liable to any Person for any action taken by it or at its direction or any failure by it to act or to direct that an action be taken, without regard to whether such action or inaction benefits or adversely affects any other Holder of any Class of Notes, the Issuer, or any other Person, except for any liability to which such Holder may be subject to the extent the same results from such Holder's taking or directing an action, or failing to take or direct an action, in bad faith or in violation of the express terms of the Indenture.

### *Consolidation, Merger or Transfer of Assets*

Except under the limited circumstances set forth in the Indenture, the Issuer may not consolidate with, merge into, or transfer or convey all or substantially all of its assets to, any other corporation, partnership, trust or other person or entity.

### **Form, Denomination, Registration and Transfer of the Notes**

The Notes (other than the Combination Notes) will be sold only to (i) non-U.S. persons that are Qualified Purchasers (or entities owned by Qualified Purchasers) in offshore transactions in reliance on Regulation S under the Securities Act or (ii) persons that are Qualified Institutional Buyers (or, solely in the case of the Income Notes, Accredited Investors) and (a) Qualified Purchasers (or, solely in the case of the Income Notes, Knowledgeable Employees with respect to the Issuer) or (b) entities owned by Qualified Purchasers (or, solely in the case of the Income Notes, entities owned by Qualified Purchasers and/or Knowledgeable Employees with respect to the Issuer). The Combination Notes will be sold only to "United States persons" as defined in Section 7701(a)(30) of the Code that are Qualified Institutional Buyers and (a) Qualified Purchasers or (b) entities owned by Qualified Purchasers.

The Notes (other than the Combination Notes) sold to persons who (x) are each a Qualified Purchaser (or a corporation, partnership, limited liability company or other entity (other than a trust), each shareholder, partner, member or other equity owner of which is a Qualified Purchaser) and (y) are not U.S. persons and are purchasing such Notes in offshore transactions in reliance on Regulation S will be issued in the form of (1) one or more permanent global notes in definitive, fully registered form without interest coupons (the "*Regulation S Global*

Notes") or (2) if the purchaser or transferee fails to deliver a Regulation S Global Purchaser Letter, one or more definitive, fully registered notes without interest coupons (the "*Regulation S Certificated Notes*").

Each Note sold to a person that, at the time of the acquisition, purported acquisition or proposed acquisition of any such Note, is both a Qualified Institutional Buyer and a Qualified Purchaser (or solely in the case of the Income Notes, persons that are each (x) an Accredited Investor and (y) a Knowledgeable Employee with respect to the Issuer or a corporation, partnership, limited liability company or other entity (other than a trust), each shareholder, partner, member or other equity owner of which is a Qualified Purchaser or a Knowledgeable Employee with respect to the Issuer)) will be issued (1) other than as provided in (2) below, in the form of one or more permanent global notes in definitive, fully registered form without interest coupons (the "*Rule 144A Global Notes*") or (2) in the case of the Class E Notes, the Combination Notes and the Income Notes, if the purchaser or transferee fails to deliver a Rule 144A Global ERISA Restricted Purchaser Letter, or, in the case of the Income Notes, if the purchaser or transferee is an Accredited Investor, in the form of one or more definitive, fully registered notes without coupons (each, a "*Rule 144A Certificated Class E Note*", a "*Rule 144A Certificated Combination Note*" or a "*Rule 144A Certificated Income Note*", respectively).

The Rule 144A Certificated Class E Notes and the Class E Notes represented by Regulation S Certificated Notes are collectively referred to herein as the "*Certificated Class E Notes*" and the Rule 144A Certificated Income Notes and the Income Notes represented by Regulation S Certificated Notes are collectively referred to as the "*Certificated Income Notes*". The Non-ERISA Restricted Notes in the form of Regulation S Certificated Notes, the Certificated Class E Notes, the Rule 144A Certificated Combination Notes and the Certificated Income Notes are collectively referred to herein as the "*Certificated Notes*").

The Rule 144A Global Notes and the Regulation S Global Notes are referred to herein collectively as the "*Global Notes*". The Class C Notes comprising the Class C Note Component, the Class D Notes comprising the Class D Note Component, the Class E Notes comprising the Class E Component and the Income Notes comprising the Income Note Component, in each case with respect to a Combination Note represented by a Rule 144A Certificated Combination Note or Rule 144A Global Note, shall in each case be evidenced by such Rule 144A Certificated Combination Note or Rule 144A Global Note to which they relate and shall not be evidenced by any separate instrument or certificate.

Each initial investor and subsequent transferee of a Certificated Note will be required to provide a subscription agreement or purchaser representation letter in which it will be required to certify, and each initial purchaser or subsequent transferee of an interest in a Regulation S Global Note (except, in the case of an initial purchaser, as may be expressly agreed in writing between such initial purchaser and the Issuer) will be required or deemed to represent, among other matters, as to its status under the Securities Act, the Investment Company Act and ERISA.

No transfer of Combination Notes will be effective, and neither the Issuer nor the Trustee in its capacity as note registrar will recognize any such transfer if the transferee would not be an eligible transferee of the Class C Note Component, Class D Note Component, Class E Note Component and Income Note Component represented thereby or would not be eligible to own the Underlying Specified Security. As used above, "*U.S. person*" and "*offshore transaction*" shall have the meanings assigned to such terms in Regulation S under the Securities Act unless otherwise specified.

The Global Notes will be deposited with the Trustee as custodian for, and registered in the name of, Cede & Co., a nominee of DTC and, in the case of the Regulation S Global Notes, for the respective accounts of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("*Euroclear*") and Clearstream Banking, *société anonyme* ("*Clearstream*").

Beneficial interests in a Rule 144A Global Note (other than beneficial interests in a Combination Note represented by a Rule 144A Global Note) may be transferred to a person who takes delivery in the form of an interest in the corresponding Regulation S Global Note only upon receipt by the Trustee of (i) a written certification from the transferor in the form required by the Indenture to the effect that such transfer is being made in accordance with Regulation S under the Securities Act, (ii) a written certification from the transferee in the form required by the Indenture to the effect, among other things, that such transferee is a non-U.S. person purchasing such Note in an offshore transaction pursuant to Regulation S and (iii) a written certification from the transferee (the "*Regulation S Global Purchaser*" and such certification, a "*Regulation S Global Purchaser Letter*") in the form required by the

Indenture to the effect, among other things, that (A) such Regulation S Global Purchaser is a Qualified Purchaser and satisfies the Regulation S Global Minimum Net Worth Requirement, (B) prior to any sale, assignment, pledge or other transfer of any interest in such Regulation S Global Note to any transferee, such Regulation S Global Purchaser will: (x) cause the transferee to, if required by the Indenture, make the certifications to the Issuer and the Trustee set forth in the applicable transfer certificate included as an exhibit to the Indenture and (y) cause the transferee to deliver a letter to the Trustee to the effect that (i) such transferee is a Qualified Purchaser and satisfies the Regulation S Global Minimum Net Worth Requirement and (ii) such transferee will, prior to any sale, assignment, pledge or other transfer of an interest in such Regulation S Global Note to any subsequent transferee acquiring an interest in such Regulation S Global Note, cause such subsequent transferee to take the actions specified in this clause (B) and (C) such Regulation S Global Purchaser agrees to indemnify and hold harmless the Issuer, the Initial Purchaser, the Placement Agent, the Trustee, the Registrar and the Collateral Manager and each of their respective Affiliates from and against any loss, damage or liability to the extent due to or arising out of a breach of any representation, warranty or agreement made by such Regulation S Global Purchaser in such Regulation S Global Purchaser Letter.

A beneficial interest in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the corresponding Rule 144A Global Note only upon receipt by the Trustee of (i) a written certification from the transferor in the form required by the Indenture to the effect that such transfer is being made to a person whom the transferor reasonably believes is a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A under the Securities Act, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, (ii) a written certification from the transferee in the form required by the Indenture to the effect, among other things, that such transferee is (x) a Qualified Institutional Buyer and (y) a Qualified Purchaser and (iii) in the case of a Class E Note or Income Note, a written certification from the transferee (the "*Rule 144A Global ERISA Restricted Purchaser*" and such certification, a "*Rule 144A Global ERISA Restricted Purchaser Letter*") in the form required by the Indenture to the effect, among other things, that (A) (x) for so long as it holds such ERISA-Restricted Notes or interest therein, it is not, and is not acting on behalf of, a Benefit Plan Investor or a Controlling Person, unless such Rule 144A Global ERISA Restricted Purchaser has obtained the prior written consent of the Issuer and represents and warrants that its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code and (y) if it is a governmental, church, non-U.S. or other plan, (i) it is not, and for so long as it holds such ERISA-Restricted Notes or interest therein will not be, subject to any Similar Law and (ii) its acquisition, holding and disposition of such ERISA-Restricted Notes will not constitute or result in a non-exempt violation of any applicable Other Plan Laws, (B) prior to any sale, assignment, pledge or other transfer of any interest in such Rule 144A Global Note to any transferee, such Rule 144A Global ERISA Restricted Purchaser will: (x) cause the transferee to, if required by the Indenture, make the certifications to the Issuer and the Trustee set forth in the applicable transfer certificate included as an exhibit to the Indenture and (y) cause the transferee to deliver a letter to the Trustee to the effect that (i) (a) for so long as it holds such ERISA-Restricted Notes or interest therein, it is not, and is not acting on behalf of, a Benefit Plan Investor or a Controlling Person, unless such transferee has obtained the prior written consent of the Issuer and represents and warrants that its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code and (b) if it is a governmental, church, non-U.S. or other plan, (1) it is not, and for so long as it holds such ERISA-Restricted Notes or interest therein will not be, subject to any Similar Law and (2) its acquisition, holding and disposition of such ERISA-Restricted Notes will not constitute or result in a non-exempt violation of any applicable Other Plan Laws and (c) such transferee will, prior to any sale, assignment, pledge or other transfer of an interest in such Rule 144A Global Note to any subsequent transferee acquiring an interest in such Rule 144A Global Note, cause such subsequent transferee to take the actions specified in this clause (B) and (C) such Rule 144A Global ERISA Restricted Purchaser agrees to indemnify and hold harmless the Issuer, the Initial Purchaser, the Placement Agent, the Trustee, the Registrar and the Collateral Manager and each of their respective Affiliates from and against any loss, damage or liability to the extent due to or arising out of a breach of any representation, warranty or agreement made by such Rule 144A Global ERISA Restricted Purchaser in such Rule 144A Global ERISA Restricted Letter.

A beneficial interest in a Class E Note or Income Note represented by a Regulation S Global Note or Rule 144A Global Note may be transferred to a person who takes delivery in the form of a Rule 144A Certificated Class E Note or Rule 144A Certificated Income Note, respectively, only upon receipt by the Issuer and the Trustee of certificates substantially in the form of Annex A-1 and Annex A-3 attached hereto executed by the transferee. A beneficial interest in a Regulation S Global Note or Rule 144A Global Note (other than a beneficial interest in a Combination



Note represented by a Rule 144A Global Note) may be transferred to a person who takes delivery in the form of a Regulation S Certificated Note only upon receipt by the Issuer and the Trustee of certificates substantially in the form of Annex A-1 and Annex A-3 attached hereto executed by the transferee.

A Certificated Class E Note or Certificated Income Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note only upon receipt by the Issuer and the Trustee of (i) the transferor's Certificated Class E Note or Certificated Income Note together with an interest transfer form in the form prescribed by the Indenture executed by the transferor, (ii) a written certification from the transferee in the form required by the Indenture to the effect, among other things, that such transferee is a non-U.S. person purchasing such Note in an offshore transaction pursuant to Regulation S and (iii) a written certification from the transferee in the form of the Regulation S Global Purchaser Letter.

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

A Regulation S Certificated Note or a Rule 144A Certificated Class E Note, Rule 144A Certificated Combination Note or Rule 144A Certificated Income Note may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note only upon receipt by the Issuer and the Trustee of (A) the transferor's Note, (B) a written certification from the transferor in the form required by the Indenture to the effect that such transfer is being made to a person whom the transferor reasonably believes is a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A under the Securities Act and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, (C) a written certification from the transferee in the form required by the Indenture to the effect, among other things, that such transferee is (x) a Qualified Institutional Buyer and (y) a Qualified Purchaser and (D) in the case of a Class E Note, Income Note or Combination Note, a Rule 144A Global ERISA Restricted Purchaser Letter.

A Regulation S Certificated Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note only upon receipt by the Issuer and the Trustee of (i) the transferor's Regulation S Certificated Note, (ii) a written certification from the transferor in the form required by the Indenture to the effect that such transfer is being made in accordance with Regulation S under the Securities Act, (iii) a written certification from the transferee in the form required by the Indenture to the effect, among other things, that such transferee is a non-U.S. person purchasing such Note in an offshore transaction pursuant to Regulation S and (iv) a written certification from the transferee in the form of the Regulation S Global Purchaser Letter.

A beneficial interest in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in such Regulation S Global Note only upon receipt by the Issuer and the Trustee of a written certification from the transferee in the form of the Regulation S Global Purchaser Letter. A beneficial interest in a Class E Note, Income Note or Combination Note represented by a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in such Rule 144A Global Note only upon receipt by the Issuer and the Trustee of a written certification from the transferee in the form of the Rule 144A Global ERISA Restricted Purchaser Letter.

No Class E Note, Income Note or Combination Note (or any interest therein) may be transferred to a person that is a Benefit Plan Investor or a Controlling Person unless such person obtains the prior written consent of the Issuer and is able to make certain representations and warranties. No transfer of an interest in a Class E Note, an Income Note or a Combination Note will be permitted or recognized if it would cause the 25% or more of the aggregate value of such Notes to be held by Benefit Plan Investors, as determined under the Plan Asset Regulation, and such transferor represents and warrants that its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. See "Certain ERISA and Related Considerations".

Each purchaser and subsequent transferee of any Note shall be required or (in the case of Rule 144A Global Notes only) deemed to represent that such purchaser or subsequent transferee, as applicable, is a Qualified Purchaser.

Each purchaser and subsequent transferee of any Combination Note shall be required or (in the case of Rule 144A Global Notes only) deemed to represent that such purchaser or subsequent transferee, as applicable, is a "United States person" as defined in Section 7701(a)(30) of the Code.

The Issuer believes that it will be treated as a partnership for U.S. federal income tax purposes and that it will not be subject to net income tax in the United States, provided that there will be at least two beneficial owners of Income Notes (including Income Notes represented by the Income Note Component of the Combination Notes).

No service charge will be made for any registration of transfer or exchange of Notes but the Issuer, the registrar or the Trustee may require payment of a sum sufficient to cover any transfer, tax or other governmental charge payable in connection therewith. The registrar or the Trustee will be permitted to request such evidence reasonably satisfactory to it documenting the identity and/or signatures of the transferor and transferee.

The registered owner of the relevant Global Note will be the only person entitled to receive payments in respect of the Notes represented thereby, and the Issuer will be discharged by payment to, or to the order of, the registered owner of such Global Note in respect of each amount so paid. No person other than the registered owner of the relevant Global Note will have any claim against the Issuer in respect of any payment due on that Global Note. Account holders or participants in Euroclear and Clearstream shall have no rights under the Indenture with respect to Global Notes held on their behalf by the Trustee as custodian for DTC, and DTC may be treated by the Issuer and the Trustee, respectively, and any agent of the Issuer or the Trustee, respectively, as the holder of Global Notes for all purposes whatsoever.

Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to have Notes registered in their names, will not receive or be entitled to receive definitive physical Notes, and will not be considered "holders" of Notes under the Indenture or the Notes. If DTC notifies the Issuer that it is unwilling or unable to continue as depository for Global Notes of any Class or Classes or ceases to be a "clearing agency" registered under the Exchange Act and a successor depository or custodian is not appointed by the Issuer within 90 days after receiving such notice (a "*Depository Event*"), the Issuer will issue or cause to be issued, Notes of such Class or Classes in the form of definitive physical certificates in exchange for the applicable Global Notes to the beneficial owners of such Global Notes in the manner set forth in the Indenture. In addition, the owner of a beneficial interest in a Global Note will be entitled to receive a definitive physical Note in exchange for such interest if an Event of Default has occurred and is continuing. If definitive physical certificates are not so issued by the Issuer to such beneficial owners of interests in Global Notes, the Issuer expressly acknowledges that such beneficial owners shall be entitled to pursue any remedy that the holders of a Global Note would be entitled to pursue in accordance with the Indenture (but only to the extent of such beneficial owner's interest in the Global Note) as if definitive physical Notes had been issued; *provided*, that the Trustee shall be entitled to rely upon any certificate of ownership provided by such beneficial owners and/or other forms of reasonable evidence of such ownership. If definitive physical Notes are issued in exchange for Global Notes as described above, the applicable Global Note will be surrendered to the Trustee by DTC and the Issuer will execute and the Trustee will authenticate and deliver an equal Aggregate Outstanding Amount of definitive physical Notes.

Certificated Notes and interests in Global Notes will be subject to certain restrictions on transfer set forth therein and in the Indenture, as applicable, and the Notes will bear the restrictive legend set forth under "Transfer Restrictions."

The Class A Notes, Class B Notes, Class C Notes and Class D Notes will be issued in minimum denominations of U.S.\$1,000,000 and integral multiples of U.S.\$1.00 in excess thereof. The Class E Notes and the Income Notes will be issued in minimum denominations of U.S.\$2,000,000 and integral multiples of U.S.\$1.00 in excess thereof. The Combination Notes will be issuable in a minimum denomination of U.S.\$11,000,000 and integral multiples of U.S.\$1.00 in excess thereof.

#### *Exchange of Combination Notes for Underlying Components*

The Combination Notes comprise a single class of securities issued by the Issuer. The Combination Notes represent an interest equivalent to the Class C Note Component, the Class D Note Component, the Class E Note Component, the Income Notes Component and the Underlying Specified Security Component. None of the Class C Notes included in the Class C Note Component, the Class D Notes included in the Class D Note Component, the

Class E Notes included in the Class E Component or the Income Notes included in the Income Note Component will be separately issued. The Components are not separately transferable.

However, a Holder of a Combination Note may exchange such Combination Note (in whole but not in part) for its ratable share of the Class B Notes, Class C Notes, Class D Notes, Income Notes and Underlying Specified Security, in each case represented by the applicable Components, subject to the minimum denomination requirements with respect to the Class C Notes, Class D Notes, Class E Notes and Income Notes as described herein and in the Indenture; *provided* that without limiting the provisions of the Indenture described under "—The Combination Notes—Sale of Underlying Specified Security" or "—The Combination Notes—Sale of Income Note Component", a Combination Note held by the Custodial Receipts Custodian pursuant to a Custodial Receipts Custody Agreement shall not be permitted to make such an exchange pursuant to the provisions of the Indenture described in this paragraph. Upon an exchange of the Combination Notes, a Holder of Combination Notes shall receive its ratable share, based on the portion of the total amount of Combination Notes owned by such Combination Noteholder, of (1) Class C Notes with a principal amount equal to the Class C Note Component Percentage of the Aggregate Outstanding Amount of the Class C Notes, (2) Class D Notes with a principal amount equal to the Class D Note Component Percentage of the Aggregate Outstanding Amount of the Class D Notes, (3) Class E Notes with a principal amount equal to the Class E Note Component Percentage of the Aggregate Outstanding Amount of the Class E Notes, (4) Income Notes with a principal amount equal to the Income Note Component Percentage of the Aggregate Outstanding Amount of the Income Notes (including the Income Note Component) and (5) the Underlying Specified Security; *provided* that a Holder of a Combination Note may direct the Issuer to sell, at the expense of such Holder, all or any portion of the Notes and Underlying Specified Security that it would otherwise be entitled to upon exchange of such Combination Note (subject to such terms as shall be set forth by such Holder in such direction to the Issuer and subject to the minimum denomination and integral multiple requirements applicable to transfers of the Notes and the Underlying Specified Security). In accordance with such direction, the Issuer shall, at the expense of such Holder, engage a broker-dealer selected by such Holder to effect such sale, and such Holder shall be entitled to receive the net proceeds realized by the Issuer as a result of such sale of such Notes and Underlying Specified Security, as applicable, instead of receiving such Notes and Underlying Specified Security, as applicable, "in kind".

No exchange shall be made unless (a) the holder has delivered the written certifications required by the Indenture with respect to transfers of the Notes comprising the Components (including (A) a Regulation S Global Purchaser Letter, in the case of exchange for Regulation S Global Notes and (B) a Rule 144A Global ERISA Restricted Purchaser Letter, in the case of exchange for Rule 144A Global Notes that are Class E Notes or Income Notes) and (b) after giving effect to the exchange, the holder will hold Class C Notes, Class D Notes, Class E Notes and Income Notes in principal amounts that, in each case, are at least equal to the respective minimum denomination specified for such Class.

A Holder of Class C Notes, Class D Notes, Class E Notes and/or Income Notes will not have the right to exchange such Class C Notes, Class D Notes, Class E Notes and/or Income Notes for a Combination Note.

### **The Income Notes**

The Income Notes will be issued pursuant to the Indenture, but will not be secured obligations thereunder. The following overview, together with the preceding overview of certain principal terms of the Indenture, describes certain provisions of the Income Notes, but does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Indenture.

*Status and Ranking.* The Income Notes will be unsecured, subordinated, non-recourse obligations issued by the Issuer under the Indenture. The Income Notes will be fully subordinated to the Secured Notes and to the payment of all other amounts payable in accordance with the Priority of Payments. The Income Notes will not be secured by the Assets or any pledge of the Assets but, under the terms of the Indenture, the Trustee will pay to the holders of the Income Notes amounts available pursuant to the Priority of Payments. To the extent that following realization of the Assets, these amounts are insufficient to repay the principal amount of the Income Notes or to make distributions thereon, no other funds will be available to make such payments.

*Distributions on the Income Notes.* On the Stated Maturity of the Notes, the Trustee will pay the all available cash, but only after the payment of (or establishment of a reserve for) all Administrative Expenses (in the same

manner and order of priority in the definition thereof), all Custodial Receipts Custodial Expenses and all Collateral Management Fees and interest and principal on the Secured Notes, to the holders of the Income Notes in final payment of the Income Notes, unless the Income Notes were previously redeemed or repaid prior thereto as described herein. To the extent funds are available for such purpose under the Indenture as described above, payments will be made to the holders of the Income Notes on each Payment Date, or in connection with any optional or mandatory redemption of the Income Notes as set forth below.

Payments on the Income Notes will be made to the person in whose name the Income Note is registered on the applicable Record Date in the same manner as payments are made to the holders of the Secured Notes as described under "—Entitlement to Payments" and any unclaimed payments will be subject to the terms described under "—Entitlement to Payments—Prescription".

*Income Notes Specified Reclassification.* If the Income Notes are subject to an Income Notes Specified Reclassification, the Incentive Collateral Management Fee and the Deferred Incentive Collateral Management Fee ("ICMF Amounts") will cease to be payable to the Collateral Manager as provided in the definition of "Income Notes Specified Reclassification" (and subject to potential reinstatement as provided in such definition). Instead, the Income Notes held by a CM Holder (as defined in such definition) will be entitled to the payments of ICMF Amounts that would have been made to the related Collateral Manager, as provided in such definition.

*Mandatory Redemption.* The Income Notes will be fully redeemed on the Stated Maturity indicated in "Overview of Terms—Principal Terms of the Notes" unless previously redeemed as described herein. The average life of the Income Notes is expected to be less than the number of years until their Stated Maturity. See "Risk Factors—Relating to the Collateral Obligations—The weighted average lives of the Secured Notes and Income Notes may vary from their maturity date".

*Optional Redemption.* The Income Notes will be redeemed by the Issuer, in whole but not in part, on any Business Day on or after the redemption or repayment in full of the Secured Notes, at the direction of either of (x) a Majority of the Income Notes or (y) the Collateral Manager, so long as GPIM or any Affiliate thereof is the Collateral Manager (which direction may be given in connection with a direction to redeem the Secured Notes or at any time after the Secured Notes have been redeemed or repaid in full). The Redemption Price payable to each holder of the Income Notes will be its proportionate share of the proceeds of the Assets remaining after the payments described above.

*Voting.* Holders of the Income Notes will have no voting rights except as set forth in the Indenture, the Collateral Management Agreement or the other Transaction Documents, as described herein. A Majority of the Income Notes will be able to direct a redemption of the Secured Notes and/or the Income Notes under certain circumstances pursuant to the Indenture as described herein and, at any time during the Reinvestment Period, may approve an amendment of the Indenture to effect the issuance of additional notes of one or more new classes that are fully subordinated to the existing Secured Notes (or to the most junior class of securities of the Issuer (other than the Income Notes) issued pursuant to the Indenture, if any class of securities issued pursuant to the Indenture other than the Secured Notes and the Income Notes is then outstanding) and/or additional notes of any existing Class, as described herein. See "—Optional Redemption", "—The Indenture—Modification of Indenture" and "—The Indenture—Additional Issuance".

## **No Gross-Up**

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

## **Tax Characterization**

The Issuer intends to treat, and the Indenture will provide that the Issuer and the Trustee agree and each Holder and beneficial owner of Notes (including Notes comprising a Component of the Combination Notes), by accepting a Note, agrees to treat (i) the Secured Notes, for so long as the Issuer is classified as a partnership for U.S. federal income tax purposes, as debt of the Issuer, (ii) the Income Notes as equity in the Issuer and (iii) the Combination

Note as direct ownership of the Class C Note Component, the Class D Note Component, the Class E Note Component, the Income Note Component and the Underlying Specified Security Component, in each case, for U.S. Federal and, to the extent permitted by law, state and local income and franchise tax purposes, to report all income (or loss) in accordance with such treatment and to take no action inconsistent with such treatment unless otherwise required by a relevant taxing authority.

### **Compliance with Rule 17g-5**

To enable the Rating Agencies to comply with Rule 17g-5 adopted by the SEC under the Credit Rating Agency Reform Act of 2006, the Issuer has agreed with each Rating Agency to the effect that it will post on a password-protected internet website, at the same time such information is provided to the Rating Agencies, all information the Issuer provides to the Rating Agencies for the purposes of determining the initial credit rating of the Notes or undertaking credit rating surveillance of the Notes. The Issuer has arranged to provide access to the website to other NRSROs that provide the Issuer with the certification required by Rule 17g-5. As a result, an NRSRO other than the Rating Agencies may issue ratings on the Notes, which may be lower, and could be significantly lower, than the ratings assigned by the Rating Agencies. S&P may also issue unsolicited ratings with respect to the Exchangeable Combination Notes. See "Risk Factors—Relating to the Secured Notes and Income Notes—Rating agencies may have certain conflicts of interest; and the Secured Notes or the Exchangeable Combination Notes may receive an unsolicited rating, which may have an adverse effect on the liquidity or the market price of the Secured Notes, Income Notes and Exchangeable Combination Notes".

Notwithstanding anything in any Transaction Document to the contrary and unless otherwise agreed to in writing by the Collateral Manager, none of the Issuer, the Trustee, the Collateral Administrator or the Custodian (each, a "Relevant Party") shall give or provide any request, demand, authorization, direction, notice, consent or waiver to a Rating Agency, but shall provide such document or notification to the Collateral Manager, and the Collateral Manager shall provide any such document or notification received from such Relevant Party to the applicable Rating Agencies; *provided* that, with respect to any notice of the appointment of a successor collateral manager to be delivered to any Rating Agency pursuant to the Collateral Management Agreement, if, within five Business Days after receipt by the Collateral Manager of such notice from the Trustee or the Issuer, the Collateral Manager does not deliver such notice to such Rating Agency and confirm by notice to the Trustee and the Issuer that such delivery was made, then the Issuer shall be entitled to provide to the Rating Agencies such notice of the appointment of a successor collateral manager.

If any Relevant Party shall receive any written or oral communication from any Rating Agency (or any of their respective officers, directors or employees) with respect to the transactions contemplated under the Transaction Documents or in any way relating to the Notes, each such party agrees to refrain from communicating with such Rating Agency and to promptly (and, in any event, within one Business Day) notify the Collateral Manager of such communication. Each such Relevant Party also agrees to coordinate with the Collateral Manager with respect to any communication to a Rating Agency and further agree that in no event shall it engage in any oral communication with respect to the transactions contemplated hereby or under the Transaction Documents or in any way relating to the Notes with any Rating Agency (or any of their respective officers, directors or employees) without the participation of the Collateral Manager, unless otherwise agreed to in writing by the Collateral Manager.

### **The Combination Notes**

The Combination Notes will be issued pursuant to the Indenture. The Exchangeable Combination Notes will be issued on the Closing Date. The Residual Combination Notes, if any, will be issued as described herein. See "—Issuance of Residual Combination Notes; Redemption".

The Combination Notes will consist of five components:

- (1) a component (the "*Class C Note Component*") consisting of (a) on the Closing Date, U.S.\$78,750,000 Aggregate Outstanding Amount of the Class C Notes allocable to, and represented by, the Exchangeable Combination Notes and (b) upon the issuance of Residual Combination Notes (if any), an Aggregate Outstanding Amount of the Class C Notes allocable to, and represented by, the Residual Combination Notes, which Aggregate Outstanding Amount shall be equal to the product of (i) the sum of all of the

Combination Note Proportional Interests (determined in each case with respect to the Exchangeable Combination Notes) of the Holders of Exchangeable Combination Notes who elect to receive Residual Combination Notes in accordance with the provisions of the Indenture described under "—Issuance of Residual Combination Notes; Redemption" multiplied by (ii) the Aggregate Outstanding Amount of all Class C Notes Outstanding immediately prior to the issuance of such Residual Combination Notes;

- (2) a component (the "*Class D Note Component*") consisting of (a) on the Closing Date, U.S.\$65,100,000 Aggregate Outstanding Amount of the Class D Notes allocable to, and represented by, the Exchangeable Combination Notes and (b) upon the issuance of Residual Combination Notes (if any), an Aggregate Outstanding Amount of the Class D Notes allocable to, and represented by, the Residual Combination Notes, which Aggregate Outstanding Amount shall be equal to the product of (i) the sum of all of the Combination Note Proportional Interests (determined in each case with respect to the Exchangeable Combination Notes) of the Holders of Exchangeable Combination Notes who elect to receive Residual Combination Notes in accordance with the provisions of the Indenture described under "—Issuance of Residual Combination Notes; Redemption" multiplied by (ii) the Aggregate Outstanding Amount of all Class D Notes Outstanding immediately prior to the issuance of such Residual Combination Notes;
- (3) a component (the "*Class E Note Component*") consisting of (a) on the Closing Date, U.S.\$60,480,000 Aggregate Outstanding Amount of the Class E Notes allocable to, and represented by, the Exchangeable Combination Notes and (b) upon the issuance of Residual Combination Notes (if any), an Aggregate Outstanding Amount of the Class E Notes allocable to, and represented by, the Residual Combination Notes, which Aggregate Outstanding Amount shall be equal to the product of (i) the sum of all of the Combination Note Proportional Interests (determined in each case with respect to the Exchangeable Combination Notes) of the Holders of Exchangeable Combination Notes who elect to receive Residual Combination Notes in accordance with the provisions of the Indenture described under "—Issuance of Residual Combination Notes; Redemption" multiplied by (ii) the Aggregate Outstanding Amount of all Class E Notes Outstanding immediately prior to the issuance of such Residual Combination Notes;
- (4) a component (the "*Income Note Component*") consisting of (a) on the Closing Date, U.S.\$97,041,000 Aggregate Outstanding Amount of the Income Notes allocable to, and represented by, the Exchangeable Combination Notes and (b) upon the issuance of Residual Combination Notes (if any), an Aggregate Outstanding Amount of the Income Notes allocable to, and represented by, the Residual Combination Notes, which Aggregate Outstanding Amount shall be equal to the product of (i) the sum of all of the Combination Note Proportional Interests (determined in each case with respect to the Exchangeable Combination Notes) of the Holders of Exchangeable Combination Notes who elect to receive Residual Combination Notes in accordance with the provisions of the Indenture described under "—Issuance of Residual Combination Notes; Redemption" multiplied by (ii) the Aggregate Outstanding Amount of all Income Notes Outstanding immediately prior to the issuance of such Residual Combination Notes; and
- (5) a component (the "*Underlying Specified Security Component*") consisting of a bond with CUSIP 31358DDR2 issued by Federal National Mortgage Association (the "*Underlying Specified Security*") which will be credited to the Underlying Specified Security Account, and on which no payments of interest will be made and a single scheduled payment of U.S.\$55,000,000 will be due at maturity on May 15, 2030; provided that the Issuer (at the direction of the Collateral Manager) may substitute a different security for such bond as to which the Issuer has received written confirmation from Fitch (with a copy to the Trustee) that such substitution will not cause the then-current rating of the Combination Notes to be reduced or withdrawn.

#### *General*

The Aggregate Outstanding Amount of the Class C Notes included in the Class C Note Component is included in, and is not in addition to, the Aggregate Outstanding Amount of the Class C Notes issued by the Issuer as described elsewhere in this Offering Circular; the Aggregate Outstanding Amount of the Class D Notes included in the Class D Note Component is included in, and is not in addition to, the Aggregate Outstanding Amount of the Class D Notes issued by the Issuer as described elsewhere in this Offering Circular; the Aggregate Outstanding Amount of the Class E Notes included in the Class E Note Component is included in, and is not in addition to, the

Aggregate Outstanding Amount of the Class E Notes issued by the Issuer as described elsewhere in this Offering Circular; and the Aggregate Outstanding Amount of the Income Notes included in the Income Note Component is included in, and is not in addition to, the Aggregate Outstanding Amount of the Income Notes issued by the Issuer as described elsewhere in this Offering Circular.

Each Combination Note shall have a proportional interest in the Aggregate Outstanding Amounts, as of any date, of (i) the Class C Notes that constitute the Class C Note Component equal to the product of (1) a fraction (such fraction, the "*Combination Note Proportional Interest*"), the numerator of which is the Aggregate Outstanding Amount of such Combination Note and the denominator of which is the Aggregate Outstanding Amount of the Combination Notes, as of such date, and (2) the Class C Notes that constitute the Class C Note Component, (ii) the Class D Notes that constitute the Class D Note Component equal to the product of (1) such Combination Note Proportional Interest and (2) the Class D Notes that constitute the Class D Note Component, (iii) the Class E Notes that constitute the Class E Note Component equal to the product of (1) such Combination Note Proportional Interest and (2) the Class E Notes that constitute the Class E Note Component and (iv) the Income Notes that constitute the Income Note Component equal to the product of (1) such Combination Note Proportional Interest and (2) the Income Notes that constitute the Income Note Component. Each Combination Note shall have a proportional interest in the Underlying Specified Security equal to the product of (1) such Combination Note Proportional Interest and (2) the aggregate stated amount of principal payable at maturity of the Underlying Specified Security.

None of (a) the Class C Notes included in the Class C Note Component, (b) the Class D Notes included in the Class D Note Component, (c) the Class E Notes included in the Class E Note Component or (d) the Income Notes included in the Income Note Component will be separately issued.

Except as otherwise described in this section entitled "The Combination Notes", the terms and conditions of the Combination Notes (including amounts due and payable thereunder) will be (a) with respect to the Class C Note Component, the terms and conditions of the Class C Notes, (b) with respect to the Class D Note Component, the terms and conditions of the Class D Notes, (c) with respect to the Class E Note Component, the terms and conditions of the Class E Notes, (d) with respect to the Income Note Component, the terms and conditions of the Income Notes and (e) with respect to the Underlying Specified Security Component, the terms and conditions of the Underlying Specified Security.

#### *Risk Factors*

An investment in the Combination Notes involves certain risks. In addition to the risks particular to Combination Notes described in the following two paragraphs, the risk of ownership of the Combination Notes will be (a) with respect to the Class C Note Component, the risks of ownership of the Class C Notes, (b) with respect to the Class D Note Component, the risks of ownership of the Class D Notes, (c) with respect to the Class E Note Component, the risks of ownership of the Class E Notes, (d) with respect to the Income Note Component, the risks of ownership of the Income Notes and (e) with respect to the Underlying Specified Security Component, the risk of ownership of the Underlying Specified Security.

#### *Transfer of Components*

Components are not separately transferable. See "—Form, Denomination, and Registration of the Notes—Exchange of Combination Notes for Underlying Components".

#### *Limited Liquidity*

There is currently no market for the Combination Notes. Although the Initial Purchaser or the Placement Agent may from time to time make a market in the Combination Notes, the Initial Purchaser and the Placement Agent are not under any obligation to do so. In the event that the Initial Purchaser or the Placement Agent commences any market-making, the Initial Purchaser or the Placement Agent may discontinue the same at any time. There can be no assurance that a secondary market in the Combination Notes will develop, or if a secondary market does develop, that it will provide the Holders of the Combination Notes with liquidity of investment or that it will continue for the life of the Combination Notes. In addition, the Combination Notes are subject to certain transfer restrictions and can only be transferred to certain transferees as described under "—Form, Denomination, and Registration of the Notes"

and "Transfer Restrictions". Consequently, an investor in the Combination Notes must be prepared to hold the Combination Notes for an indefinite period of time or until their Stated Maturity.

#### *Status and Security*

To the extent of the Class C Note Component, the Class D Note Component and the Class E Note Component, the Combination Notes are limited recourse obligations of the Issuer. To the extent of the Income Note Component, the Combination Notes represent an equity interest in the Issuer. The holders of the Combination Notes will be entitled to receive payments only to the extent that payments are made on the Class C Notes included in the Class C Note Component, the Class D Notes included in the Class D Note Component, the Class E Notes included in the Class E Note Component or the Income Notes included in the Income Component, or on the Underlying Specified Security Component.

The Combination Notes will be secured (a) to the extent to which the Class C Note Component, the Class D Note Component and the Class E Note Component are secured and (b) to the extent of (i) the Underlying Specified Security, (ii) the Underlying Specified Security Account, all funds and investments therein and related security entitlements and (iii) all proceeds with respect to any of the items in such clauses (i) and (ii) (clause (b), collectively, the "*Combination Note Underlying Specified Security Collateral*").

#### *Interest*

The Combination Notes will not bear a stated rate of interest. The Holders of Combination Notes will be entitled to receive all proceeds in respect of the Class C Note Component, the Class D Note Component, the Class E Note Component, the Income Notes Component and the Underlying Specified Security Component, if and to the extent that funds are available for such purposes as described below under "—Payments".

#### *Exchangeable Combination Note Balance*

The "Exchangeable Combination Note Balance" will be an amount equal to (a) on the Closing Date, U.S.\$332,583,500 and (b) on any Payment Date, the Exchangeable Combination Note Balance on the immediately preceding Payment Date (or, with respect to the first Payment Date, on the Closing Date), after giving effect to all distributions in respect of the Exchangeable Combination Notes on such immediately preceding Payment Date, decreased by the sum of (i) the aggregate amount of all cash distributions in respect of the Exchangeable Combination Notes paid by the Trustee to the Combination Noteholders on such current Payment Date and (ii) the portion of the Exchangeable Combination Note Balance on the immediately preceding Payment Date (or, with respect to the first Payment Date following the date of issuance of Residual Combination Notes, on such date of issuance), after giving effect to all distributions in respect of the Exchangeable Combination Notes on such immediately preceding Payment Date, that relates to any Exchangeable Combination Notes exchanged for Components pursuant to the provisions of the Indenture described under "—Form, Denomination, Registration and Transfer of the Notes—Exchange of Combination Notes for Underlying Components" since such immediately preceding Payment Date (or, in connection with the first Payment Date, on the Closing Date).

#### *Issuance of Residual Combination Notes; Redemption*

The Exchangeable Combination Notes will only be redeemed upon payment in full of the Exchangeable Combination Note Balance. Upon payment in full of the Exchangeable Combination Note Balance, each Holder of an Exchangeable Combination Note may elect to receive either:

- (i) (1) Class C Notes with an Aggregate Outstanding Amount equal to the Combination Note Proportional Interest of such Holder multiplied by the Aggregate Outstanding Amount of all Class C Notes that constitute the Class C Note Component at such time, (2) Class D Notes with an Aggregate Outstanding Amount equal to the Combination Note Proportional Interest of such Holder multiplied by the Aggregate Outstanding Amount of all Class D Notes that constitute the Class D Note Component at such time, (3) Class E Notes with an Aggregate Outstanding Amount equal to the Combination Note Proportional Interest of such Holder multiplied by the Aggregate Outstanding Amount of all Class E Notes that constitute the Class E Note Component at such time, (4) Income Notes with an Aggregate Outstanding Amount equal to the Combination Note Proportional Interest of such Holder multiplied by the Aggregate Outstanding Amount of



all Income Notes that constitute the Income Note Component at such time and (5) a portion of the Underlying Specified Security with a principal amount equal to the Combination Note Proportional Interest of such Holder multiplied by the aggregate principal amount of the Underlying Specified Security at such time; or

- (ii) a Residual Combination Note representing a proportional interest (based on such Holder's Combination Note Proportional Interest with respect to the Exchangeable Combination Notes), in the Class C Note Component, Class D Note Component, Class E Note Component, Income Note Component and Underlying Specified Security Component of the Residual Combination Notes.

Subject to the following two paragraphs, the Residual Combination Notes shall only be redeemed prior to their stated maturity when and in the same manner as the Income Notes are redeemed in accordance with the Indenture.

The Combination Notes shall be redeemed in part to the extent of the early redemption of the Class C Notes comprising the Class C Note Component, the Class D Notes comprising the Class D Note Component, the Class E Notes comprising the Class E Note Component and the Income Notes comprising the Income Note Component in accordance with the Indenture. If the Exchangeable Combination Notes are Outstanding on the date of any redemption in accordance with the Indenture, then each Holder of an Exchangeable Combination Note will be entitled to receive, in addition to payments in respect of the portion of the Exchangeable Combination Note Balance that relates to such Exchangeable Combination Note, an amount equal to the amount that it would have received if a Residual Combination Note had been issued to it pursuant to the Indenture upon payment in full of the Exchangeable Combination Note Balance that relates to such Exchangeable Combination Note. Any proceeds of the early redemption of the respective Components shall be paid to the Holders of the Combination Notes on the related Payment Date in accordance with the Indenture.

The Combination Notes shall be redeemed, (1) with respect to the Class C Note Component, by allocation of payments in respect of the Class C Notes to such Component, (2) with respect to the Class D Note Component, by allocation of payments in respect of the Class D Notes to such Component, (3) with respect to the Class E Note Component, by allocation of payments in respect of the Class E Notes to such Component and (4) with respect to the Income Notes Component, by allocation of payments in respect of the Income Notes to such Component. The Residual Combination Notes shall be fully redeemed upon the redemption of the Income Notes in accordance with the Indenture and the final liquidation or distribution "in kind" of the Underlying Specified Security, which final liquidation or distribution shall occur on such date of redemption of the Income Notes.

#### *Sale of Underlying Specified Security*

In connection with the exchange of a Combination Note for its ratable share of Components pursuant to the provisions of the Indenture described under "—Form, Denomination, Registration and Transfer of the Notes—Exchange of Combination Notes for Underlying Components" or the issuance of Residual Combination Notes or any redemption of Combination Notes, in each case pursuant to the provisions of the Indenture described under "—Issuance of Residual Combination Notes; Redemption", if (x) the Trustee is advised by any holder of a Combination Note that such holder is not permitted under applicable law or otherwise to receive, or would otherwise be materially and adversely affected if it were to receive, the relevant portion of the Underlying Specified Security Component "in kind" and such holder has not appointed a nominee permitted to hold the relevant portion of the Underlying Specified Security Component on such holder's behalf or its nominee, (y) one or more Combination Noteholders otherwise fails to satisfy the conditions to an "in kind" distribution of the relevant portion of the Underlying Specified Security or (z) the Underlying Specified Security cannot (due to the minimum denomination and integral multiple requirements applicable to transfers of the Underlying Specified Security) be distributed to one or more relevant Combination Noteholders "in kind", the Trustee shall sell the related portion of the Underlying Specified Security and distribute the proceeds thereof ratably to the holder or holders that would have otherwise been entitled to an "in kind" distribution of such portion of the Underlying Specified Security.

A Holder of a Combination Note may at any time direct the Issuer to sell all, or any portion, of the Underlying Specified Security that it would be entitled to upon exchange of such Combination Note (subject to such terms as shall be set forth by such Holder in such direction to the Issuer and subject to the minimum denomination and integral multiple requirements applicable to transfers of the Underlying Specified Security) with respect to the

Exchangeable Combination Notes and such Holder shall be entitled to receive the net proceeds realized by the Issuer as a result of such sale of such Underlying Specified Security instead of receiving an "in kind" distribution of such Underlying Specified Security. Net proceeds realized by the Issuer shall be promptly distributed to the relevant Holder. A direction by a Holder of a Combination Note to the Issuer to sell all, or any portion, of the Underlying Specified Security does not require that such Combination Note must be exchanged for all of its components. Notwithstanding the foregoing, unless all Holders of Combination Notes direct the Issuer to effect such a sale simultaneously on a pro rata basis, no such sale shall occur unless the Issuer has obtained a separate CUSIP for the Combination Notes held by each Holder that has elected to effect such a sale and has entered into a supplemental indenture to create a new subclass to which such Combination Notes will belong upon giving effect to such sale.

The Collateral Manager may at any time (subject, in the case of the Exchangeable Combination Notes, to receipt of written confirmation from Fitch that such action will not cause Fitch to downgrade, qualify or withdraw its rating assigned to the Exchangeable Combination Notes) direct the Issuer to (1) distribute the Underlying Security "in kind" on a pro rata basis to the Holders of the Combination Notes (subject to such terms as shall be set forth by the Collateral Manager in such direction to the Issuer and subject to (a) the minimum denomination and integral multiple requirements applicable to transfers of the Underlying Specified Security and (b) such terms as shall be agreed by the Issuer in connection with obtaining such confirmation from Fitch) or (2) sell all or any portion of the Underlying Specified Security (subject to such terms as shall be set forth by the Collateral Manager in such direction to the Issuer and subject to (a) the minimum denomination and integral multiple requirements applicable to transfers of the Underlying Specified Security and (b) such terms as shall be agreed by the Issuer in connection with obtaining such confirmation from Fitch), and the net proceeds realized by the Issuer as a result of such sale of such Underlying Specified Security shall be paid promptly after receipt thereof on a pro rata basis to the Holders of the Combination Notes instead of a distribution of such Underlying Specified Security "in kind".

#### *Sale of Income Note Component*

A Holder of a Combination Note may at any time direct the Issuer to sell, at the expense of such Holder, all or any portion of the Income Notes that it would be entitled to upon exchange of such Combination Note (subject to such terms as shall be set forth by such Holder in such direction to the Issuer and subject to the minimum denomination and integral multiple requirements applicable to transfers of the Income Notes) with respect to the Exchangeable Combination Notes). In accordance with such direction, the Issuer shall, at the expense of such Holder, engage a broker-dealer selected by such Holder to effect such sale, and such Holder shall be entitled to receive the net proceeds realized by the Issuer as a result of such sale of Income Notes instead of receiving such Income Notes "in kind". Notwithstanding the foregoing, unless all Holders of Combination Notes direct the Issuer to effect such a sale simultaneously on a pro rata basis, no such sale shall occur unless the Issuer has obtained a separate CUSIP for the Combination Notes held by each Holder that has elected to effect such a sale and has entered into a supplemental indenture to create a new subclass to which such Combination Notes will belong upon giving effect to such sale.

The Collateral Manager may at any time (subject, in the case of the Exchangeable Combination Notes, to receipt of written confirmation from Fitch that such action will not cause Fitch to downgrade, qualify or withdraw its rating assigned to the Exchangeable Combination Notes) direct the Issuer to (1) distribute all or any portion of the Income Notes comprising the Income Note Component "in kind" on a pro rata basis to the Holders of the Combination Notes (subject to such terms as shall be set forth by the Collateral Manager in such direction to the Issuer and subject to (a) the minimum denomination and integral multiple requirements applicable to transfers of the Income Notes and (b) such terms as shall be agreed by the Issuer in connection with obtaining such confirmation from Fitch) or (2) sell all or any portion of the Income Notes comprising the Income Note Component (subject to such terms as shall be set forth by the Collateral Manager in such direction to the Issuer and subject to (a) the minimum denomination and integral multiple requirements applicable to transfers of the Income Notes and (b) such terms as shall be agreed by the Issuer in connection with such rating confirmation) and the net proceeds realized by the Issuer as a result of such sale of such Income Notes shall be paid on a pro rata basis to the Holders of the Combination Notes instead of a distribution of such Income Notes "in kind".

### *Acts of Holders of Combination Notes*

The Holders of Combination Notes will be treated (1) as Holders of the Class C Notes, to the extent of the Class C Note Component, (2) as Holders of the Class D Notes, to the extent of the Class D Note Component, (3) as Holders of the Class E Notes, to the extent of the Class E Note Component and (4) as Holders of the Income Notes, to the extent of the Income Note Component, in each case for purposes of any requests, demands, authorizations, directions, notices, consents, waivers or other actions under the Indenture with respect to Class C Notes, Class D Notes, Class E Notes and Income Notes. The Holders of the Combination Notes will be entitled to vote, or to direct the voting of, the Components of such Combination Notes.

### *Payments*

Payments to Combination Noteholders shall be made (a) in the case of payments in respect of the Class C Note Component, in the proportion that the Aggregate Outstanding Amount of the Class C Note Component of the Combination Notes registered in the name of each such Combination Noteholder on the Record Date for such payment bears to the Aggregate Outstanding Amount of the Class C Note Component of all Combination Notes on such Record Date, (b) in the case of payments in respect of the Class D Note Component, in the proportion that the Aggregate Outstanding Amount of the Class D Note Component of the Combination Notes registered in the name of each such Combination Noteholder on the Record Date for such payment bears to the Aggregate Outstanding Amount of the Class D Note Component of all Combination Notes on such Record Date, (c) in the case of payments in respect of the Class E Note Component, in the proportion that the Aggregate Outstanding Amount of the Class E Note Component of the Combination Notes registered in the name of each such Combination Noteholder on the Record Date for such payment bears to the Aggregate Outstanding Amount of the Class E Note Component of all Combination Notes on such Record Date, (d) in the case of payments in respect of the Income Note Component, in the proportion that the Aggregate Outstanding Amount of the Income Notes Component of the Combination Notes registered in the name of each such Combination Noteholder on the Record Date for such payment bears to the Aggregate Outstanding Amount of the Income Notes Component of all Combination Notes on such Record Date and (e) in the case of payments in respect of the Underlying Specified Security Component, in the proportion that the Underlying Specified Security Component of the Combination Notes registered in the name of each such Combination Noteholder on the Record Date for such payment bears to the aggregate stated amount of principal payable at maturity of the Underlying Specified Security Component of all Combination Notes on such Record Date.

All reductions in the principal amount of a Combination Note (or one or more predecessor Combination Notes) effected by payments of installments of principal made on any Payment Date or Redemption Date shall be binding upon all future Holders of such Combination Note and of any Combination Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, whether or not such payment is noted on such Combination Note.

### *Use of Proceeds*

The net proceeds of the issuance of the Combination Notes will be used to purchase U.S.\$78,750,000 aggregate principal amount of the Class C Notes, U.S.\$65,100,000 aggregate principal amount of the Class D Notes, U.S.\$60,480,000 aggregate principal amount of the Class E Notes, U.S.\$97,041,000 aggregate principal amount of the Income Notes and the Underlying Specified Security.

### *Rating of the Combination Notes*

It is a condition to issuance of the Combination Notes that the Combination Notes be rated at least "BBB- sf" by Fitch. The rating assigned to the Combination Notes (a) addresses only the ultimate receipt of the initial aggregate principal amount, (b) will not at any time address the timely receipt of any payments, including payments on redemption or repurchase of the Combination Notes or any other distributions thereon and (c) will be monitored by Fitch on an ongoing basis. The rating assigned to the Combination Notes by Fitch will be withdrawn after the Aggregate Outstanding Amount of the Combination Notes is reduced to zero. See "Ratings of the Secured Notes and Exchangeable Combination Notes".

### *Notices*

Notices to the holders of the Combination Notes will be given by first-class mail, postage prepaid, to the registered holders of the Combination Notes at their addresses appearing in the Combination Note Register.

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## RATINGS OF THE SECURED NOTES AND EXCHANGEABLE COMBINATION NOTES

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### The Secured Notes and Combination Notes

It is a condition of the issuance of the Notes that the Class A Notes receive from each Rating Agency, and the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Exchangeable Combination Notes receive from S&P, the minimum rating indicated under "Overview of Terms—Principal Terms of the Notes." In addition, a rating agency not hired by the Issuer to rate the transaction may provide an unsolicited rating that differs from (or is lower than) the ratings provided by the Rating Agencies, and S&P may provide an unsolicited rating with respect to the Exchangeable Combination Notes that differs from (or is lower than) the ratings provided by Fitch. A security rating is not a recommendation to buy, sell or hold securities and is subject to withdrawal at any time. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the assigning Rating Agency if in its judgment circumstances in the future so warrant. See "Risk Factors—Relating to the Secured Notes and Income Notes—Rating agencies may have certain conflicts of interest; and the Notes may receive an unsolicited rating, which may have an adverse effect on the liquidity or the market price of the Notes".

The ratings of the Secured Notes address the likelihood of full and ultimate payment to holders of the Secured Notes of all distributions of stated interest (or, in the case of the S&P ratings of the Class A Notes and the Class B Notes, with respect to interest, timely payment of stated interest) and the ultimate payment in full of the principal amount of each such Class not later than its respective Stated Maturity date. The rating of the Exchangeable Combination Notes addresses the ultimate payment in full of the principal amount of the Exchangeable Combination Notes not later than their Stated Maturity date. The ratings assigned by each Rating Agency to the Notes of each Class rated by such Rating Agency are based upon its assessment of the probability that the Collateral Obligations will provide sufficient funds to pay the Notes of such Class or the Exchangeable Combination Notes, as the case may be (based upon the Interest Rate and principal amount, in the case of the Secured Notes, or the face amount, in the case of the Exchangeable Combination Notes), based largely upon such Rating Agency's statistical analysis of historical default rates on debt securities with various ratings, the terms of the Indenture, the asset and interest coverage required for the Secured Notes (which is achieved through the subordination of the Income Notes and certain Classes of Secured Notes as described herein), and the Concentration Limitations and the Collateral Quality Test, each of which must generally be satisfied, maintained or improved in order to reinvest in additional Collateral Obligations.

In addition to their respective quantitative tests, the ratings of each Rating Agency take into account qualitative features of a transaction, including the legal structure and the risks associated with such structure, such Rating Agency's view as to the quality of the participants in the transaction and other factors that it deems relevant.

The Issuer may request, with the consent of 100% of the Aggregate Outstanding Amount of the Secured Notes of any specified Class and of the Secured Notes of any Class that is junior to such specified Class, that the rating of such specified Class of Secured Notes be withdrawn by the applicable Rating Agency. The Issuer may request, with the consent of 100% of the Exchangeable Combination Notes, that the rating of the Exchangeable Combination Notes be withdrawn by Fitch.

No rating of the Income Notes will be sought in connection with the issuance thereof.

### **Inapplicability of Certain References to Rating Agencies**

With respect to any event or circumstance that requires satisfaction of the S&P Rating Condition, such condition shall be deemed inapplicable with respect to such event or circumstance if the relevant Rating Agency has:

- (b) made a public statement to the effect that such Rating Agency will no longer review events or circumstances of the type requiring satisfaction of the S&P Rating Condition, as applicable, in the Indenture for purposes of evaluating whether to confirm the then-current ratings (or initial ratings) on obligations rated by such Rating Agency; or
- (c) communicated to the Issuer, the Collateral Manager or the Trustee that such Rating Agency will not review such event or circumstance for purposes of evaluating whether to confirm the then-current ratings (or initial ratings) of the Notes;

*provided* that the S&P Rating Condition shall not be deemed inapplicable with respect to such event or circumstance if such Rating Agency has communicated to the Issuer, the Collateral Manager or the Trustee that such event or circumstance would result in a reduction, downgrade or withdrawal of such Rating Agency's then-current rating with respect to any relevant Class or Classes of Secured Notes or the Combination Notes.

With respect to any provision in this offering circular that references any rating by Fitch or that requires that any notice be given to or consent or document be obtained from Fitch, such provision (to the extent related to any rating by Fitch or any such notice, consent or documentary requirement) shall be deemed inapplicable and of no further force or effect after the each Class of Secured Notes and the Combination Notes have been paid in full.

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## SECURITY FOR THE SECURED NOTES

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### General

The "Assets" will consist of, and the Issuer will grant to the Trustee a perfected security interest for the benefit of the Secured Parties in:

- (a) the Collateral Obligations that the Issuer causes to be delivered to the Trustee (directly or through an intermediary or bailee) pursuant to the Indenture and all payments thereon or with respect thereto, and all Collateral Obligations which are delivered to the Trustee in the future pursuant to the terms of the Indenture and all payments thereon or with respect thereto;
- (b) the Issuer's interest in (i) the Payment Account, (ii) the Collection Account, (iii) the Ramp-Up Account, (iv) the Revolver/Delayed Drawdown Funding Account, (v) the Expense Reserve Account, (vi) the Custodial Account, (vii) the Reinvestment Amount Account and (viii) the LC Reserve Account and any subaccounts of any of the foregoing, and in each case any Eligible Investments purchased with funds on deposit therein, and all income from the investment of funds therein;
- (c) the Issuer's rights under the Collateral Management Agreement and the Collateral Administration Agreement;
- (d) all cash or money delivered to the Trustee (or its bailee) from any source for the benefit of the Secured Parties or the Issuer;
- (e) all accounts, chattel paper, deposit accounts, financial assets, general intangibles, instruments, investment property, letter-of-credit rights and other supporting obligations relating to the foregoing;
- (f) any other property otherwise delivered to the Trustee by or on behalf of the Issuer (whether or not constituting Collateral Obligations or Eligible Investments); and
- (g) all proceeds with respect to the foregoing;

*provided* that such grants shall not include (a) the U.S.\$10.00 contributed to the Issuer by the holders of its partnership interests, any bank account in which such funds are deposited and any interest thereon or (b) the Combination Note Underlying Specified Security Collateral.

The Combination Note Underlying Specified Security Collateral is security only for the Issuer's obligations under the Combination Notes, and will not be available for payments on any other Class of Notes. The holders of the Secured Notes and Income Notes will have no rights in, or recourse to, the Combination Note Underlying Specified Security Collateral.

### Collateral Obligations

It is expected that the Issuer will have acquired (or committed to acquire) at least \$700,000,000 (by par amount) of the initial portfolio of Collateral Obligations on the Closing Date. If the Issuer is unable to satisfy, as of the Effective Date, the Target Par Condition, the Concentration Limitations, the Collateral Quality Test (excluding the S&P CDO Monitor Test) and the Overcollateralization Ratio Test, the Issuer may be required to take certain actions, including transferring amounts from the Interest Collection Subaccount to the Principal Collection Subaccount as Principal Proceeds for the purchase of additional Collateral Obligations or for use in a Special Redemption. See "Use of Proceeds—Effective Date."

An obligation meeting the standards set forth in the definition of "Collateral Obligation" on the date on which it is pledged by the Issuer to the Trustee will constitute a Collateral Obligation.

The composition of the Collateral Obligations will change over time as a result of (i) scheduled and unscheduled principal payments on the Collateral Obligations and (ii) subject to the limitations described under "—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria," during the Reinvestment Period, the acquisition of additional Collateral Obligations, sales of Assets and reinvestment of Sale Proceeds and other Principal Proceeds.

The Indenture prohibits the Issuer from acquiring or holding title to any real property or a controlling interest in any entity that holds title to real property.

## **Reinvestment Period Extension**

### *General*

The Issuer, if directed by the Collateral Manager, shall be entitled, effective on the relevant Reinvestment Period Extension Effective Date, to extend the Reinvestment Period to the applicable Reinvestment Period Extended End Date if (i) both Fitch and S&P have been notified of the proposed Reinvestment Period Extension, (ii) the Issuer has obtained the consent of the holders of 100% of the Aggregate Outstanding Amount of each Class of Secured Notes, voting separately by Class, to the Reinvestment Period Extension and (iii) the Issuer has given written notice of its election to extend the Reinvestment Period to the Trustee no later than 15 days prior to such Reinvestment Period Extension Effective Date. If the Reinvestment Period Extension Effective Date occurs, the Weighted Average Life Test shall automatically be subject to the related Extended Weighted Average Life, without any requirement for approval or consent of any holders of Notes or amendment or supplement to the Indenture. The Stated Maturity of the Notes will not change as a result of any Reinvestment Period Extension.

A fee may be paid to certain holders of Secured Notes in connection with any Reinvestment Period Extension. If the Reinvestment Period Extension is made in connection with the issuance of Additional Notes, such fees may be paid by the Issuer from the proceeds of the issuance. In any case, such fees may be paid from amounts otherwise payable to the holders of Income Notes, in accordance with the Priority of Payments, for distribution to the holders of Income Notes, to the extent that 100% of the Aggregate Outstanding Amount of the Income Notes so direct in writing. Such fees may also be paid by any other person at their own expense.

### *Reinvestment Period Extension Procedure*

No later than three Business Days following receipt by the Trustee of the notice given by the Issuer of its election to extend the Reinvestment Period (the "*Reinvestment Period Extension Notice*"), the Trustee shall mail the Reinvestment Period Extension Notice to all holders of Secured Notes and the Collateral Manager (who shall forward such notice to each Rating Agency), in the form set out in the Indenture.

On the Reinvestment Period Extension Effective Date, the Reinvestment Period Extension shall automatically become effective if the conditions thereto are satisfied as provided above under "—General". No later than two Business Days after each Reinvestment Period Extension Effective Date, the Trustee, at the expense of the Issuer, shall mail a notice to all holders of Secured Notes and Income Notes, the Initial Purchaser, the Placement Agent and the Collateral Manager (who shall forward such notice to each Rating Agency) stating whether or not the Reinvestment Period Extension became effective.

At any time after written notice to extend the Reinvestment Period has been made and before the applicable Reinvestment Period Extension Effective Date, the Issuer may, if directed by the Collateral Manager, by written notice to the Trustee and the Collateral Manager (who shall forward such notice to each Rating Agency), rescind and annul such declaration to extend the Reinvestment Period and its consequences. The Trustee shall promptly forward such notice to all holders of Secured Notes and Income Notes.

## **The Concentration Limitations**

In connection with any investment in Collateral Obligations on and after the Effective Date and during the Reinvestment Period, the Collateral Obligations in the aggregate are required to comply with all of the requirements of the Concentration Limitations set forth under "Overview of Terms—Concentration Limitations" or, if not in compliance at the time of reinvestment, the relevant requirements must be maintained or improved as a result of such



reinvestment as described in the Investment Criteria. See "—Collateral Assumptions" below for a description of certain assumptions applicable to the determination of satisfaction of the Concentration Limitations.

### **The Collateral Quality Test**

On any date of determination on and after the Effective Date, the Collateral Obligations in the aggregate are required to comply with all of the requirements of the Collateral Quality Test set forth under "Overview of Terms—Collateral Quality Test" or, if not in compliance at the time of reinvestment, the relevant requirements must be maintained or improved as described in the Investment Criteria. Measurement of the degree of compliance with the Collateral Quality Test will be required on every Measurement Date on and after the Effective Date and during the Reinvestment Period. See "—Collateral Assumptions" for a description of certain assumptions applicable to the determination of satisfaction of the Collateral Quality Test.

#### *Minimum Floating Spread Test*

The Minimum Floating Spread Test will be satisfied on any date of determination if the Weighted Average Floating Spread *plus* the Excess Weighted Average Coupon equals or exceeds the Minimum Floating Spread.

The "*Weighted Average Floating Spread*" is the number obtained by *dividing*:

- (a) the amount equal to (i) the Aggregate Funded Spread plus (ii) the Aggregate Unfunded Spread, minus (iii) any amount required to be deposited in the LC Reserve Account as described under "—Security for the Secured Notes - The LC Reserve Account" in respect of any Floating Rate Obligation; by
- (b) an amount equal to the Aggregate Principal Balance of all Floating Rate Obligations as of such Measurement Date (but not to exceed, except for purposes of the S&P CDO Monitor, the Reinvestment Target Par Balance).

The "*Aggregate Funded Spread*" is, as of any Measurement Date, the sum of:

- (a) in the case of each Floating Rate Obligation (with respect to any Deferrable Security, excluding any portion of the stated interest rate spread with respect to which current cash interest is not being paid and excluding the unfunded portion of any Delayed Drawdown Collateral Obligation or Revolving Collateral Obligation) that bears interest at a spread over a London interbank offered rate based index,
  - (i) the stated interest rate spread on such Collateral Obligation above such index *multiplied by*
  - (ii) the Principal Balance of such Collateral Obligation (excluding the unfunded portion of any Delayed Drawdown Collateral Obligation or Revolving Collateral Obligation); and
- (b) in the case of each Floating Rate Obligation (with respect to any Deferrable Security, excluding any portion of the stated interest spread with respect to which current cash interest is not being paid and excluding the unfunded portion of any Delayed Drawdown Collateral Obligation or Revolving Collateral Obligation) that bears interest at a spread over an index other than a London interbank offered rate based index,
  - (i) the excess of the sum of such spread and such index over LIBOR as of the immediately preceding Interest Determination Date (which spread or excess may be expressed as a negative percentage) *multiplied by*
  - (ii) the Principal Balance of each such Collateral Obligation (excluding the unfunded portion of any Delayed Drawdown Collateral Obligation or Revolving Collateral Obligation);

provided that, for purposes of this definition, the interest rate spread with respect to any Floating Rate Obligation that has a floor based on a London interbank offered rate based index will be deemed to be the stated interest rate spread plus the excess, if any, of (x) the level of such floor over (y) LIBOR as of the immediately preceding Interest Determination Date..

The "Aggregate Unfunded Spread" is, as of any Measurement Date, the sum of the products obtained by *multiplying* (i) for each Synthetic Letter of Credit, Delayed Drawdown Collateral Obligation or Revolving Collateral Obligation (other than any Defaulted Obligation), the related commitment fee then in effect as of such date and (ii) the undrawn commitments of each such Synthetic Letter of Credit, Delayed Drawdown Collateral Obligation and Revolving Collateral Obligation as of such date.

"Excess Weighted Average Floating Spread" means a percentage equal as of any date of determination to a number obtained by *multiplying* (a) the excess, if any, of the Weighted Average Floating Spread over the Minimum Floating Spread by (b) the number obtained by *dividing* the Aggregate Principal Balance of all Floating Rate Obligations by the Aggregate Principal Balance of all Fixed Rate Obligations.

#### *Minimum Weighted Average Coupon Test*

The Minimum Weighted Average Coupon Test will be satisfied on any date of determination if the Weighted Average Coupon *plus* the Excess Weighted Average Floating Spread equals or exceeds the Minimum Weighted Average Coupon.

The "Minimum Weighted Average Coupon" means (i) if none of the Collateral Obligations are Fixed Rate Obligations, 0% and (ii) otherwise, the applicable coupon in the row of coupons in the table below based upon the "Case" chosen by the Collateral Manager, in its sole discretion (with prior notification to the Trustee, the Collateral Administrator, Fitch and S&P), as currently applicable to the Fixed Rate Obligations in accordance with the definition of S&P CDO Monitor:

<u>Case</u>	<u>Minimum Weighted Average Coupon</u>
1	6.00%
2	6.50%
3	7.00%
4	7.50%
5	8.00%
6	8.50%
7	9.00%
8	9.50%
9	10.00%

The "Weighted Average Coupon" as of any Measurement Date, is the number obtained by *dividing*:

- (a) the amount equal to the Aggregate Coupon minus any amount required to be deposited in the LC Reserve Account as described under "Security for the Secured Notes—The LC Reserve Account" in respect of any Fixed Rate Obligation; *by*
- (b) an amount equal to the Aggregate Principal Balance of all Fixed Rate Obligations as of such Measurement Date.

The "Aggregate Coupon" is, as of any Measurement Date, the sum of the products obtained by *multiplying*, in the case of each Fixed Rate Obligation, (i) the stated coupon on such Collateral Obligation (with respect to any Deferrable Security, excluding any portion of such coupon with respect to which current cash interest is not being paid) expressed as a percentage and (ii) the Principal Balance of such Collateral Obligation.

The "Excess Weighted Average Coupon" means a percentage equal as of any date of determination to a number obtained by *multiplying* (a) the excess, if any, of the Weighted Average Coupon over the Minimum Weighted Average Coupon by (b) the number obtained by *dividing* the Aggregate Principal Balance of all Fixed Rate Obligations by the Aggregate Principal Balance of all Floating Rate Obligations.

#### *S&P CDO Monitor Test*

The S&P CDO Monitor Test will be satisfied on any date of determination if, after giving effect to the sale of a Collateral Obligation or the purchase of a Collateral Obligation, each Class Default Differential of the Proposed

Portfolio is positive. The S&P CDO Monitor Test will be considered to be improved if each Class Default Differential of the Proposed Portfolio is greater than the corresponding Class Default Differential of the Current Portfolio.

Compliance with the S&P CDO Monitor Test will be measured by the Collateral Manager on each Measurement Date on and after the Effective Date.

There can be no assurance that actual defaults of the Collateral Obligations will not exceed those assumed in the application of the S&P CDO Monitor or that recovery rates with respect thereto will not differ from those assumed in the S&P CDO Monitor. None of the Collateral Manager, the Initial Purchaser, the Placement Agent, the Issuer, the Trustee or the Collateral Administrator makes any representation as to the expected rate of defaults of the Collateral Obligations or the timing of defaults or as to the expected recovery rate or the timing of recoveries.

#### *Minimum Weighted Average S&P Recovery Rate Test*

The Minimum Weighted Average S&P Recovery Rate Test will be satisfied on any date of determination if the Weighted Average S&P Recovery Rate for each Class of Secured Notes Outstanding equals or exceeds the Weighted Average S&P Recovery Rate for such Class selected by the Collateral Manager in connection with the S&P CDO Monitor Test.

"*Weighted Average S&P Recovery Rate*" means, as of any date of determination, the number, expressed as a percentage and determined separately for each Class of Secured Notes, obtained by *summing* the products obtained by *multiplying* the outstanding Principal Balance of each Collateral Obligation by its corresponding recovery rate as determined in accordance with Section 1 of Annex C hereto, *dividing* such sum by the Aggregate Principal Balance of all Collateral Obligations, and rounding to the nearest tenth of a percent.

#### *Weighted Average Life Test*

The Weighted Average Life Test will be satisfied on any date of determination if the Weighted Average Life of all Collateral Obligations as of such date is less than the number of years (rounded to the nearest one hundredth thereof) during the period from such date of determination to December 25, 2020; *provided* that, following a Reinvestment Period Extension, the Weighted Average Life Test will be satisfied on any date of determination if the Weighted Average Life of the Collateral Obligations (excluding Defaulted Obligations) as of such date is less than or equal to the Extended Weighted Average Life.

The "*Weighted Average Life*" is, as of any date of determination with respect to all Collateral Obligations other than Defaulted Obligations, the number of years following such date obtained by *summing* the products obtained by *multiplying*:

- (a) the Average Life at such time of each such Collateral Obligation by (b) the outstanding Principal Balance of such Collateral Obligation

#### *and dividing such sum by:*

- (b) the aggregate remaining principal balance at such time of all Collateral Obligations other than Defaulted Obligations.

The "*Average Life*" is, on any date of determination with respect to any Collateral Obligation, the quotient obtained by *dividing* (i) the sum of the products of (a) the number of years (*rounded* to the nearest one hundredth thereof) from such date of determination to the respective dates of each successive scheduled distribution of principal of such Collateral Obligation and (b) the respective amounts of principal of such scheduled distributions by (ii) the sum of all successive scheduled distributions of principal on such Collateral Obligation; *provided* that any scheduled distribution of principal will be deemed to be due on the earlier of (i) the date it is payable and (ii) to the extent the Collateral Manager has notified the Trustee of its irrevocable election to exercise a right to require the relevant Obligor to purchase such Collateral Obligation on an earlier specified settlement date, such specified settlement date.

### **Assets Acquired from the Forward Seller on or About the Closing Date**

A portion of the Collateral Obligations to be acquired by the Issuer on or about the Closing Date will be acquired from an entity (the "*Forward Seller*") pursuant to a forward sale agreement (the "*Forward Sale Agreement*"). The Collateral Manager advises the Forward Seller and affiliates thereof on their investments, and a client of the Collateral Manager is an investor in the Forward Seller and its parent holding company.

The par amount of Collateral Obligations acquired by the Issuer on or before the Closing Date is expected to represent approximately 78% of the Target Par Amount (on a trade date basis), and the par amount of such Collateral Obligations acquired from the Forward Seller is expected to represent approximately 71% of the Target Par Amount (on a trade date basis). The Forward Seller acquired such Collateral Obligations in third party market transactions, and a portion of such Collateral Obligations were acquired in contemplation of their transfer to the Issuer. The Forward Sale Agreement will provide that any Collateral Obligation purchased thereunder that does not settle by assignment on the Closing Date will settle by participation on the Closing Date, subject to elevation to an assignment as soon as practicable following the Closing Date. The purchase price of each such Collateral Obligation will be the sum of (a) its market value determined as of the date of the Forward Sale Agreement minus (b) any payments of principal of such Collateral Obligation received by or on behalf of the Forward Seller on or after the date of the Forward Sale Agreement and before the related settlement date plus (c) accrued and unpaid interest at the rate borne by such Collateral Obligation from and including the date of the Forward Sale Agreement to but excluding the Closing Date (which clause (c) amounts (1) in the context of a Collateral Obligation that has settled with the Issuer on the Closing Date, will be paid by the related agent bank for such Collateral Obligation to the Forward Seller and (2) in the context of a Collateral Obligation that has not settled with the Issuer on the Closing Date, will be paid by the issuer to the Forward Seller upon receipt from the related agent bank).

Any purchase price so determined with respect to a Collateral Obligation sold to the Issuer on or about the Closing Date will be deemed to be the purchase price for such Collateral Obligation for all purposes under the Indenture. Any interested investor may obtain a list of such prices upon request from Citigroup in its capacity as initial purchaser and placement agent.

### **Assets Contributed After the Closing Date**

The Issuer shall have the right at any time to receive capital contributions consisting of Collateral Obligations and to allocate such Collateral Obligations to the Income Notes Financed Custodial Subaccount or the Secured Notes Financed Custodial Subaccount if, after giving effect to such contribution, the Collateral Quality Test would be satisfied (or, if the Collateral Quality Test was not satisfied immediately prior to such contribution, the Collateral Quality Test would be maintained or improved after giving effect to the contribution).

For all purposes under the Indenture, the purchase price of any such contributed Collateral Obligation shall be deemed to be the price determined by the Collateral Manager by reference to a nationally recognized loan or bond pricing service, as applicable, or by means of bid prices from broker-dealers active in the trading of such Collateral Obligation, except that if a price cannot be determined for any Collateral Obligation by such means, such Collateral Obligation shall be deemed to have a Principal Balance equal to its Market Value.

### **A/B Exchanges**

The Indenture provides that, notwithstanding anything therein to the contrary, a Collateral Obligation that is a security (the "*A Item*") may be exchanged for another security (the "*B Item*") solely for purposes of effecting an A/B Exchange (as defined below) with respect to the A Item if the Trustee has received (i) an Issuer order with respect to such exchange and (ii) a certification from the Issuer that the relevant sections of the Indenture will have been complied with in respect of such A/B Exchange. An "*A/B Exchange*" with respect to an A Item means an exchange of the A Item for (1) a B Item, which will be issued by the issuer or issuers of the A Item and will have substantially identical terms to the A Item, except that one or more restrictions on the ability of the holder to sell or otherwise dispose of the A Item (including the requirement that the holder deliver a prospectus to the transferee in such sale or other disposition) are intended to be inapplicable to the B Item and (2) cash or cash equivalents in settlement of fractional or unauthorized denominations of A Items tendered for exchange or B Items received in the exchange.

## Margin Stock

Under the Concentration Limitations, up to 5.0% of the Collateral Principal Amount may consist of Collateral Obligations with Equity Securities attached thereto as part of a "unit". Such Collateral Obligations may be considered Margin Stock. Debt securities that are convertible into Margin Stock also may be considered Margin Stock and securities with equity features may be considered Margin Stock. The Indenture will impose certain limitations on the Issuer's ability to purchase or retain securities that constitute Margin Stock. Accordingly, the ability of the Issuer to acquire many types of convertible securities and securities with equity features will be restricted by the limitations imposed on the Issuer's ability to acquire Margin Stock.

Regulation U governs certain extensions of credit by Regulation U Lenders. Under current interpretations of Regulation U by the FRB and its staff, the purchase of debt securities such as the Notes in a private placement may constitute an extension of credit. Among other things, Regulation U generally imposes certain limits on the amount of Purpose Credit that Regulation U Lenders may extend that is "secured directly or indirectly" by Margin Stock. Because Regulation U Lenders are not subject to the Regulation U credit limits with respect to extensions of credit that are not Purpose Credit, the provisions of the Indenture and the Collateral Management Agreement are intended to ensure that any credit extended by purchasers of the Notes is not Purpose Credit.

Regulation U also generally requires Regulation U Lenders (other than persons that are banks within the meaning of Regulation U) to register with the FRB. Under an interpretation of Regulation U by the FRB staff, "qualified institutional buyers" (as defined under Rule 144A under the Securities Act) purchasing debt securities secured by Margin Stock in a transaction in compliance with Rule 144A are not required to register with the FRB where the proceeds of the securities are not used for Purpose Credit. Non-U.S. Persons purchasing Notes in reliance on Regulation S who do not have their principal place of business in a Federal Reserve District of the FRB are also not required to register with the FRB. However, other purchasers of Notes relying on an exemption from registration under the Securities Act other than Rule 144A, should consider (i) whether they are required to register with the FRB in connection with such purchase, and (ii) on an ongoing basis, whether they are required to register with the FRB as a result of changes to the composition of the Assets after such purchase.

Any purchaser of Notes who is not a bank (as defined in Regulation U) and is not required to register with the FRB will not be subject to any provisions of Regulation U. Any purchaser of the Notes who is a bank or who is already registered with the FRB as a Regulation U lender generally must obtain from any person to whom they extend credit secured by Margin Stock a Federal Reserve Form U-1 (for bank lenders) or Form G-3 (for non-bank lenders). Initial investors in the Notes may obtain a Form U-1 or G-3, as applicable, executed by the Issuer from the Issuer, for execution and retention by such purchaser on or prior to the Closing Date. Form U-1 or Form G-3, as applicable, also will be made available by the Trustee to any investors in the Notes after the Closing Date. Each purchaser of Notes will be responsible for its own compliance with Regulation U, including the filing by the purchaser of any required registration or annual filings under Regulation U, and purchasers of Notes should consult with their own legal advisors as to Regulation U and its application to them. Purchasers of Notes not otherwise exempt from registering with the FRB will be deemed to have covenanted and agreed that if such purchaser is not registered with the FRB on or prior to the date of their purchase, such purchaser will, within the required time period, register with the FRB.

Under the Indenture, each purchaser of an interest in a Regulation S Global Note will be deemed to have represented that either (x) such purchaser's principal place of business is not located within any Federal Reserve District of the United States Federal Reserve Bank or (y) such purchaser has satisfied and will satisfy any applicable registration or other requirements of the FRB including, without limitation, Regulation U, in connection with its acquisition of such Note.

The Trustee will segregate on its books and records Collateral Obligations (the "*Income Notes Financed Obligations*") that (i) were purchased on or prior to the Closing Date and that were designated in a certificate delivered by the Collateral Manager to the Trustee as Income Notes Financed Obligations; *provided* that the aggregate amount of the Collateral Obligations to be designated as Income Notes Financed Obligations by the Collateral Manager will not exceed the principal amount of the Income Notes on the Closing Date; or (ii) are purchased after the Closing Date with funds from the Income Notes Financed Principal Collection Subaccount. Funds in Income Notes Financed Principal Collection Subaccount may be used at the direction of the Collateral Manager to purchase or carry Collateral Obligations that constitute Margin Stock; *provided* that the Issuer shall not

purchase any Delayed Drawdown Collateral Obligation or Revolving Collateral Obligation that constitutes Margin Stock. All other Collateral Obligations and uninvested proceeds from the sale of the Notes will be segregated from these securities and funds and may not be used to purchase or carry Margin Stock.

If a Collateral Obligation that has not been designated as an Income Notes Financed Obligation becomes Margin Stock or Margin Stock is received by the Issuer in respect of a Collateral Obligation that was not designated as an Income Notes Financed Obligation (each, "*Transferable Margin Stock*"), the Issuer may direct the Trustee to (i) transfer one or more Income Notes Financed Obligations that are not Margin Stock having a value equal to or greater than such Transferable Margin Stock to the Secured Notes Financed Custodial Subaccount, and simultaneously (ii) transfer such Transferable Margin Stock to the Income Notes Financed Custodial Subaccount and such Transferable Margin Stock will thereafter be designated an Income Notes Financed Obligation; *provided* that to the extent that any Transferable Margin Stock is not transferred to the Income Notes Financed Custodial Subaccount, such Transferable Margin Stock must be sold at the direction of the Collateral Manager in accordance with the requirements described in clause (d)(ii) under "Security for the Secured Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion". For purposes of the provision described in this paragraph, the value of each transferred Collateral Obligation will be determined by the Collateral Manager by reference to market bids or pricing services.

The provisions of the Indenture and the Collateral Management Agreement, including, without limitation, (a) the structure of the accounts established by, and the maintenance of funds and securities under, the Indenture and (b) the requirement that Margin Stock may only be acquired with proceeds of, or amounts traceable to, the Income Notes, have, in each such case, been structured with the intent that the credit extended by purchasing the Notes will not be treated as constituting Purpose Credit; however, such result is not guaranteed.

Moreover, because Regulation U Lenders are not subject to the Regulation U credit limits or FRB registration requirement with respect to extensions of credit that are not "secured directly or indirectly by" Margin Stock, the provisions of the Indenture and the Collateral Management Agreement, including, without limitation, the requirement that Income Notes may not be secured have, in each case, been structured with the intent that the Income Notes will not be treated as being "secured directly or indirectly by" Margin Stock for purposes of Regulation U; however, such result is not guaranteed.

### **Collateral Assumptions**

Unless otherwise specified, the assumptions described below will be applied to the determination of the Concentration Limitations, the Collateral Quality Test, the Coverage Tests and other determinations and calculations required by the Indenture.

All calculations with respect to scheduled distributions on the Assets shall be made on the basis of information as to the terms of each such Asset and upon reports of payments, if any, received on such Asset that are furnished by or on behalf of the issuer of such Asset and, to the extent they are not manifestly in error, such information or reports may be conclusively relied upon in making such calculations.

For purposes of calculating the Coverage Tests, except as otherwise specified in the Coverage Tests, such calculations will not include scheduled interest and principal payments on Defaulted Obligations unless or until such payments are actually made.

For each Collection Period and as of any date of determination, the scheduled payment of principal and/or interest on any Asset (including Current Pay Obligations and DIP Collateral Obligations, but excluding Defaulted Obligations, which, except as otherwise provided herein, shall be assumed to have scheduled distributions of zero) shall be the sum of (i) the total amount of payments and collections to be received during such Collection Period in respect of such Asset (including the Sale Proceeds of the sale of such Asset received and, in the case of sales which have not yet settled, to be received during the Collection Period and not reinvested in additional Collateral Obligations or Eligible Investments or retained in the Collection Account for subsequent reinvestment) that, if received as scheduled, will be available in the Collection Account at the end of the Collection Period and (ii) any such amounts received by the Issuer in prior Collection Periods that were not disbursed on a previous Payment Date.

Each scheduled payment of principal and/or interest receivable with respect to an Asset shall be assumed to be received on the applicable due date thereof, and each such scheduled payment of principal and/or interest shall be assumed to be immediately deposited in the Collection Account to earn interest at an assumed reinvestment rate. All such funds shall be assumed to continue to earn interest until the date on which they are required to be available in the Collection Account for application, in accordance with the terms of the Indenture, to payments of principal of or interest on the Secured Notes or other amounts payable pursuant to the Indenture.

References under "Overview of Terms—Priority of Payments" to calculations made on a "*pro forma basis*" shall mean such calculations after giving effect to all payments, in accordance with the Priority of Payments described herein, that precede (in priority of payment) or include the clause in which such calculation is made.

For purposes of calculating compliance with each of the Concentration Limitations, all calculations will be rounded to the nearest 0.1%. All other calculations, unless otherwise set forth in the Indenture or the context otherwise requires, shall be rounded to the nearest ten-thousandth if expressed as a percentage, and to the nearest one-hundredth if expressed otherwise.

All monetary calculations under the Indenture will be in U.S. dollars.

Any reference in the Indenture to an amount of the Trustee's or the Collateral Administrator's fees calculated with respect to a period at a *per annum* rate shall be computed on the basis of a 360-day year and the actual number of days elapsed prorated for the related Interest Accrual Period and shall be based on the aggregate face amount of the Assets.

For purposes of calculating compliance with any tests under the Indenture, the trade date (and not the settlement date) with respect to any acquisition or disposition of a Collateral Obligation or Eligible Investment shall be used to determine whether and when such acquisition or disposition has occurred.

The purchase price of any Collateral Obligation contributed to the Issuer in accordance with the provisions described in the second paragraph under "Security for the Secured Notes—The Custodial Account" shall be determined in the manner set forth in such paragraph.

The equity interest in any Blocker Subsidiary permitted under the Indenture and each asset of any such Blocker Subsidiary shall be deemed to constitute an Asset and be deemed to be a Collateral Obligation (or, if such asset would constitute an Equity Security if acquired and held by the Issuer, an Equity Security) for all purposes of the Indenture and each reference to Assets, Collateral Obligations and Equity Securities herein shall be construed accordingly.

In connection with all calculations required to be made pursuant to the Indenture with respect to scheduled distributions on the Underlying Specified Security, or any payments on the Underlying Specified Security on the sale thereof as permitted herein and with respect to the income that can be earned on the scheduled distributions on such asset and on any other amounts that may be received for deposit in the Underlying Specified Security Account, the provisions set forth in the second, fourth, fifth, eighth paragraphs of this section "Security for the Secured Notes – Collateral Assumptions" shall be applied by replacing the term "Assets" with "Underlying Specified Security" and replacing "Collection Account" with "Underlying Specified Security Account" as applicable.

### **The Coverage Tests and the Interest Diversion Test**

See "—Collateral Assumptions" for a description of certain assumptions applicable to the determination of satisfaction of the Coverage Tests and the Interest Diversion Test.

See "Overview of Terms—Coverage Tests and Interest Diversion Test" for a description of the calculation of the Overcollateralization Ratio Test, Interest Coverage Test and Interest Diversion Test.

If a Coverage Test is not satisfied on any Determination Date, the Issuer will be required to apply available amounts in the Payment Account on the related Payment Date to the repayment of principal of the Secured Notes in accordance with the Priority of Payments (with no make whole amount applicable in respect of such repayment) to the extent necessary to achieve compliance with such Coverage Test.

Measurement of the degree of compliance with the Coverage Tests will be required as of each Measurement Date occurring (i) in the case of the Overcollateralization Ratio Test, on or after the Effective Date and (ii) in the case of the Interest Coverage Test, on or after the Determination Date immediately preceding the second Payment Date. Measurement of the degree of compliance with the Interest Diversion Test will be required as of each Measurement Date during the Reinvestment Period on or after the Effective Date.

If the Interest Diversion Test is not satisfied on any Determination Date during the Reinvestment Period, the Issuer will be required to deposit to the Collection Account as Principal Proceeds for the purchase of additional Collateral Obligations an amount equal to the lesser of (x) 50% of Available Funds from the Collateral Interest Amount on the related Payment Date after application of such Collateral Interest Amount to the payment of amounts set forth in clauses (A) through (O) under "Overview of Terms—Priority of Payments—Application of Interest Proceeds" and (y) the minimum amount that needs to be added to the Adjusted Collateral Principal Amount in order to cause the Interest Diversion Test to be satisfied.

### **Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion**

Subject to the other requirements set forth in the Indenture, the Collateral Manager on behalf of the Issuer may (except as otherwise specified below), in writing direct the Trustee to sell and the Trustee shall sell on behalf of the Issuer in the manner directed by the Collateral Manager any Collateral Obligation or Equity Security (which shall include the direct sale or liquidation of the equity interests of any Blocker Subsidiary or assets held by a Blocker Subsidiary) if such sale meets any one of the following requirements (subject in each case to any applicable requirement of disposition under clause (h) or (i) below). Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, the Collateral Manager may not direct the Trustee to sell any Asset pursuant to clause (e) (unless (i) no acceleration of the Secured Notes has occurred under the Indenture or (ii) any such acceleration that has occurred has since been rescinded) or clause (f).

- (a) The Collateral Manager may direct the Trustee to sell any Credit Risk Obligation at any time during or after the Reinvestment Period without restriction;
- (b) The Collateral Manager may direct the Trustee to sell any Credit Improved Obligation at any time during or after the Reinvestment Period if:
  - (i) the Sale Proceeds from such sale are at least equal to the Principal Balance of such Credit Improved Obligation;
  - (ii) the Collateral Manager reasonably believes prior to such sale that either (A) after giving effect to such sale and subsequent reinvestment, the Adjusted Collateral Principal Amount (excluding the Collateral Obligation being sold but including, without duplication, the Collateral Obligation being purchased and the anticipated cash proceeds, if any, of such sale that are not applied to the purchase of such additional Collateral Obligation) will be greater than the Reinvestment Target Par Balance, or (B) it will be able to enter into binding commitments to reinvest all or a portion of the proceeds of such sale, in compliance with the Investment Criteria, in one or more additional Collateral Obligations with an Aggregate Principal Balance at least equal to the Principal Balance of such Credit Improved Obligation within 20 Business Days after such sale; or
  - (iii) after giving effect to such sale, the Adjusted Collateral Principal Amount (excluding the Collateral Obligation being sold but including, without duplication, the anticipated Sale Proceeds of such sale) will be greater than the Reinvestment Target Par Balance;
- (c) The Collateral Manager may direct the Trustee to sell any Defaulted Obligation at any time without restriction.
- (d) The Collateral Manager may direct the Trustee to sell any Equity Security at any time without restriction, and shall (unless such Equity Security is required to be sold as set forth in clause (h) below or has been transferred to a Blocker Subsidiary as set forth in clause (i) below) use its commercially reasonable efforts to effect the sale of any Equity Security (other than an interest in a Blocker Subsidiary):



- (i) within three years after receipt, if such Equity Security is (A) received upon the conversion of a Defaulted Obligation, or (B) received in an exchange initiated by the obligor to avoid bankruptcy; or
  - (ii) within 365 days after receipt if such Equity Security constitutes Transferable Margin Stock and is not transferred to the Income Notes Financed Custodial Subaccount in accordance with the provisions described under "—Margin Stock", unless such sale is prohibited by applicable law, in which case such Equity Security shall be sold as soon as such sale is permitted by applicable law;
- (e) After the Issuer has notified the Trustee of an Optional Redemption of the Secured Notes or a Majority of an Affected Class or a Majority of the Income Notes has directed (by a written direction delivered to the Trustee) a Tax Redemption and all requirements for an Optional Redemption or Tax Redemption set forth in the Indenture are met, the Collateral Manager shall direct the Trustee to sell (which sale may be through participation or other arrangement) all or a portion of the Collateral Obligations. If any such sale is made through participations, the Issuer shall use reasonable efforts to cause such participations to be converted to assignments within six months after the sale;
- (f) During the Reinvestment Period, the Collateral Manager may direct the Trustee to sell any Collateral Obligation at any time other than during a Restricted Trading Period if:
  - (i) after giving effect to such sale, the Aggregate Principal Balance of all Collateral Obligations sold as described in this paragraph (f) during any preceding period of 12 calendar months following the Effective Date is not greater than 30% of the Reinvestment Target Par Balance; and
  - (ii) either (A) solely during the Reinvestment Period, the Collateral Manager reasonably believes prior to such sale that it will be able to enter into binding commitments to reinvest all or a portion of the proceeds of such sale, in compliance with the Investment Criteria, in one or more additional Collateral Obligations with an Aggregate Principal Balance at least equal to the Principal Balance of such Collateral Obligation within 30 days after such sale; or (B) after giving effect to such sale, the Adjusted Collateral Principal Amount (excluding the Collateral Obligation being sold but including, without duplication, the anticipated net proceeds of such sale) will be greater than or equal to the Reinvestment Target Par Balance;
- (g) The Collateral Manager on behalf of the Issuer shall use its commercially reasonable efforts to effect the sale (regardless of price) of any Collateral Obligation that no longer meets the tax related criteria described in clause (vii) of the definition of "Collateral Obligation", within 18 months after the failure of such Collateral Obligation to meet any such criteria.
- (h) Within five Business Days after the Issuer's receipt thereof (or within five Business Days after such later date as such security may first be disposed of in accordance with its terms), the Issuer shall (unless such security or obligation has been transferred to a Blocker Subsidiary as set forth in clause (i) below) dispose of any Equity Security, Defaulted Obligation or other financial asset that does not comply with clause (xx) of the definition of "Collateral Obligation".
- (i) The Collateral Manager may effect the transfer to a Blocker Subsidiary of (x) any security or obligation required to be sold pursuant to clause (h) above within five Business Days after the Issuer's receipt thereof (or within five Business Days after such later date as such security or obligation may be disposed of in accordance with its terms) or (y) any Collateral Obligation or portion thereof with respect to which the Issuer will receive a security or obligation described in clause (x) above prior to the receipt of such security or obligation. In connection with the incorporation of, or transfer of any security or obligation to, any Blocker Subsidiary, the Issuer shall not be required to obtain confirmation from S&P that such incorporation or transfer will not cause S&P to downgrade or withdraw its rating assigned to any Class of Secured Notes; *provided* that prior to the incorporation of any Blocker Subsidiary, the Collateral Manager will, on behalf of the Issuer, provide written notice thereof to S&P and Fitch. The Issuer shall not be required to continue to hold in a Blocker Subsidiary (and may instead hold directly) a security that ceases to be considered an Equity Security, as determined by the Collateral Manager based on advice of nationally recognized counsel to the effect that the Issuer can transfer such security or obligation from the Blocker Subsidiary to the Issuer and can hold such security directly without causing the Issuer to be treated as

engaged in a trade or business in the United States for U.S. federal income tax purposes. For financial accounting reporting purposes (including each monthly report prepared under the Indenture) and for purposes of the Coverage Tests, the Interest Diversion Test and the Collateral Quality Test (and, for the avoidance of doubt, not for tax purposes), the Issuer will be deemed to own an Equity Security or Collateral Obligation held by a Blocker Subsidiary rather than its interest in that Blocker Subsidiary.

#### *Blocker Subsidiaries*

The Indenture will provide that:

(A) the Issuer shall not permit such Blocker Subsidiary to incur any indebtedness (other than the guarantee and grant of the security interest in favor of the Trustee described in clause (G) below);

(B) the constitutive documents of such Blocker Subsidiary shall provide that (i) recourse with respect to the costs, expenses or other liabilities of such Subsidiary shall be solely to the assets of such Blocker Subsidiary and no creditor of such Blocker Subsidiary shall have any recourse whatsoever to the Issuer or its assets except to the extent otherwise required under applicable law, (ii) the activities and business purposes of such Blocker Subsidiary shall be limited to holding securities or obligations in accordance with clause (i) in the preceding paragraph that are otherwise required to be sold pursuant to clause (h) in the preceding paragraph and activities reasonably incidental thereto (including holding interests in other Blocker Subsidiaries), (iii) such Blocker Subsidiary will not incur any indebtedness (other than the guarantee and grant of the security interest in favor of the Trustee described in clause (G) below), (iv) such Blocker Subsidiary will not create, incur, assume or permit to exist any lien (other than a lien arising by operation of law), charge or other encumbrance on any of its assets, or sell, transfer, exchange or otherwise dispose of any of its assets, or assign or sell any income or revenues or rights in respect thereof, (v) such Blocker Subsidiary will be subject to the limitations on powers set forth in the organizational documents of the Issuer, (vi) if such Blocker Subsidiary is a foreign corporation for U.S. federal income tax purposes, such Blocker Subsidiary shall file a U.S. federal income tax return reporting all effectively connected income, if any, arising as a result of owning the permitted assets of such Blocker Subsidiary, (vii) after paying Taxes and expenses payable by such Blocker Subsidiary or setting aside adequate reserves for the payment of such Taxes and expenses, such Blocker Subsidiary will distribute 100% of the cash proceeds of the assets acquired by it (net of such Taxes, expenses and reserves), (viii) such Blocker Subsidiary will not form or own any subsidiary or any interest in any other entity other than interests in another Blocker Subsidiary or securities or obligations held in accordance with clause (i) in the preceding paragraph that would otherwise be required to be sold by the Issuer pursuant to clause (h) in the preceding paragraph and (ix) such Blocker Subsidiary will not acquire or hold title to any real property or a controlling interest in any entity that holds title to real property;

(C) the constitutive documents of such Blocker Subsidiary shall provide that such Blocker Subsidiary will (i) maintain books and records separate from any other Person, (ii) maintain its accounts separate from those of any other Person, (iii) not commingle its assets with those of any other Person, (iv) conduct its own business in its own name, (v) maintain separate financial statements, (vi) pay its own liabilities out of its own funds, (vii) observe all corporate formalities and other formalities in its by-laws and its certificate of incorporation (or other constitutive documents), (viii) maintain an arm's length relationship with its Affiliates, (ix) not have any employees, (x) not guarantee or become obligated for the debts of any other person (other than the Issuer) or hold out its credit as being available to satisfy the obligations of others (other than the Issuer), (xi) not acquire obligations or securities of the Issuer, (xii) allocate fairly and reasonably any overhead for shared office space, (xiii) use separate stationery, invoices and checks, (xiv) not pledge its assets for the benefit of any other Person (other than the Trustee) or make any loans or advance to any Person, (xv) hold itself out as a separate Person, (xvi) correct any known misunderstanding regarding its separate identity and (xvii) maintain adequate capital in light of its contemplated business operations;

(D) the constitutive documents of such Blocker Subsidiary shall provide that the business of such Blocker Subsidiary shall be managed by or under the direction of a board of at least one director and that at least one such director shall be a person who is not at the time of appointment and for the five years prior thereto has not been (1) a direct or indirect legal or beneficial owner of the Collateral Manager, such Blocker Subsidiary or any of their respective Affiliates (excluding de minimis ownership), (ii) a creditor, supplier, officer, manager, or contractor of the Collateral Manager, such Blocker Subsidiary or any of their respective Affiliates or (iii) a person who controls

(whether directly, indirectly or otherwise) the Collateral Manager, such Blocker Subsidiary or any of their respective Affiliates or any creditor, supplier, officer, manager or contractor of the Collateral Manager, such Blocker Subsidiary or any of their respective Affiliates;

(E) the constitutive documents of such Blocker Subsidiary shall provide that, so long as the Blocker Subsidiary is owned directly or indirectly by the Issuer, upon the occurrence of the earliest of the date on which the Aggregate Outstanding Amount of each Class of Secured Notes is paid in full or the date of any voluntary or involuntary dissolution, liquidation or winding-up of the Issuer, (x) the Issuer shall sell or otherwise dispose of all of its equity interests in such Blocker Subsidiary within a reasonable time or (y) such Blocker Subsidiary shall (i) sell or otherwise dispose of all of its property or, to the extent such Blocker Subsidiary is unable to sell or otherwise dispose of such property within a reasonable time, distribute such property in kind to its stockholders, (ii) make provision for the filing of a tax return and any action required in connection with winding up such Blocker Subsidiary, (iii) liquidate and (iv) distribute the proceeds of liquidation to its stockholders;

(F) to the extent payable by the Issuer, with respect to any Blocker Subsidiary, any expenses related to such Blocker Subsidiary will be considered Administrative Expenses pursuant to subclause (v) of clause fourth of the definition thereof and will be payable as Administrative Expenses as described under "Overview of Terms—Priority of Payments" and "Description of the Notes—Priority of Payments"; and

(G) the Issuer shall cause each Blocker Subsidiary (x) to give a guarantee in favor of the Trustee pursuant to which such Blocker Subsidiary absolutely and unconditionally guarantees, to the Trustee for the benefit of the Secured Parties, the obligations secured by the Indenture, including the payment of all amounts due on the Secured Notes in accordance with their terms (subject to limited recourse provisions equivalent (*mutatis mutandis*) to those contained in the Indenture), and (y) to enter into a security agreement between such Blocker Subsidiary and the Trustee pursuant to which such Blocker Subsidiary grants a perfected, first-priority continuing security interest in all of its property to secure its obligations under such guarantee.

The Issuer and the Trustee will agree in the Indenture, and the Collateral Manager will agree in the Collateral Management Agreement, not to institute against any Blocker Subsidiary any proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law, or a petition for its winding-up or liquidation (other than, in the case of the Issuer, a winding-up or liquidation of a Blocker Subsidiary that no longer holds any assets), until the payment in full of all Notes (and any other debt obligations of the Issuer that have been rated upon issuance by any rating agency at the request of the Issuer) and the expiration of a period equal to one year and one day or, if longer, the applicable preference period then in effect plus one day, following such payment in full.

Notwithstanding the other requirements set forth in the Indenture and described above, the Issuer shall have the right to effect the sale of any Asset or purchase of any Collateral Obligation (x) that has been consented to by holders evidencing at least (i) with respect to purchases during the Reinvestment Period and sales during or after the Reinvestment Period, (A) 75% of the Aggregate Outstanding Amount of each Class of Secured Notes and (B) the Holders of at least 75% of the Aggregate Outstanding Amount of the Income Notes and (ii) with respect to purchases after the Reinvestment Period, (A) 100% of the Aggregate Outstanding Amount of each Class of Secured Notes and (B) the Holders of at least 100% of the Aggregate Outstanding Amount of the Income Notes and (y) of which each Rating Agency and the Trustee has been notified.

#### *Investment Criteria*

On any date during or after the Reinvestment Period, the Collateral Manager on behalf of the Issuer may, subject to the other requirements in the Indenture, direct the Trustee to invest Principal Proceeds, proceeds of Additional Notes issued in accordance with the Indenture, Reinvestment Amounts, amounts on deposit in the Ramp-Up Account and Principal Financed Accrued Interest, and the Trustee shall invest such Principal Proceeds and other amounts in accordance with such direction.

After the Reinvestment Period, the Collateral Manager on behalf of the Issuer may, subject to the other requirements of this Indenture, but will not be required to, direct the Trustee to invest Principal Proceeds received

from Credit Improved Obligations, Credit Risk Obligations and Unscheduled Principal Payments; *provided* that no obligation may be purchased unless each of the following conditions is satisfied:

- (i) such obligation is a Collateral Obligation;
- (ii) in the case of additional Collateral Obligations purchased with the Sale Proceeds from the sale of a Credit Risk Obligation sold at the discretion of the Collateral Manager, such proceeds are invested before the earlier of (x) 60 days of the Issuer's receipt thereof and (y) the last day of the related Collection Period, and after giving effect to such purchases:
  - (A) the Minimum Weighted Average S&P Recovery Rate Test will be satisfied, or if not satisfied, will be maintained or improved;
  - (B) the Coverage Tests will be satisfied;
  - (C) the Restricted Trading Period is not then in effect;
  - (D) each additional Collateral Obligation purchased will have (1) the same or higher S&P Rating, and (2) the same or earlier stated maturity, in each case, as compared with such Credit Risk Obligation;
  - (E) the Aggregate Principal Balance of all additional Collateral Obligations purchased with the Sale Proceeds from the sale of such Credit Risk Obligations will at least equal the related Sale Proceeds;
  - (F) the Weighted Average Life Test will be satisfied; and
  - (G) either (A) each requirement or test, as the case may be, of the Concentration Limitations and the Collateral Quality Test will be satisfied (except the S&P CDO Monitor Test, in the case of an additional Collateral Obligation purchased with the Sale Proceeds from the sale of a Credit Risk Obligation) or (B) if any such requirement or test was not satisfied immediately prior to such investment, such requirement or test will be improved or (except in the case of clause (iv) of the Concentration Limitations) maintained after giving effect to the investment;
- (iii) in the case of additional Collateral Obligations purchased with the Principal Proceeds received with respect to Unscheduled Principal Payments or the Sale Proceeds from the sale of a Credit Improved Obligation sold at the discretion of the Collateral Manager, such Sale Proceeds are invested before the earlier of (x) 60 days of the Issuer's receipt thereof and (y) the last day of the related Collection Period, and after giving effect to such purchases:
  - (A) the Minimum Weighted Average S&P Recovery Rate Test will be satisfied, or if not satisfied, will be maintained or improved;
  - (B) the Coverage Tests will be satisfied;
  - (C) the Restricted Trading Period is not then in effect;
  - (D) each additional Collateral Obligation purchased with Principal Proceeds received with respect to Unscheduled Principal Payments or the Sale Proceeds from the sale of a Credit Improved Obligation sold at the discretion of the Collateral Manager will have (1) the same or higher S&P Rating, and (2) the same or earlier maturity in each case, as compared with the Collateral Obligation related to such Unscheduled Principal Payment or such Credit Improved Obligation;

- (E) the Aggregate Principal Balance of the Collateral Obligations will be maintained or increased (by comparison to the aggregate principal balance of the Collateral Obligations immediately prior to such payment);
- (F) the Weighted Average Life Test will be satisfied; and
- (G) either (A) each requirement or test, as the case may be, of the Concentration Limitations and the Collateral Quality Test will be satisfied or (B) if any such requirement or test was not satisfied immediately prior to such investment, such requirement or test will be improved or (except in the case of clause (iv) of the Concentration Limitations) maintained after giving effect to the investment.

Such proceeds may be used to purchase additional obligations subject to the requirement that each of the following conditions (the "*Investment Criteria*") is satisfied as of the date the Collateral Manager commits on behalf of the Issuer to make such purchase, in each case as determined by the Collateral Manager after giving effect to such purchase and all other sales or purchases previously or simultaneously committed to; *provided* that the conditions set forth in clauses (b), (c), (d) and (e) below need only be satisfied with respect to purchases of Collateral Obligations occurring on or after the Effective Date:

- (a) such obligation is a Collateral Obligation;
- (b) if the commitment to make such purchase occurs on or after the Effective Date (or, in the case of the Interest Coverage Test, on or after the Determination Date occurring immediately prior to the second Payment Date), (A) each Coverage Test will be satisfied, or if not satisfied, such Coverage Test will be maintained or improved and (B) if each Coverage Test is not satisfied, the Principal Proceeds received in respect of any Defaulted Obligation or the Sale Proceeds of any sale of a Defaulted Obligation will not be reinvested in additional Collateral Obligations;
- (c) in the case of an additional Collateral Obligation purchased with the Sale Proceeds from the sale of a Credit Risk Obligation, a Defaulted Obligation or an Equity Security, either (1) the Aggregate Principal Balance of all additional Collateral Obligations purchased with the Sale Proceeds from such sale will at least equal the Sale Proceeds from such sale, (2) the Aggregate Principal Balance of the Collateral Obligations will be maintained or increased (when compared to the Aggregate Principal Balance of the Collateral Obligations immediately prior to such sale) or (3) the Adjusted Collateral Principal Amount (excluding the Collateral Obligation being sold but including, without duplication, the Collateral Obligation being purchased and the anticipated cash Sale Proceeds, if any, of such sale that are not applied to the purchase of such additional Collateral Obligation) will be greater than the Reinvestment Target Par Balance;
- (d) in the case of an additional Collateral Obligation purchased with the Sale Proceeds from the sale of a Collateral Obligation (other than the sale of a Credit Risk Obligation or a Defaulted Obligation), either (1) the Aggregate Principal Balance of the Collateral Obligations will be maintained or increased (when compared to the Aggregate Principal Balance of the Collateral Obligations immediately prior to such sale) or (2) the Adjusted Collateral Principal Amount (excluding the Collateral Obligation being sold but including, without duplication, the Collateral Obligation being purchased and the anticipated cash Sale Proceeds, if any, of such sale that are not applied to the purchase of such additional Collateral Obligation) will be greater than the Reinvestment Target Par Balance;
- (e) either (A) each requirement or test, as the case may be, of the Concentration Limitations and the Collateral Quality Test will be satisfied (except the S&P CDO Monitor Test, in the case of an additional Collateral Obligation purchased with the Sale Proceeds from the sale of a Credit Risk Obligation, a Defaulted Obligation or an Equity Security) or (B) if any such requirement or test was not satisfied immediately prior to such investment, such requirement or test will be improved or (except in the case of clause (iv) of the Concentration Limitations) maintained after giving effect to the investment; and
- (f) the date on which the Issuer (or the Collateral Manager on its behalf) commits to purchase such Collateral Obligation occurs during the Reinvestment Period.

For purposes of calculating compliance with the Investment Criteria, at the election of the Collateral Manager in its sole discretion, any proposed investment (whether a single Collateral Obligation or a group of Collateral Obligations) identified by the Collateral Manager as such at the time when compliance with the Investment Criteria is required to be calculated (a "*Trading Plan*") may be evaluated after giving effect to all sales and reinvestments proposed to be entered into within one Business Day following the date of determination of such compliance (such period, the "*Trading Plan Period*"); *provided* that (w) no Trading Plan may result in the purchase of Collateral Obligations having an Aggregate Principal Balance that exceeds 5% of the Collateral Principal Amount as of the first day of the Trading Plan Period, (x) no Trading Plan Period may include a Determination Date, (y) no more than one Trading Plan may be in effect at any time during a Trading Plan Period and (z) if the Investment Criteria are satisfied prospectively after giving effect to a Trading Plan but are not satisfied upon the expiry of the related Trading Plan Period, the Investment Criteria shall not at any time thereafter be evaluated by giving effect to a Trading Plan.

On or after the Effective Date, the Issuer (or the Collateral Manager on the Issuer's behalf) may vote in favor of a Maturity Amendment only if, as determined by the Collateral Manager after giving effect to such Maturity Amendment, the Weighted Average Life Test and the requirement in clause (xxv) of the definition of "Collateral Obligation" will be satisfied.

Notwithstanding anything in the Indenture to the contrary, without the consent of holders of 100% of the Aggregate Outstanding Amount of the Class A Notes and the Class B Notes, so long as any Class A Notes or Class B Notes are Outstanding, the Issuer shall not have the right to effect the purchase of any Collateral Obligation or sale of any Asset (other than purchases or sales (x) that are required pursuant to the Indenture and (y) to fulfill any previously contracted commitment to purchase or sell) while any Class A Notes or Class B Notes are Outstanding:

- (i) if an election to act in accordance with the provisions of Indenture with respect to the Trustee's optional preservation of Assets after an Event of Default has occurred and is continuing, as described in the third paragraph under "Description of the Notes – the Indenture – Events of Default", has been made and has not been rescinded;
- (ii) during the occurrence and continuation of an Event of Default described in clause (a), (e), (f) or (g) of the definition of "Event of Default"; or
- (iii) following the delivery of notice by the Issuer or the Trustee to the Collateral Manager removing the Collateral Manager for an event constituting "Cause" (unless such notice of removal is subsequently withdrawn), provided such removal is pursuant to either:
  - (A) clause (iii) of the definition of "Cause" as described under "The Collateral Management Agreement—Removal, Resignation and Replacement of the Collateral Manager"; or
  - (B) clause (iv) of the definition of "Cause" as described under "The Collateral Management Agreement—Removal, Resignation and Replacement of the Collateral Manager" if such "Cause" event consists of the Collateral Manager or any senior officer of the Collateral Manager having responsibility for the investment of the Issuer's funds being convicted or pleading nolo contendere for a criminal felony offense materially related to the Collateral Manager's primary business.

#### *Conversion*

The Indenture provides that, with respect to any Collateral Obligation that by its terms is convertible into or exchangeable for an Equity Security, the Issuer shall not consent to the conversion into or exchange of such Collateral Obligation for an Equity Security unless either: (i) after giving effect to such conversion, the Adjusted Collateral Principal Amount of Collateral Obligations that are held by the Issuer and that the Issuer has committed to purchase will be greater than the Reinvestment Target Par Balance or (ii) no Secured Notes remain Outstanding.

#### **Accounts**

The Trustee will, on the Closing Date, establish the segregated trust accounts and subaccounts described below. They will be held in the name of the Trustee for the benefit of the Secured Parties (it being understood that, notwithstanding anything to the contrary set forth herein, the Issuer will have the right to allocate any additional

funds received by it, which funds (upon receipt) do not constitute proceeds from the sale of the Notes, payments on or in respect of the Assets, any proceeds from the sale, liquidation or exchange of Assets or partnership capital (including the Issuer's partnership interests), to any account in its sole discretion and to treat such funds as Interest Proceeds and/or Principal Proceeds, as elected by the Collateral Manager).

### **The Collection Account and Payment Account**

All distributions on the Collateral Obligations and any proceeds received from the disposition of any Collateral Obligations will be remitted to one of two segregated accounts, one of which will be designated the "*Interest Collection Subaccount*" and one of which will be designated the "*Principal Collection Subaccount*," each held in the name of the Trustee for the benefit of the Secured Parties and together comprising the "*Collection Account*". Such distributions and proceeds of distributions will be available, together with reinvestment earnings thereon, for application to the payment of the amounts set forth under "Overview of Terms—Priority of Payments" and for the acquisition of additional Collateral Obligations under the circumstances and pursuant to the requirements described herein and in the Indenture. The Collection Account will be established at The Bank of New York Mellon Trust Company, National Association.

The Interest Collection Subaccount shall consist of two subaccounts, one of which will be designated the "*Income Notes Financed Interest Collection Subaccount*" and one of which will be designated the "*Secured Notes Financed Interest Collection Subaccount*". The Principal Collection Subaccount shall consist of two subaccounts, one of which will be designated the "*Income Notes Financed Principal Collection Subaccount*" and one of which will be designated the "*Secured Notes Financed Principal Collection Subaccount*".

The Trustee shall from time to time deposit into the Income Notes Financed Interest Collection Subaccount all Interest Proceeds with respect to Income Notes Financed Obligations (unless simultaneously reinvested in additional Collateral Obligations in accordance with the provisions of the Indenture described under "Security for the Secured Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion"). The Trustee shall from time to time deposit into the Secured Notes Financed Interest Collection Subaccount, immediately upon receipt thereof or upon transfer from the Expense Reserve Account, LC Reserve Account or Payment Account, all Interest Proceeds with respect to Secured Notes Financed Obligations (unless simultaneously reinvested in additional Collateral Obligations in accordance with the provisions of the Indenture described under "Security for the Secured Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion") and any other Interest Proceeds not specifically identified for application elsewhere in the Indenture.

The Trustee shall deposit into the Income Notes Financed Principal Collection Subaccount, immediately upon receipt thereof, all Principal Proceeds with respect to Income Notes Financed Obligations. The Trustee shall deposit into the Secured Notes Financed Principal Collection Subaccount, immediately upon receipt thereof or upon transfer from the Expense Reserve Account, LC Reserve Account or Revolver/Delayed Drawdown Funding Account, all other Principal Proceeds remitted to the Collection Account, including (i) any funds designated as Principal Proceeds by the Collateral Manager in accordance with the Indenture and (ii) all other Principal Proceeds (unless simultaneously reinvested in additional Collateral Obligations in accordance with the provisions of the Indenture described under "Security for the Secured Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion" or in Eligible Investments).

The Collateral Manager on behalf of the Issuer may direct the Trustee to pay from amounts on deposit in the Collection Account on any Business Day during any Interest Accrual Period (i) any amount required to exercise a warrant or right to acquire securities held in the Assets in accordance with the requirements of "Security for the Secured Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion" and (ii) any Administrative Expenses (such payments to be counted against the Administrative Expense Cap for the applicable period and to be subject to the order of priority as stated in the definition of Administrative Expenses); *provided* that the aggregate Administrative Expenses paid as described in this paragraph during any Collection Period shall not exceed the Administrative Expense Cap for the related Payment Date. The Collateral Manager on behalf of the Issuer may direct the Trustee to transfer from amounts on deposit in the Interest Collection Subaccount to the Principal Collection Subaccount, amounts necessary for application as described under "Use of Proceeds—Effective Date". In addition, the Collateral Manager on behalf of the Issuer may direct the Trustee to deposit from the Principal Collection Subaccount into the Revolver/Delayed Drawdown Funding Account amounts

that are required to meet funding requirements with respect to Delayed Drawdown Collateral Obligations and Revolving Collateral Obligations. Not less than 10 days prior to any Payment Date occurring on or after a Reinvestment Period Extension Effective Date, if 100% of the Aggregate Outstanding Amount of Income Notes so direct, all or a specified portion of amounts that would otherwise be distributed on such Payment Date to the holders of Income Notes shall instead be paid as a fee as described under "—Reinvestment Period Extension—General" to one or more holders of Secured Notes in connection with the extension of the Reinvestment Period.

Amounts received in the Collection Account during a Collection Period will be invested in Eligible Investments with stated maturities not later than the earlier of (A) the date that is 60 days after the date of delivery thereof and (B) the Business Day immediately preceding the Payment Date immediately following the date of delivery thereof. All proceeds from the Eligible Investments will be retained in the Collection Account unless used to purchase additional Collateral Obligations in accordance with the Investment Criteria, or used as otherwise permitted under the Indenture. See "—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria" and "Overview of Terms—Priority of Payments."

On the Business Day immediately preceding each Payment Date, the Trustee will deposit into a single, segregated non-interest bearing trust account held in the name of the Trustee for the benefit of the Secured Parties (the "*Payment Account*") all funds in the Collection Account (other than amounts that the Issuer is entitled to reinvest in accordance with the Investment Criteria described herein, which amounts may be retained in the Collection Account for subsequent reinvestment) required for payments to holders of the Secured Notes and distributions on the Income Notes and payments of fees and expenses in accordance with the priorities described under "Overview of Terms—Priority of Payments." The Issuer shall not have any legal, equitable or beneficial interest in the Payment Account other than in accordance with the Indenture and the Priority of Payments. The Payment Account will be established at The Bank of New York Mellon Trust Company, National Association. Amounts in the Payment Account shall remain uninvested.

### **The Ramp-Up Account**

The net proceeds of the issuance of the Notes remaining after payment of fees and expenses will be deposited on the Closing Date into a single, segregated non-interest bearing trust account held in the name of the Trustee for the benefit of the Secured Parties (the "*Ramp-Up Account*"). Of the proceeds of the issuance of the Notes which are not applied to pay for the purchase of Collateral Obligations purchased by the Issuer on or before the Closing Date or to pay other applicable fees and expenses, approximately U.S.\$632,000,000 representing proceeds of the issuance of the Notes will be deposited in the Ramp-Up Account on the Closing Date. On behalf of the Issuer, the Collateral Manager will direct the Trustee to, from time to time prior to the Effective Date, purchase additional Collateral Obligations and invest in Eligible Investments any amounts not used to purchase such additional Collateral Obligations. Upon Issuer order, on any Business Day after S&P has confirmed its initial ratings of the Secured Notes as described in "Use of Proceeds—Effective Date", if the Excess Deposit Amount is greater than zero, the Trustee shall withdraw from the Ramp-Up Account (to the extent of the available funds therein, but excluding any proceeds that will be used to settle binding commitments entered into prior to such date) the Excess Deposit Amount and shall distribute the Excess Deposit Amount to the holders of the Income Notes. Any remaining amount after such distribution will be deposited into the Principal Collection Subaccount as Principal Proceeds. Notwithstanding the foregoing, upon the occurrence of an Event of Default, the Trustee will deposit any remaining amounts in the Ramp-Up Account into the Principal Collection Subaccount as Principal Proceeds, and no distribution of the Excess Deposit Amount shall be made to the holders of the Income Notes. Any income earned on amounts deposited in the Ramp-Up Account will be deposited in the Interest Collection Subaccount. The Ramp-Up Account will be established at The Bank of New York Mellon Trust Company, National Association.

### **The Custodial Account**

The Trustee will, on or prior to the Closing Date, establish two segregated non-interest bearing trust accounts in the name of the Trustee for the benefit of the Secured Parties, one of which will be designated the "*Income Notes Financed Custodial Subaccount*" and one of which will be designated the "*Secured Notes Financed Custodial Subaccount*" (and which together will comprise the "*Custodial Account*"). All Income Notes Financed Obligations shall be credited to the Income Notes Financed Custodial Subaccount and all Secured Notes Financed Obligations shall be credited to the Secured Notes Financed Custodial Subaccount. The only permitted withdrawals from the Custodial Account shall be in accordance with the provisions of the Indenture. The Issuer shall not have any legal,



equitable or beneficial interest in the Custodial Account other than in accordance with the Indenture and the Priority of Payments. The Custodial Account will be established at The Bank of New York Mellon Trust Company, National Association.

### **The Revolver/Delayed Drawdown Funding Account**

Upon the purchase of any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation, funds in an amount equal to the undrawn portion of such obligation shall be withdrawn first from the Ramp-Up Account and, if necessary, from the Principal Collection Subaccount and deposited in a single, segregated trust account established in the name of the Trustee for the benefit of the Secured Parties (the "*Revolver/Delayed Drawdown Funding Account*"). An amount to be specified in the Indenture will be deposited in the Revolver/Delayed Drawdown Funding Account on the Closing Date to be reserved for the unfunded funding obligations under the Delayed Drawdown Collateral Obligations and Revolving Collateral Obligations purchased on or before the Closing Date. Upon initial purchase of any such obligations, funds deposited in the Revolver/Delayed Drawdown Funding Account in respect of any Delayed Drawdown Collateral Obligation or Revolving Collateral Obligation will be treated as part of the purchase price therefor. Amounts on deposit in the Revolver/Delayed Drawdown Funding Account will be invested in overnight funds that are Eligible Investments, and earnings from all such investments will be deposited in the Interest Collection Subaccount as Interest Proceeds. The Revolver/Delayed Drawdown Funding Account will be established at The Bank of New York Mellon Trust Company, National Association.

The Issuer shall at all times maintain sufficient funds on deposit in the Revolver/Delayed Drawdown Funding Account such that the sum of the amount of funds on deposit in the Revolver/Delayed Drawdown Funding Account shall be equal to or greater than the sum of the unfunded funding obligations under all such Delayed Drawdown Collateral Obligations and Revolving Collateral Obligations then included in the Assets. Funds shall be deposited in the Revolver/Delayed Drawdown Funding Account upon the purchase of any Delayed Drawdown Collateral Obligation or Revolving Collateral Obligation and upon the receipt by the Issuer of any Principal Proceeds with respect to a Revolving Collateral Obligation as directed by the Collateral Manager on behalf of the Issuer. In the event of any shortfall in the Revolver/Delayed Drawdown Funding Account, the Collateral Manager (on behalf of the Issuer) may direct the Trustee to, and the Trustee thereafter shall, transfer funds in an amount equal to such shortfall from the Principal Collections Subaccount to the Revolver/Delayed Drawdown Funding Account.

Any funds in the Revolver/Delayed Drawdown Funding Account (other than earnings from Eligible Investments therein) will be available solely to cover any drawdowns on the Delayed Drawdown Collateral Obligations and Revolving Collateral Obligations; *provided*, that any excess of (A) the amounts on deposit in the Revolver/Delayed Drawdown Funding Account over (B) the sum of the unfunded funding obligations under all Delayed Drawdown Collateral Obligations and Revolving Collateral Obligations that are included in the Assets may be transferred by the Trustee (at the written direction of the Collateral Manager on behalf of the Issuer) from time to time as Principal Proceeds to the Principal Collection Subaccount.

### **The Expense Reserve Account**

The Trustee will, prior to the Closing Date, establish a single, segregated non-interest bearing trust account held in the name of the Trustee for the benefit of the Secured Parties which will be designated as the "*Expense Reserve Account*". Approximately U.S.\$5,400,050 will be deposited in the Expense Reserve Account as Interest Proceeds on the Closing Date for the payment of certain expenses of the Issuer incurred in connection with the issuance of the Notes. In connection with any additional issuance of notes, approximately 1% of the proceeds of such issuance will be deposited in the Expense Reserve Account. On any Business Day from the Closing Date to and including the Determination Date relating to the first Payment Date following the Closing Date, the Trustee will apply funds from the Expense Reserve Account, as directed by the Collateral Manager, to pay expenses of the Issuer incurred in connection with the establishment of the Issuer, the structuring and consummation of the Offering and the issuance of the Notes and any additional issuance or to the Collection Account as Principal Proceeds. By the Determination Date relating to the first Payment Date following the Closing Date, all funds in the Expense Reserve Account (after deducting any expenses paid on such Determination Date) will be deposited in the Collection Account as either or both Interest Proceeds and Principal Proceeds (in the respective amounts directed by the Collateral Manager (by notice to the Trustee) in its sole discretion). Any income earned on amounts deposited in the Expense Reserve Account will be deposited in the Interest Collection Subaccount as Interest Proceeds as it is paid. On any Business Day after the Determination Date relating to the first Payment Date following the Closing Date, the Trustee shall

apply funds from the Expense Reserve Account, as directed by the Collateral Manager, to pay expenses of the Issuer incurred in connection with any additional issuance of notes or to the Collection Account as either or both Interest Proceeds and Principal Proceeds (in the respective amounts directed by the Collateral Manager (by notice to the Trustee) in its sole discretion. The Expense Reserve Account will be established at The Bank of New York Mellon Trust Company, National Association.

#### **The LC Reserve Account**

If a Synthetic LC Agent Bank does not withhold on payments of fee income in respect of any Collateral Obligation that is a Synthetic Letter of Credit, the borrower, issuer or obligor of which is Domiciled in the United States, and the Issuer has not received an opinion of nationally recognized U.S. federal income tax counsel to the effect that U.S. withholding taxes should not be required to be imposed with respect to such payments, the Collateral Manager will advise the Issuer and the Issuer shall deposit an amount equal to 30% of all of the fees received in respect of such Synthetic Letter of Credit into a single, segregated non-interest bearing trust account held in the name of the Trustee for the benefit of the Secured Parties which will be designated as the "*LC Reserve Account*". Amounts deposited into the LC Reserve Account will be invested by the Trustee in overnight funds that are Eligible Investments selected by the Collateral Manager. The Issuer shall withdraw funds from the LC Reserve Account to pay (or to provide for the payments of) the related withholding taxes when and if assessed. The Issuer also may withdraw funds from the LC Reserve Account and apply them as Interest Proceeds (i) if the Issuer receives an opinion of nationally recognized U.S. federal income tax counsel to the effect that the Issuer should or will not be subject to U.S. withholding tax with respect to the letter of credit fees from which such funds were reserved, (ii) at Stated Maturity or (iii) on a Redemption Date in connection with an Optional Redemption (other than pursuant to a Refinancing) or Tax Redemption. The Issuer shall provide to S&P a copy of any such opinion obtained pursuant to clause (i) of the preceding sentence. The LC Reserve Account will be established at The Bank of New York Mellon Trust Company, National Association.

#### **The Reinvestment Amount Account**

The Trustee will, prior to the Closing Date, establish a single, segregated non-interest bearing trust account held in the name of the Trustee for the benefit of the Secured Parties which will be designated as the "*Reinvestment Amount Account*". Reinvestment Amounts deposited in the Reinvestment Amount Account will be withdrawn, not later than the Business Day after the Payment Date on which such Reinvestment Amounts are deposited in the Reinvestment Amount Account, solely to be transferred to the Collection Account as Principal Proceeds to purchase additional Collateral Obligations in accordance with the terms of the Indenture. The Reinvestment Amount Account will be established at The Bank of New York Mellon Trust Company, National Association. Amounts in the Reinvestment Amount Account shall remain uninvested.

#### **The Underlying Specified Security Account**

The Trustee will, prior to the Closing Date, establish a single, segregated non-interest bearing trust account held in the name of the Trustee for the benefit of the Holders of the Combination Notes which will be designated as the "*Underlying Specified Security Account*", into which the Trustee will deposit upon receipt thereof the Underlying Specified Security and any proceeds received thereon or from any disposition thereof. If invested, funds in the Underlying Specified Security Account will be invested in Eligible Investments. Funds and other property standing to the credit of the Underlying Specified Security Account shall not be commingled with any other assets and will be available for application to the amounts due to the Holders of the Combination Notes. The Trustee shall give to the Issuer and the Collateral Manager prompt notice if the Underlying Specified Security Account or any funds on deposit therein, or otherwise to the credit thereof, shall become subject to any writ, order, judgment, warranty of attachment, execution or similar process. Neither the Issuer nor any of the Secured Parties (other than the Holders of the Combination Notes) shall have any legal, equitable or beneficial interest in the Underlying Specified Security Account. The Underlying Specified Security Account will be established at The Bank of New York Mellon Trust Company, National Association.

#### **Account Requirements**

Each account established under the Indenture shall be established and maintained with (a) a federal or state-chartered depository institution satisfying the Intermediary Rating Condition, and if such institution does not satisfy

the Intermediary Rating Condition, the assets held in such account shall be moved within 60 calendar days to another institution that satisfies the Intermediary Rating Condition, or (b) in segregated trust accounts with the corporate trust department of a federal or state-chartered deposit institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the Code of Federal Regulation Section 9.10(b). Such institution shall have a combined capital and surplus of at least U.S.\$200,000,000. All cash deposited in the accounts shall be invested only in Eligible Investments or Collateral Obligations in accordance with the terms of the Indenture.

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## USE OF PROCEEDS

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### General

The net proceeds from the issuance of the Notes that will be used to acquire Collateral Obligations and the Underlying Specified Security, after payment of applicable fees and expenses in connection with the structuring and placement of the Notes (including by making a deposit to the Expense Reserve Account of funds to be used to pay expenses following the Closing Date), are expected to be approximately U.S.\$1,080,000,000.

Approximately U.S.\$632,000,000 will be deposited into the Ramp-Up Account on the Closing Date for the purchase of additional Collateral Obligations prior to the Effective Date and for deposit into the Collection Account on the Effective Date as described herein, approximately U.S.\$5,400,050 will be deposited into the Expense Reserve Account on the Closing Date for use as described herein and an amount to be specified in the Indenture will be deposited in the Revolver/Delayed Drawdown Funding Account as described herein.

On the Closing Date, Collateral Obligations with an Aggregate Principal Balance of approximately U.S.\$459,000,000 will be transferred to the Issuer by the Forward Seller in exchange for cash.

### Effective Date

The Issuer will use commercially reasonable efforts to purchase, on or before May 2, 2013, Collateral Obligations such that the Target Par Condition is satisfied. In addition, the Issuer (or the Collateral Manager on its behalf) shall prepare a written report, determined as of March 1, 2013 (the "*Interim Report Date*"), setting forth the Aggregate Principal Balance of the Collateral Obligations and the Weighted Average Floating Spread. Such written report shall be delivered to the Trustee within five Business Days of the Interim Report Date. The Issuer will use commercially reasonable efforts to meet the following measure as of the Interim Report Date: the Aggregate Principal Balance of the Collateral Obligations: greater than or equal to U.S.\$800,000,000.

(a) Unless clause (b) below is applicable, within 15 Business Days after the Effective Date, the Issuer will provide, or cause the Collateral Manager to provide the following documents:

- (i) to each Rating Agency, a report identifying the Collateral Obligations and requesting that S&P reaffirm its initial ratings of the Secured Notes;
- (ii) to the Trustee and each Rating Agency, an accountants' certificate (the "*Accountants' Certificate*") (A) confirming the issuer, Principal Balance, coupon/spread, stated maturity, S&P Rating, publicly available Fitch issuer default rating (if any) and country of Domicile with respect to each Collateral Obligation as of the Effective Date and the information provided by the Issuer with respect to every other asset included in the Assets, by reference to such sources as shall be specified therein, (B) calculating as of the Effective Date the level of compliance with, or satisfaction or non-satisfaction of (1) the Target Par Condition, (2) the Overcollateralization Ratio Test, (3) the Concentration Limitations and (4) the Collateral Quality Test (excluding the S&P CDO Monitor Test); and (C) specifying the procedures undertaken by them to review data and computations relating to such Accountants' Certificate; and
- (iii) to the Trustee an opinion of counsel confirming the matters set forth in the opinion of counsel regarding perfection of security interests furnished on the Closing Date with respect to the Assets granted to the Trustee after the Closing Date.

(b) The following provisions shall apply in connection with the Effective Date:

An "*S&P Rating Confirmation Failure*" will be deemed to occur if S&P (which must receive the Accountants' Certificate described subclause (ii) of the foregoing clause (a) to provide written confirmation of its initial ratings of the Secured Notes) does not provide written confirmation (which may take the form of a press release or other written communication) of its initial ratings of the Secured Notes within 25

Business Days after the Effective Date. If an S&P Rating Confirmation Failure occurs, then the Issuer (or the Collateral Manager on the Issuer's behalf) will instruct the Trustee to transfer amounts from the Interest Collection Subaccount to the Principal Collection Subaccount and may, prior to the first Payment Date, use such funds on behalf of the Issuer for the purchase of additional Collateral Obligations until such time as S&P has provided written confirmation (which may take the form of a press release or other written communication) of its initial ratings of the Secured Notes.

Notwithstanding the foregoing, in lieu of complying with the second sentence of the preceding paragraph, the Issuer (or the Collateral Manager on the Issuer's behalf) may take such action as is sufficient to enable the Issuer (or the Collateral Manager on the Issuer's behalf) to obtain from S&P written confirmation (which may take the form of a press release or other written communication) of its initial ratings of the Secured Notes, which action may include a Special Redemption and/or transferring amounts from the Interest Collection Subaccount to the Principal Collection Subaccount as Principal Proceeds (for use in a Special Redemption).

If an S&P Rating Confirmation Failure occurs, the Issuer (or the Collateral Manager on the Issuer's behalf) will be required to satisfy the requirements of both of the preceding two paragraphs. In the case of each of the provisions of the preceding two paragraphs, amounts may not be transferred from the Interest Collection Subaccount to the Principal Collection Subaccount if, after giving effect to such transfer, (I) the amounts available pursuant to the Priority of Payments on the next succeeding Payment Date would be insufficient to pay the full amount of the accrued and unpaid interest on any Class of Secured Notes on such next succeeding Payment Date or (II) such transfer would result in a deferral of interest with respect to the Class C Notes, the Class D Notes or the Class E Notes on the next succeeding Payment Date.

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## CUSTODIAL RECEIPTS CUSTODY AGREEMENTS

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The initial purchasers of the Combination Notes have directed the Issuer, for the benefit of such purchasers, to deposit the Combination Notes in custody with The Bank of New York Mellon Trust Company, National Association, in its capacity as custodian (in such capacity, the "*Custodial Receipts Custodian*") pursuant to custody agreements (each a "*Custodial Receipts Custody Agreement*"), each between the Custodial Receipts Custodian and the Issuer, as underlying issuer. On the Closing Date, all of the Combination Notes will be held in custody under such Custodial Receipts Custody Agreements.

Custodial Receipts evidencing an interest in the Combination Notes will be issued to such purchasers under the Custodial Receipts Custody Agreements in global form and will be deposited with the Trustee as custodian for, and registered in the name of, Cede & Co., a nominee of DTC. Each person owning a beneficial interest in a Custodial Receipt held in global form must rely on the procedures of DTC (and if such person is not a participant in DTC on the procedures of the participant through which such person holds such interest) with respect to the exercise of any rights of a holder of a Custodial Receipt under a Custodial Receipts Agreement, and each person owning a Custodial Receipt or interest therein must rely on the Custodial Receipts Custodian, acting pursuant to its obligations under such Custodial Receipts Custody Agreement, with respect to the exercise of any rights of a holder of a Combination Notes under the Indenture, including voting or other consensual rights.

The representations and warranties to be made (or deemed to be made) by holders of Custodial Receipts and other procedures to be followed with respect to Custodial Receipts will be set out in each related Custodial Receipts Custody Agreement and will be equivalent to those that are applicable to the Combination Notes under the Indenture.

In accordance with, and subject to, the Priority of Payments, the Issuer will pay to the Custodial Receipts Custodian certain specified fees under each Custodial Receipts Custody Agreement. In addition, in accordance with, and subject to, the Priority of Payments, the Issuer shall indemnify and hold harmless the Custodial Receipts Custodian and its directors, officers, employees and agents against any and all liability or expense (including reasonable out-of-pocket attorney's fees and expenses) incurred by it in connection with the performance of its duties under each Custodial Receipts Custody Agreement unless caused by the Custodial Receipts Custodian's bad faith, willful misconduct or gross negligence.

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## THE COLLATERAL MANAGER

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The information appearing in this section has been prepared by the Collateral Manager and has not been independently verified by the Issuer or Citigroup. Accordingly, notwithstanding anything to the contrary herein, the Issuer and Citigroup do not assume any responsibility for the accuracy, completeness or applicability of such information. The Issuer takes responsibility for the accurate reproduction of such information and, as far as the Issuer is aware and are able to ascertain from information published by the Collateral Manager, no facts have been omitted that would render the reproduced information inaccurate or misleading.

### General

The duties and obligations of the Collateral Manager are solely those of GPIM and are not guaranteed by any affiliates of GPIM, including Guggenheim Capital, LLC. The Notes do not represent an interest in or obligations of, and are not insured or guaranteed by, GPIM, Guggenheim Capital, LLC or any affiliate thereof.

The Collateral Manager and its affiliates may engage in other businesses and provide investment management, advisory and other types of services to other clients. Such other clients may have investment policies that are similar to or differ from those followed by the Collateral Manager on behalf of the Issuer, as required by the Indenture. The Collateral Manager may make recommendations to or effect transactions for such other clients which may differ from those effected with respect to the Collateral. The Indenture and the Collateral Management Agreement place certain restrictions on the Collateral Manager's ability to buy and sell Collateral Obligations. Accordingly, during certain periods or in certain circumstances, the Collateral Manager may be unable to buy or sell securities or other investments or take other actions that it might consider to be in the best interests of the Issuer or the holders of the Notes as a result of such restrictions.

GPIM is a registered investment adviser under the Investment Advisers Act of 1940 (the "Investment Advisers Act"). Additional information regarding GPIM can be obtained from Part II of the firm's most recent Form ADV, a copy of which is available at the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Collateral Manager will, from time to time and upon the request of any holder of the Notes, provide a copy of Part II of the Collateral Manager's most recent Form ADV to such holder. Additional information about the Collateral Manager is available upon request to the Collateral Manager.

The Collateral Manager and/or its affiliates and/or accounts managed thereby may purchase Notes or Combination Notes at any time and, on the Closing Date, affiliates and/or accounts managed by GPIM (including the Forward Seller or its parent) will purchase approximately 82% of the Income Notes (directly or through the Combination Notes). Such Notes and Combination Notes may be sold, in whole or in part, by such party or parties to related and unrelated parties at any time after the Closing Date.

### The Collateral Manager

Guggenheim Partners Investment Management, LLC ("GPIM" or the "Collateral Manager"), is a wholly owned subsidiary of Guggenheim Capital, LLC (individually or together with its subsidiaries, as applicable, "Guggenheim"). GPIM was previously named Guggenheim Partners Asset Management, LLC ("GPAM"). In June 2012, Guggenheim Investment Management, LLC merged into GPAM, and GPAM changed its name to GPIM. As of September 30, 2012, GPIM, directly and through sub-advisory agreements, had approximately \$38 billion of corporate bonds, leveraged loans and special situation assets under management.

The principal offices of GPIM are located at 135 East 57th Street, New York, New York 10022.

### Regulatory and Other Legal Matters

GPIM is registered as an investment adviser under the Advisers Act. As a registered investment adviser, GPIM is subject to the requirements of the Investment Advisers Act and the SEC's regulations thereunder. Such requirements relate to, among other things, fiduciary duties to clients, maintaining an effective compliance program, solicitation agreements, conflicts of interest, recordkeeping, reporting and disclosure and limitations on principal

transactions between an adviser and its clients. GPIM is also subject to regulatory and, if applicable, self-regulatory requirements of various other jurisdictions.

Various regulatory and self-regulatory requirements also apply to affiliates of GPIM. A copy of the Part II of Form ADV of GPIM is available at the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Collateral Manager is not registered as a "commodity pool operator" or "commodity trading advisor" with the CFTC. Therefore, neither the Company nor the investors in the Company have the benefit of the protections afforded by, nor is the Collateral Manager subject to the restrictions contained in, such registrations and regulations. As a result of changes in CFTC rules and regulations, as of December 31, 2012, the exemption provided by CFTC Rule 4.13(a)(4) will become unavailable, and the Collateral Manager will be registered with the CFTC as a commodity pool operator effective January 1, 2013. However, the Collateral Manager anticipates filing an exemption notice from registration as a "commodity pool operator" with respect to the Company under Rule 4.13(a)(3) and intends to operate the Company in accordance with CFTC Rule 4.13(a)(3). GPIM is subject to routine periodic examinations by the staff of the SEC, as well as more targeted or specific caused-based examinations and investigations by the SEC and potential examinations and investigations by other regulatory and, if applicable, self-regulatory authorities. Affiliates of GPIM are also subject to examinations and investigations. In its examinations, the staff of the SEC seeks broadly to identify any violations of the law and regulations as well as to identify weaknesses in internal controls and compliance policies and procedures. Many aspects of the financial services industry, including acting as an investment adviser, involve substantial risks of legal and regulatory liability. From time to time GPIM and its affiliates have been and can be expected to be involved in various legal proceedings and claims arising out of the conduct of their businesses, in addition to the examinations referred to above.

#### **The Credit Committee and Certain Other Personnel**

GPIM has established a Credit Committee that will identify specific investment opportunities and will make regulated purchase and sale decisions.

Set forth below are the biographies of the member of the Credit Committee and certain other personnel, including those members who are anticipated to be primarily responsible for performing the advisory and administrative functions of the Collateral manager under the Collateral Management Agreement. These individuals are currently employees or officers of Guggenheim, they may not necessarily continue to be so employed during the entire term of Collateral management Agreement.

#### **Fund Principals:**

##### *Jeffrey B. Abrams – Senior Managing Director*

Mr. Abrams is a Senior Managing Director and portfolio manager in Guggenheim's Corporate Credit Group. He is also a member of the Investment Committee overseeing Guggenheim's corporate credit investing activities. Mr. Abrams' prior roles at Guggenheim include covering the retail and consumer sectors as a senior analyst. He led an industry team focused on investing across the leveraged credit markets in a number of industries including financial institutions, retail, food and beverage and consumer products. Mr. Abrams has also focused on sourcing and structuring directly negotiated middle market debt investments.

Prior to joining Guggenheim, Mr. Abrams worked in the Leveraged Finance Group at Bear Stearns where he focused on various leveraged debt transactions across multiple industries. Mr. Abrams received his B.A. in History and a BBA in Finance from Emory University.

##### *Michael P. Damaso – Senior Managing Director*

Mr. Damaso is a Senior Managing Director and Co-Head of Guggenheim's Corporate Credit Group. He has been with Guggenheim Partners since October 2001. In addition to co-managing the group, he is responsible for risk management and trading in all of Guggenheim's credit portfolios. Mr. Damaso co-chairs the Investment Committee overseeing Guggenheim's corporate credit investing activities. During his career at the firm, Mr. Damaso was an analyst responsible for investments in the Energy, Telecommunications, Utility and Chemical sectors and has been



the primary trader at various points in time of a variety of corporate credit products, including bank loans, as well as investment grade and high yield bonds.

Prior to joining Guggenheim, Mr. Damaso worked for Whitney & Co. where he analyzed companies in the Telecommunication, Energy and Automotive sectors. Mr. Damaso began his professional career as a high yield analyst covering the Automotive and Energy sectors at First Chicago / Bank One. Mr. Damaso received his BBA from the University of San Diego.

*Kevin H. Gundersen, CFA – Managing Director*

Mr. Gundersen is a portfolio manager for Guggenheim's Corporate Credit Group and is a member of the Investment Committee overseeing Guggenheim's corporate credit investing activities. He has 10 years experience in the high yield and leverage loan asset class, having been with Guggenheim Partners since December 2002. During his career at the firm, Mr. Gundersen has been an analyst covering a variety of sectors, and subsequently led an industry team that focused on investing across the capital structure in the media, telecommunications and technology sectors. In addition, in his capacity as a senior analyst and as a team leader, Mr. Gundersen has sourced and structured directly negotiated middle market debt investments.

Prior to joining Guggenheim, Mr. Gundersen worked at GeoTrust, a technology company focused on eCommerce security solutions. Mr. Gundersen received his A.B. from Harvard University. He has earned the right to use the Chartered Financial Analyst® designation and is a member of the CFA Institute.

*Gina Hubbell – Senior Managing Director/Head of Structuring*

Ms. Hubbell joined Guggenheim in 2010 as a Managing Director with a focus on developing structured transactions for the firm and its clients. Prior to joining Guggenheim, Ms. Hubbell was a Managing Director and head of the Structured Products Group at Cantor Fitzgerald where she developed and executed structured transactions for the firm and its clients including a \$1 billion ABS/MBS CDO. Prior to Cantor, she headed the Credit CDO Group at UBS which was responsible for arranging, structuring and marketing the firm's credit-backed CDO and CLO transactions. At UBS she developed revolving security and hybrid cash/synthetic structures not previously implemented in the CDO context. Prior to UBS, Ms. Hubbell spent 17 years at Credit Suisse where she ran the CDO Group which developed many of the first CDOs for a variety of asset classes including investment grade and high yield corporate bonds, syndicated loans, emerging market securities and project finance bonds. She had previously been responsible for the growth of an integrated product development and structuring group with particular focus on mortgage-backed transactions. Ms. Hubbell received a B.A. from Stanford University and a J.D. from Northwestern University School of Law.

*Anthony D. Minella, CFA – Senior Managing Director and Head of Research*

Mr. Minella is a Senior Managing Director and Co-Head of Guggenheim's Corporate Credit Group overseeing Guggenheim's corporate credit investing activities. He has been with Guggenheim Partners since December 2001. In addition to co-managing the group, he is responsible for research across all the portfolios managed by Guggenheim. Mr. Minella co-chairs the Investment Committee overseeing Guggenheim's corporate credit investing activities. During his career at the firm, Mr. Minella has been an analyst covering a variety of sectors, led a credit team which invested across the capital structure in a variety of industries, including defense, industrial, and energy and has historically been active in sourcing and structuring directly negotiated middle market debt investments. Mr. Minella currently serves on the Board of Directors of EnviroSolutions Holdings, Inc. and Guggenheim Partners Europe, Ltd.

Prior to joining Guggenheim, Mr. Minella was at Penske Capital Partners and held positions in investment banking at Merrill Lynch in New York and Morgan Stanley in London. Mr. Minella received his AB in Economics from Bowdoin College and is a CFA Charter holder.

*Zachary D. Warren – Senior Managing Director*

Mr. Warren is a Senior Managing Director and Portfolio Manager for Guggenheim's Private Debt Fund. He leads Guggenheim's effort in sourcing and structuring directly negotiated middle market private debt investments. Mr. Warren is also a member of the Investment Committee overseeing Guggenheim's corporate credit investing

activities. Mr. Warren joined the firm in 2004 and has been instrumental in the growth of Guggenheim's Corporate Credit business. Mr. Warren's prior roles at Guggenheim include leading a credit team which invested in syndicated bank loans, high yield bonds and private debt transactions in a variety of industries. Mr. Warren serves as a Director on the Board of Diamond Resorts International.

Prior to Guggenheim, Mr. Warren was a senior research analyst at Centre Pacific, LLC, a Los Angeles-based high yield and bank loan portfolio manager where he focused on the food, retail, restaurant and telecommunication industries. Prior to Centre Pacific, Mr. Warren was a Vice President at Bear Stearns in the equity research group covering specialty retail. Mr. Warren received his B.A. in Economics from the College of William & Mary and his MBA from the Anderson School of Business at UCLA.

**Additional Senior Fund Professionals:**

*Duncan J. Bagshaw – Managing Director*

Mr. Bagshaw joined Guggenheim in 2006. He co-manages a team that handles transactional legal matters for the investment management business, focusing on deal negotiation and structuring and on special-situations analysis. Mr. Bagshaw is the team's primary authority on oil and gas law and is a member of the Institute for Energy Law.

Prior to joining Guggenheim, Mr. Bagshaw spent most of the previous decade working on the business side in the credit derivatives market with GFI Securities Ltd. in London, England, Sydney, Australia and Tokyo, Japan. Prior to that, he worked with a number of law firms in New York and Tokyo. Mr. Bagshaw serves as a Director on the Board of Prometheus Global Media Holdings, LLC. Mr. Bagshaw received his A.B. in Philosophy from Cornell University and his J.D. from Villanova University.

*Matthew Bloom – Director*

Mr. Bloom currently leads an industry team which is focused on investing across the capital structure in the Consumer, Food & Beverage, Retail, Restaurant and Financial sectors. He joined Guggenheim in 2006 as a member of the leveraged credit investing team that focused on a variety of industries including Food & Beverage, Financials, Retail & Restaurants and Telecom, Media & Technology.

Prior to joining Guggenheim, Mr. Bloom worked as an attorney at Skadden, Arps, Slate, Meagher & Flom in the Mergers & Acquisitions and Banking & Institutional Investing groups. Mr. Bloom received his B.S. from University of Florida and his J.D. from Columbia University School of Law.

*Thomas J. Hauser – Director*

Mr. Hauser is a Director in Guggenheim's Corporate Credit Group. Mr. Hauser leads a team with Joseph McCurdy covering a variety of sectors including Technology, Media and Telecom, Education, Metals and Mining, Homebuilding, Healthcare, and Energy and Power. He has 10 years experience in the high yield and leverage loan asset class, having been with Guggenheim Partners since April 2002. During his career at the firm, Mr. Hauser has been an analyst covering a variety of sectors, including the energy, power, transportation and chemicals sectors. Mr. Hauser received his B.S. in Finance from St. John's University.

*Andrew F. Kenney – Director*

Mr. Kenney joined Guggenheim in 2005. Currently he focuses on privately negotiated middle market investments. Prior to joining Guggenheim, Mr. Kenney worked in the legal and compliance department at State Street Bank and Trust Company in Boston and later as a bankruptcy litigation attorney for Cullen & Associates, P.C. Mr. Kenney received his B.A. in Government and Legal Studies from Bowdoin College and his J.D. and MBA from Suffolk University Law School.

*Joseph R. McCurdy, III – Director*

Mr. McCurdy joined Guggenheim in 2004. Mr. McCurdy began in Guggenheim's New York office covering the Gaming, Lodging, Leisure and Real Estate sectors. In early 2007, Mr. McCurdy moved to Dublin, Ireland to help start Guggenheim's European lending business. In June 2009, Mr. McCurdy moved back to Guggenheim's New York

office and currently leads a team with Thomas Hauser covering a variety of sectors including Technology, Media and Telecom, Education, Metals and Mining, Homebuilding, Healthcare, and Energy and Power. Mr. McCurdy received a B.A. in History from Williams College.

*Erich E. Schram – Vice President*

Mr. Schram joined Guggenheim in 2003. Currently, Mr. Schram leads a team with Matt Bloom focusing on investing across the capital structure in several sectors including Food and Beverage, Retail, Finance, Insurance and REITS, Paper and Packaging, Gaming, Leisure, Aerospace and Defense, and Industrials and Services.

Prior to joining Guggenheim, Mr. Schram worked as a financial analyst at Beverly Enterprises, a large healthcare provider. Prior to Beverly Enterprises, he worked for JES Securities in Chicago. Mr. Schram received a B.A. in Economics from Amherst College.

*Kaitlin A. Trinh – Managing Director*

Ms. Trinh joined Guggenheim in 2002 as the Director of Operation for Guggenheim. Her primary responsibilities include CDO and other fund compliance, reporting and overseeing trade settlements and operations. Prior to joining Guggenheim, Ms. Trinh worked at Whitney & Co. as the Assistant Fund Controller and previously at the Carlyle Group-High Yield Division as Trade Operations Lead based in New York, where she was instrumental in starting up their trading desk operations. Prior to that, she was Associate Relationship Manager at JPMorgan Chase in the Structured Finance group with a primary focus on the Trustee business. Ms. Trinh received her B.S. in Biology from the University of Houston.

*Ben Goodman – Managing Director*

Mr. Goodman joined Guggenheim in February 2010. He is co-manager of a legal-business team that focuses on deal negotiation and structuring and on special-situations analysis for the investment management business. Prior to joining Guggenheim, Mr. Goodman worked from June 2007 to January 2010 as a corporate attorney at the law firm Weil, Gotshal & Manges LLP in New York where he represented companies and investment banks in connection with sales of equity and debt securities, tender offers and other finance and capital markets transactions. Before joining Weil, Mr. Goodman was an attorney at the law firm Ballard Spahr LLP in Philadelphia from September 2001 to May 2007 in its business and finance group. Mr. Goodman received a B.A. in Classical Studies from the College of William & Mary in 1996 and a J.D. from the College of William & Mary School of Law in 2001.

*C. Shawn Bookin – Managing Director, Product Specialist – Corporate Credit*

Mr. Bookin is a Managing Director with Guggenheim's Corporate Credit Group, joining the firm in 2012 as a product specialist in the Corporate Credit Group. Prior to Guggenheim, Mr. Bookin spent two years in government, working for the Australian federal government as Senior Investment Director for the Australian Trade Commission, focusing on increasing capital markets and investment activity between Australia and the United States. He previously worked on Wall Street for 22 years in distressed investing/private equity and investment banking. He spent the prior two years in New York, serving as Managing Director and Head of U.S. Middle-Market Corporate Distressed Investing at Mount Kellett Capital Management, a \$3 billion global special situations fund. Prior to joining Mount Kellett, from 1996 to 2008, Mr. Bookin was a Managing Director and Co-Portfolio Manager at TCW Group (headquartered in Los Angeles), where he helped manage the distressed investing group. Prior to joining TCW, Mr. Bookin was an Equity Research Analyst at Goldman Sachs and a Vice President at Chanin Capital Partners, where he advised distressed companies and institutional investors on financial restructurings. He began his career as an investment banker at Drexel Burnham in 1987, focusing on M&A, LBOs and high yield financings. Mr. Bookin received his B.A. in Economics with honors from Harvard University and a Master of Applied Finance degree from Macquarie University in Sydney, Australia. He has maintained close business ties with Australia and served on the board of the American Australian Association.

*Richard Cheung – Managing Director / Director of Fund Accounting*

Mr. Cheung joined Guggenheim in May 2008 as Director of Fund Accounting and is responsible for overseeing the preparation of financial statements, financial reports, special analyses, and information reports on a monthly,

quarterly and annual basis both for internal and external constituents. He manages the accounting team and coordinates the annual fund audits and relevant federal and state tax filings.

Prior to joining Guggenheim, Mr. Cheung worked at Silver Point Capital, an investment advisor focused on credit and special situation investments, where he managed all aspects of the financial month end close process as well as the annual fund audits and preparation of financial statements. Before joining Silver Point Capital, Mr. Cheung was at Ernst & Young LLP where he managed audits in various asset management firms specializing in hedge funds and collateralized debt obligations.

Mr. Cheung received his BS in Accounting and Finance from New York University and is a Certified Public Accountant in the State of New York.

#### **Senior Asset Management Professionals:**

*Todd L. Boehly – President, Managing Partner, Guggenheim Capital, LLC*

Mr. Boehly is President of Guggenheim Partners, LLC ("Guggenheim Partners"), a privately held, global financial services firm with more than \$160 billion in assets under management. Mr. Boehly is the head of Guggenheim Investments, a diversified investment manager serving both institutional and individual clients. Mr. Boehly also serves as the Chairman of the Board for Security Benefit, an insurance company serving individual clients. Mr. Boehly is also a member of the Executive and Management Committees for Guggenheim Partners.

Mr. Boehly joined Guggenheim in 2001 in order to build and manage the firm's leveraged credit investing activities. He successfully grew assets under management from approximately \$3 billion when he joined to its current level of approximately \$36 billion. Mr. Boehly also spearheaded the firm's entry into the middle market direct lending arena where Guggenheim originated more than \$6 billion of proprietary investment opportunities over the past 10 years. He also led the acquisition of three strategic businesses for the firm, Security Benefit, Rydex and Claymore.

Prior to joining Guggenheim, Mr. Boehly was a vice president at Whitney & Co. where he worked in private equity as well as private mezzanine and leveraged credit investing. Mr. Boehly was responsible for developing the firm's leveraged loan investing program and special situation portfolio. Mr. Boehly also co-founded Shelter Rock Capital Corporation, which was established by Whitney for its CDO restructuring and takeover activities. Prior to Whitney, Mr. Boehly worked in the Leveraged Finance Group at Credit Suisse First Boston. Mr. Boehly received his BBA from the College of William & Mary and spent a year abroad at the London School of Economics.

*William R. Hagner, Jr. – Senior Managing Director/Chief Legal Officer*

Mr. Hagner joined Guggenheim in 2003. He manages a team that handles transactional legal matters for the investment management business, focusing on deal negotiation and structuring and on special-situations analysis.

Prior to joining Guggenheim, Mr. Hagner worked as an international tax consultant in Frankfurt, Germany for Ernst & Young and Arthur Andersen. Before that he worked as an attorney in Washington, D.C. for the law firm Kellogg Huber. Mr. Hagner serves and has served as a Director on the Boards of several portfolio companies.

Mr. Hagner received his A.B. in Philosophy from the College of William & Mary, his J.D. from the University of Richmond, and his LL.M. in Taxation from Temple University. He also studied international law at Charles University in Prague, The Czech Republic. Organizations to which he belongs include MENSA Business International, and the Triple Nine Society. Mr. Hagner holds the Chartered Alternative Investment Analyst (CAIA) designation.

*Stephen D. Sautel, CFA – Senior Managing Director/Chief Operating Officer*

Mr. Sautel joined Guggenheim in 2001 and co-founded the firm's corporate credit investing team. Today he functions as the Chief Operating Officer of the firm's investment business.

Prior to joining Guggenheim, Mr. Sautel was a Vice President in Whitney & Co.'s leveraged credit group where he focused on bank debt, high yield bond, and special situations investing and as a portfolio manager for one of the

firm's funds. Prior to Whitney & Co., Mr. Sautel worked as a High Yield Bond Senior Research Analyst in Bank One's Leveraged Credit Group and as a consultant with Arthur Andersen and Andersen Consulting in Cincinnati specializing in operational and systems consulting for the firm's middle market clients. Mr. Sautel received his BBA from the University of Kentucky and his MBA from the University of Michigan. He has earned the right to use the Chartered Financial Analyst® designation and is a member of the CFA Institute.

*B. Scott MinerD – CEO and Chief Investment Officer, Guggenheim Partners Asset Management*

Mr. MinerD joined Guggenheim in 1998. In his role as Chief Investment Officer, Mr. MinerD guides the firm's investment strategies and oversees client accounts across a broad range of fixed-income and equity securities. Previously Mr. MinerD was a Managing Director with Credit Suisse First Boston in charge of trading and risk management for the Fixed Income Credit Trading Group. In this position, he was responsible for the corporate bond, preferred stock, money markets, U.S. government agency and sovereign debt, derivatives securities, structured debt and interest rate swaps trading business units.

Prior to that, Mr. MinerD was Morgan Stanley's London based European Capital Markets Products Trading and Risk Manager responsible for Eurobonds, Euro-MTNs, domestic European Bonds, FRNs, derivative securities and money market products in 12 European currencies and Asian markets. Mr. MinerD has also held capital markets positions with Merrill Lynch and Continental Bank. Prior to that, he was a Certified Public Accountant and worked for the public accounting firm of Price Waterhouse.

Mr. MinerD holds a B.S. degree in Economics from the Wharton School, University of Pennsylvania, Philadelphia, and has completed graduate work at the University Of Chicago Graduate School Of Business and the Wharton School, University of Pennsylvania. Mr. MinerD is currently working with the Organization for Economic Cooperation and Development (OECD) advising on research and analysis of private sector infrastructure investment. He is a regularly featured guest on FOX Business News, Bloomberg Television and CNBC sharing his insight on today's financial climate.

*Anne Walsh, CFA, JD – Assistant Chief Investment Officer and Senior Managing Director, Guggenheim Partners Asset Management*

Ms. Walsh joined Guggenheim in 2007 and is head of the Portfolio Construction Group ("PCG") where she oversees more than \$60 billion in fixed income investments including Agencies, Credit, Municipals, Residential Mortgage Backed Securities, Commercial Mortgage Backed Securities and Asset Backed Securities across several Guggenheim affiliates. The PCG is responsible for sector allocation, risk management and hedging strategies for client portfolios, and conveying Guggenheim's macro-economic outlook to Portfolio Managers and fixed income Sector Specialists. Ms. Walsh specializes in liability driven portfolio management. With more than 28 years in the investment management industry, including roles as a money manager and as a selector of money managers, Ms. Walsh is well suited to understand the needs of institutional clients and how to address them.

Prior to joining Guggenheim, Ms. Walsh served as Chief Investment Officer at Reinsurance Group of America, Incorporated (NYSE: RGA), a recognized leader in the global life reinsurance industry. Prior to joining RGA in 2000, Ms. Walsh served as Vice President and Senior Investment Consultant for Zurich Scudder Investments. Earlier, she held roles at Lincoln Investment Management and American Bankers Insurance Group. Ms. Walsh received her BSBA and MBA from Auburn University and her J.D. from the University of Miami School of Law. She is a Chartered Financial Analyst and a member of the CFA Institute.

## **The Advisory Committee**

The Issuer is authorized to form an advisory committee (the "*Advisory Committee*") comprised of at least one Advisory Committee Member. Any such Advisory Committee will have the functions contemplated in the Indenture, the Collateral Management Agreement and in the several Advisory Committee Member Agreements entered into in connection with the appointments of the Advisory Committee Members to the Advisory Committee, including having the power (upon request and if so decided by the Advisory Committee Members) (i) to approve the purchase of any Collateral Obligation (A) with respect to which the Collateral Manager and/or an Affiliated Person originated, structured, acted as an underwriter or a placement agent or (B) from the related issuer of which the Collateral Manager or Affiliated Person, as applicable, received any compensation and (ii) to consent to the purchase or sale of

any Collateral Obligation in a transaction that requires notice to the Issuer and the consent of the Issuer pursuant to Section 206(3) of the Investment Advisers Act as described below. Each holder of any Note by its acceptance thereof will be deemed to have approved each consent and other action taken by the Advisory Committee Members.

Each Advisory Committee Member must:

- (i) (A) either be (x) one Person that owns (or is an affiliate of a Person that owns) at least \$2,500,000 in Aggregate Outstanding Amount of Income Notes (directly and/or through Combination Notes) or (y) two or more Persons, each of which owns (or is an affiliate of a Person that owns) at least \$1,250,000 in Aggregate Outstanding Amount of Income Notes (directly and/or through Combination Notes) and (B) have experience as a sophisticated investor, including, without limitation, in fixed income investing (directly and/or through investment vehicles), such that such Person believes that it is capable of determining whether or not to participate in Advisory Committee decisions on the basis of the provisions described in the Collateral Management Agreement (such member, an "Investor Member"), or
- (ii) be a Person that has substantial experience and knowledge in and of the loan market and related investment arenas (such member, a "Non-Investor Member").

No Advisory Committee Member may be an Affiliated Person of the Collateral Manager or own a direct or indirect interest in an Affiliated Person of the Collateral Manager.

The initial Advisory Committee Members will be appointed by the Collateral Manager. Additional Advisory Committee Members may be recommended and proposed by the Collateral Manager at any time; *provided* that (i) each such additional Advisory Committee Member must have the requisite experience described above in the second paragraph of this section entitled "—Advisory Committee," and (ii) the addition of any additional Advisory Committee Member must be approved by at least a Majority of the Income Notes (excluding any Collateral Manager Notes) or, if all of the Income Notes are Collateral Manager Notes, by a Majority of the most senior Class of Secured Notes that is not comprised entirely of Collateral Manager Notes.

Each Advisory Committee Member will serve until such Advisory Committee Member resigns, dies or is removed as described herein. Each Advisory Committee Member will have the right to resign at any time, and such resignation will not be subject to the appointment of a replacement Advisory Committee Member. A Majority of the Income Notes (excluding any Collateral Manager Notes) or, if all of the Income Notes are Collateral Manager Notes, a Majority of the most senior Class of Secured Notes that is not comprised entirely of Collateral Manager Notes, will have the right to remove an Advisory Committee Member. If an Advisory Committee Member is removed, dies or resigns, a replacement Advisory Committee Member may be proposed by the holders of at least 10% of the Aggregate Outstanding Amount of the Income Notes (excluding any Collateral Manager Notes) or, if all of the Income Notes are Collateral Manager Notes, by the holders of at least 10% of the Aggregate Outstanding Amount of the most senior Class of Secured Notes that is not comprised entirely of Collateral Manager Notes. Any replacement Advisory Committee Member must be appointed by a Majority of the Income Notes (excluding any Collateral Manager Notes) or, if all of the Income Notes are Collateral Manager Notes, by a Majority of the most senior Class of Secured Notes that is not comprised entirely of Collateral Manager Notes.

If and to the extent agreed to by the Issuer and an Advisory Committee Member, such Advisory Committee Member will be paid a fee as compensation for such Advisory Committee Member's services to be rendered to the Issuer. Any such fee will be an Administrative Expense and will be payable in accordance with the Priority of Payments.

No Advisory Committee Member will be liable to the Trustee, any holder of the Secured Notes or any other Person for any action taken or failure to act with respect to the Issuer, except to the extent that such action or omission constitutes willful misconduct or fraud of such Advisory Committee Member. No Advisory Committee Member will be liable for the acts or omissions of any other Advisory Committee Member.

Pursuant to each Advisory Committee Member Agreement, the Issuer will indemnify each Advisory Committee Member for, and hold each Advisory Committee Member harmless against, any loss, liability or expense (including, without limitation, reasonable attorneys' fees and expenses) incurred arising out of or in connection with such Advisory Committee Member's service as a member of the Advisory Committee, including the costs and expenses of

defense against any claim or liability in connection with the exercise or performance of any of its powers or duties under the Advisory Committee Member Agreement (collectively, the "*Advisory Committee Member Losses*"); *provided, however*, that the Issuer will not indemnify such Advisory Committee Member for any Advisory Committee Member Losses incurred as a result of acts or omissions constituting willful misconduct or fraud by such Advisory Committee Member in the performance of its obligations under the Advisory Committee Member Agreement or other related obligations contemplated in such Advisory Committee Member Agreement.

#### **Disclosure and Consent Requirements of Section 206(3) of the Investment Advisers Act**

Section 206(3) of the Investment Advisers Act provides that it is unlawful for any investment adviser, directly or indirectly "acting as principal for his own account, knowingly to sell any security to or purchase any security from a client, or acting as broker for a person other than such client, knowingly to effect any sale or purchase of any security for the account of such client, without disclosing to such client in writing before the completion of such transaction the capacity in which he is acting and obtaining the consent of the client to such transaction." Transactions subject to the foregoing requirements are sometimes referred to as "*principal trades*."

In that connection, the Indenture provides that each of the Issuer and each holder of a Note consents and agrees that, if any transaction, including any transaction effected between the Issuer and the Collateral Manager or its affiliates, will be subject to the disclosure and consent requirements of Section 206(3) of the Investment Advisers Act, such requirements will be satisfied with respect to the Issuer and all securityholders thereof if disclosure will be given to, and consent obtained from, the Advisory Committee or the Independent Party of the Issuer (provided that the Independent Party is not an Affiliate of the Collateral Manager). See also "The Collateral Management Agreement" below.

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## THE COLLATERAL MANAGEMENT AGREEMENT

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### General

Certain administrative and investment advisory functions, including directing the investment and reinvestment of Collateral Obligations and Eligible Investments will be performed by GPIM in its capacity as Collateral Manager under the Collateral Management Agreement. In accordance with the applicable requirements of the Indenture, the Collateral Manager will, among other things, (i) select the Collateral Obligations and Eligible Investments to be acquired by the Issuer, (ii) invest and reinvest the Assets and (iii) instruct the Trustee with respect to any disposition or tender of a Collateral Obligation, Equity Security or Eligible Investment by the Issuer.

When purchasing or entering into Collateral Obligations on behalf of the Issuer, the Collateral Manager shall comply with requirements in the Collateral Management Agreement intended to prevent the Issuer from being engaged in a U.S. trade or business for U.S. federal income tax purposes (such requirements, the "*Investment Guidelines*") and with the Investment Criteria. The Collateral Manager may deviate from the Investment Guidelines only to the extent that it has received written advice of nationally recognized tax counsel in the United States that, taking into account the relevant facts and circumstances and the Issuer's other activities, the Issuer's acquisition, entry into, ownership, enforcement or disposition of the asset will not cause the Issuer to be treated as engaged in a U.S. trade or business for U.S. federal, state or local income tax purposes or otherwise to be subject to tax on a net income basis (including tax collected by withholding under Section 1446 of the Code) in the United States, or in any jurisdiction outside of its jurisdiction of incorporation.

### Liability of the Collateral Manager

The Indenture provides that in instances in which the Collateral Manager is required or permitted by the Indenture, the Collateral Management Agreement or any related document to exercise its judgment (whether expressed as judgment or discretion or otherwise), its exercise of such judgment shall not be called into question solely by reason of the fact that subsequent events and/or circumstances might, in hindsight, suggest a different judgment.

The Collateral Manager will exercise reasonable care in performing its obligations under the Collateral Management Agreement using a degree of skill and attention no less than that which it employs when managing assets for others and that is comparable to other institutional managers of national reputation and standing in the industry that manage assets of the nature and character of the Assets and the Underlying Specified Security and will act in the best interest of the holders of the Notes, subject to any restrictions placed by the Indenture or the Collateral Management Agreement on the Issuer's ability to buy and sell Collateral Obligations, Equity Securities and Eligible Investments. To the extent not inconsistent with the foregoing or the Indenture, the Collateral Manager will follow its customary standards, policies and procedures when performing its duties under the Collateral Management Agreement and the Indenture. Notwithstanding the foregoing, no Indemnified Party (as defined below) will be liable to the Issuer, the Trustee or the holders of the Notes, or any other persons for any Losses (as defined below) incurred as a result of the actions taken or recommended by any Indemnified Party under the Collateral Management Agreement or the Indenture, except that the Collateral Manager may be so liable (i) to the extent set forth in the immediately succeeding sentence and (ii) to the extent any Losses are incurred as a result of acts or omissions constituting bad faith, willful misconduct or gross negligence by the Collateral Manager in the performance of, or reckless disregard by the Collateral Manager with respect to, its obligations thereunder. United States federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith; nothing in the Collateral Management Agreement will constitute a waiver or limitation of any rights that the Issuer or any holder of Notes may have under any applicable federal or state securities laws. The Collateral Manager will be entitled to indemnification by the Issuer under certain circumstances (as described more fully below).

The Indenture provides that each holder of a Note, by holding such Note, acknowledges that the Collateral Management Agreement contains certain limitations on the potential liability of the Collateral Manager.



Pursuant to the terms of the Collateral Management Agreement, the Issuer agrees to indemnify and hold harmless the Collateral Manager and its affiliates and their respective agents and their respective partners, stockholders, interest holders, members, managers, directors, officers and employees (each, an "Indemnified Party") from and against any and all expenses, losses, damages, liabilities, demands, charges or claims of any kind or nature whatsoever, including reasonable attorneys' fees and costs and expenses relating to investigations or defending such demands, charges and claims (collectively, "Losses") (excluding any Losses in respect of or arising out of such Indemnified Party's election to acquire Collateral Obligations as principal), in respect of or arising from (i) any acts or omissions of any such Indemnified Party made in the performance of the Collateral Manager's duties under the Collateral Management Agreement and the Indenture and not constituting bad faith, willful misconduct, gross negligence or reckless disregard of the Collateral Manager's duties under the Collateral Management Agreement and the Indenture, and (ii) any untrue statement or alleged untrue statement of a material fact contained herein provided by the Issuer for the Notes or any omission or alleged omission to state herein a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading; *provided* that, with respect to the foregoing indemnity provided with respect to this Offering Circular, the Issuer will not be liable for any Losses of an Indemnified Party that arise out of or are based upon any untrue statement or alleged untrue statement or omission or alleged omission of a material fact in the information under the sections entitled "Overview of Terms—Collateral Manager", "Risk Factors—Relating to the Collateral Manager—Regulatory and other legal matters may adversely affect the Collateral Manager", "Risk Factors—Relating to Certain Conflicts of Interest—Investors should note the Collateral Manager's conflicts of interest" (but only with respect to those matters factually relating to the Collateral Manager) and "The Collateral Manager" (excluding the materials under the subsections "—The Advisory Committee" and "—Disclosure and Consent Requirements of Section 206(3) of the Investment Advisers Act") (such information, the "*Collateral Manager Information*"). The obligations of the Issuer to indemnify any Indemnified Party for any Losses will be payable solely out of the Assets in accordance with and subject to the Priority of Payments.

The Collateral Manager does not indemnify the Issuer for Losses in respect of or arising from any untrue statement or alleged untrue statement of a material fact in the Collateral Manager Information or any omission or alleged omission to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, although the Issuer may have statutory liability for any such Losses.

## **Assignment**

The Collateral Manager may not assign or delegate, or be deemed for the purposes of Section 205(a)(2) of the Investment Advisers Act to have assigned or delegated, its rights or responsibilities under the Collateral Management Agreement without the consent of the Issuer (and, if such assignment or delegation is a contractual assignment or delegation (i.e. not the result of a merger, acquisition or other business combination) of all of the Collateral Manager's rights under the Collateral Management Agreement, the written consent of a Majority of the Income Notes (or, if all of the Income Notes are Collateral Manager Notes, of a Majority of the most senior Class of Secured Notes that is not comprised entirely of Collateral Manager Notes)). The Collateral Manager will be permitted, however, (i) with the consent of the Issuer but without the consent of the holders of the Income Notes, to assign or delegate any of its rights or obligations under the Collateral Management Agreement to an affiliate, or the wholly owned subsidiary of an affiliate, so long as such assignment or delegation does not constitute an "assignment" for purposes of Section 205(a)(2) of the Investment Advisers Act (or the consent required by such Section 205(a)(2) has been obtained) and such affiliate (a) has demonstrated an ability professionally and competently to perform duties similar to those imposed upon the Collateral Manager under the Collateral Management Agreement and (b) is legally qualified and has the capacity to act as Collateral Manager under the Collateral Management Agreement; and (ii) without the consent of the Issuer or consent of any holder of Income Notes, to assign any and all rights to payment under the Collateral Management Agreement without restriction. The Collateral Manager will obtain the consent of the Issuer, but will not be required to obtain the consent of the holders of the Income Notes, to the continuation of the Collateral Management Agreement after any merger, acquisition or other business combination in which all or substantially all of the securities or assets of the Collateral Manager's direct or indirect parent are acquired if such transaction is not deemed an "assignment" of the Collateral Management Agreement for purposes of Section 205(a)(2) of the Investment Advisers Act. The Collateral Manager must provide notice of such merger, acquisition or other business combination to the Rating Agencies as soon as practicable after the consummation thereof. The Collateral Manager may employ third parties (including affiliates), as agents and otherwise, to render advice (including investment advice) and provide assistance in connection with the services rendered under the

Collateral Management Agreement; *provided* that the Collateral Manager will not be relieved of any of its duties under the Collateral Management Agreement regardless of the performance of any services by third parties. The Collateral Manager may not assign or delegate its rights or responsibilities under the Collateral Management Agreement, or employ any third parties as agents or otherwise, to the extent any such delegation or employment would cause the Issuer to be treated as engaged in a U.S. trade or business for U.S. federal, state or local income tax purposes or otherwise to be subject to tax on a net income basis (including tax collected by withholding under Section 1446 of the Code) in the United States, or in any jurisdiction outside of its jurisdiction of incorporation.

### **Removal, Resignation and Replacement of the Collateral Manager**

The Collateral Manager may resign upon 90 days' prior written notice to the Issuer (or such shorter period of time as may be acceptable to the Issuer and the Trustee). The Collateral Manager may be removed immediately upon written notice by the Issuer if the Issuer determines in good faith that the appointment of the Collateral Manager under the Collateral Management Agreement has (a) caused or required the Issuer to become registered as an investment company under the Investment Company Act or (b) required the pool of Assets to be registered as an investment company under the Investment Company Act.

The Collateral Manager may be removed for Cause upon 30 days' prior written notice by the Issuer or Trustee, at the direction of (a) a Supermajority of the Income Notes or (b) a Supermajority of the Controlling Class.

For purposes of the Collateral Management Agreement, "Cause" will mean (i) the willful violation or willful breach by the Collateral Manager of a provision of the Collateral Management Agreement or the Indenture applicable to it, which violation (A) is reasonably expected to have a material adverse effect on the holders of any Class of Notes (in their capacities as such) and (B) is not cured within 30 days of the Collateral Manager becoming aware of, or its receipt of notice from, the Issuer or the Trustee of such violation; (ii) the failure of any representation, warranty, certification or statement made or delivered by the Collateral Manager in or pursuant to the Collateral Management Agreement or the Indenture to be correct when made (other than as covered by clause (i) and it being understood that failure to meet any Coverage Test, the Interest Diversion Test, the Concentration Limitations or the Collateral Quality Test is not such a violation) and such failure is reasonably expected to have a material adverse effect on the holders of any Class of Notes (in their capacities as such) and no correction is made for a period of 30 days after the first to occur of (A) any professional employee of the Collateral Manager directly involved in the performance by the Collateral Manager of its duties under the Collateral Management Agreement has actual knowledge of the failure and (B) the Collateral Manager's receipt of notice from the Issuer or the Trustee of such failure; (iii) certain events of bankruptcy or insolvency in respect of the Collateral Manager specified in the Collateral Management Agreement; or (iv) the occurrence of an act by the Collateral Manager that constitutes fraud or a criminal felony in the performance of its obligations under the Collateral Management Agreement or the Collateral Manager or any senior officer of the Collateral Manager having responsibility for the investment of the Issuer's funds being convicted or pleading *nolo contendere* for a criminal felony offense materially related to the Collateral Manager's primary business.

Collateral Manager Notes will be disregarded and deemed not to be Outstanding solely in the following cases: (i) the removal for "Cause" of the Collateral Manager, (ii) the approval of a successor Collateral Manager if the appointment of the Collateral Manager is being terminated pursuant to the Collateral Management Agreement for "Cause", (iii) the assignment by the Collateral Manager of its rights and responsibilities under the Collateral Management Agreement, (iv) the waiver of any Event of Default under the Indenture that resulted primarily from an action taken or failed to be taken by the Collateral Manager and (v) the waiver of any event constituting "Cause" under the Collateral Management Agreement; *provided* that any such Collateral Manager Notes will not be disregarded, will be deemed to be Outstanding and will have voting rights with respect to all other matters as to which the holders of Notes are entitled to vote, including, without limitation, votes in connection with an Optional Redemption or the approval of a successor Collateral Manager if the appointment of the Collateral Manager is not being terminated pursuant to the Collateral Management Agreement for "Cause."

Promptly after notice of any resignation or removal of the Collateral Manager to take effect while any of the Notes are outstanding has been given to or by the Issuer, the Issuer must transmit copies of such notice to the holders of the Income Notes and the Controlling Class and, subject to the approval of a Majority of the Income Notes, appoint an institution as replacement collateral manager, subject to satisfaction of the following conditions: (i) the Majority of the Controlling Class does not disapprove such institution within 30 days after the giving of notice of

such appointment, (ii) each Rating Agency has received notice of such appointment, (iii) such institution has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager under the Collateral Management Agreement, (iv) such institution is legally qualified and has the capacity to act as Collateral Manager under the Collateral Management Agreement and under the applicable terms of the Indenture, (v) the appointment of such institution does not cause or result in the Issuer becoming, or require the pool of Assets to be registered as, an investment company under the Investment Company Act, (vi) such successor collateral manager has agreed to assume the responsibility of ensuring the Issuer's compliance with its obligations under the Credit Rating Agency Reform Act of 2006, including the posting on a password-protected internet website, at the same time such information is provided to the Rating Agencies, of all information the Issuer provides to the Rating Agencies for the purposes of determining the initial credit rating of the Notes or undertaking credit rating surveillance of the Notes and (vii) such successor collateral manager has either (A) effected the novation of each rating application letter that was executed by a predecessor collateral manager in connection with the rating or surveillance of any class of Notes (and any related side letters) so that the successor collateral manager is substituted for the predecessor collateral manager for all purposes under such letters on and after the date such successor collateral manager is appointed as Collateral Manager or (B) agreed to indemnify such predecessor collateral manager that has executed any such letters (and any related side letters) and its related parties to the satisfaction of the predecessor collateral manager from any liability and expense that the predecessor collateral manager and such related parties may incur arising out of or relating to such letters from the date of the successor collateral manager's appointment thereafter.

In connection with the appointment of a successor collateral manager, the Issuer may make such arrangements for the compensation of such successor as the Issuer and such successor will agree; *provided* that no compensation payable to a successor from payments on the Assets will be greater than that provided under the Collateral Management Agreement without the prior written consent of a Majority of the Income Notes and a Majority of the Controlling Class. If no successor collateral manager has been appointed or an evidence of acceptance of appointment has not been delivered to the resigning or removed collateral manager within 60 days after the date of the applicable notice of resignation or removal, then the Collateral Manager or a Majority of the Income Notes will be entitled to appoint a successor within the subsequent 60 days after the first 60 days, subject to the following conditions: (x) such successor satisfies the provisions of clauses (i) through (vi) above, (y) if such successor is proposed by the Collateral Manager, the appointment of such successor has been approved by a Majority of the Income Notes, and (z) if such successor is proposed by a Majority of the Income Notes, a Majority of each Class of Secured Notes, voting separately by Class, has not objected to the appointment of such successor within 10 Business Days after the holders of Notes have received notice thereof. In lieu thereof, or, if the successor collateral manager appointed by the resigning or removed Collateral Manager is disapproved, the resigning or removed Collateral Manager, a Majority of the Income Notes or a Majority of the Controlling Class may petition any court of competent jurisdiction for the appointment of a successor collateral manager, which appointment will not require the consent of, nor be subject to the disapproval of, the Issuer, any holder of Secured Notes, any holder of Income Notes or any holder of Combination Notes. With respect to any vote in connection with the approval of a successor Collateral Manager if the appointment of the Collateral Manager is being terminated pursuant to the Collateral Management Agreement for "Cause", and such vote is described herein as a vote of the Income Notes but all of the Income Notes are Collateral Manager Notes, then such vote shall instead be a vote of a Majority of the most senior Class of Secured Notes that is not comprised entirely of Collateral Manager Notes.

No removal or resignation of the Collateral Manager shall be effective until a successor collateral manager shall have been appointed and agreed in writing to assume all of the Collateral Manager's duties and obligations under the Collateral Management Agreement.

### **Conflicts of Interest**

The Collateral Management Agreement generally permits the Collateral Manager or any of its various affiliates to acquire or sell securities, for its own account or for the accounts of its customers, without either requiring or precluding the purchase or sale of such securities for the account of the Issuer. In the event that, in light of market conditions and investment objectives, the Collateral Manager determines that it would be advisable to purchase the same Collateral Obligation both for the Issuer and either the proprietary account of the Collateral Manager or any

affiliate of the Collateral Manager or another client of the Collateral Manager, the Collateral Manager will allocate the executions among the accounts in an equitable manner.

The Collateral Manager may, to the extent permitted under applicable law, effect client cross-transactions where the Collateral Manager causes a transaction to be effected between the Issuer and another account advised by it or any of its affiliates. In addition, with the prior authorization of the Issuer, which can be revoked or re-granted at any time, the Collateral Manager may enter into agency cross-transactions where it or any of its affiliates acts as broker for the Issuer and for the other party to the transaction, to the extent permitted under applicable law, in which case any such affiliate will receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to the transaction.

In connection with the requirements of Section 206(3) of the Investment Advisers Act (as described in "The Collateral Manager—Disclosure and Consent Requirements of Section 206(3) of the Investment Advisers Act" above), the Collateral Manager will not cause the Issuer to enter into any (i) securities transaction with the Collateral Manager or any of its affiliates as principal that would in the determination of the Collateral Manager be subject to the disclosure and consent requirements of Section 206(3) of the Investment Advisers Act (other than agency cross-transactions with the prior authorization of the Issuer) or (ii) agency cross-transactions with regard to which the authorization of the Issuer has been revoked and not re-granted unless, in each case, (A) the Issuer (i.e. the Independent Party, if applicable (the Independent Party to exclude for purposes of the recipients of information under this clause (A) and the approval (or consent) under clause (B) any Affiliates of the Collateral Manager), or the Advisory Committee, as applicable, has received from the Collateral Manager such information relating to the transaction as the Issuer or the Advisory Committee may reasonably request, (B) the Issuer or the Advisory Committee has approved (or consented to, as applicable) the transaction and (C) the transaction is otherwise conducted in accordance with the Investment Advisers Act and other applicable law and on an arm's-length basis for fair market value and on terms as favorable to the Issuer as would be the case if a transaction were effected with Persons not so affiliated with the Collateral Manager or any of its affiliates; *provided* that in an acquisition of any Collateral Obligation or Eligible Investment or the disposition of a Collateral Obligation, Eligible Investment or Equity Security that is effected in the secondary market with the Collateral Manager or an affiliate thereof, the Collateral Manager will (x) obtain an independent price for such Collateral Obligation, Eligible Investment or Equity Security from Loan Pricing Corporation (or one of its affiliates or a similar independent pricing source recognized in the industry) or (y) if no such independent price is available or if the Collateral Manager has actual knowledge that market events may have had a material effect on the price since the price was last disseminated, the transaction price shall be (1) the average of bona fide bids or quotes for such Collateral Obligations, Eligible Investments or Equity Securities received by the Collateral Manager from at least two qualified, unaffiliated Qualified Broker/Dealers or (2) the price approved by the Advisory Committee or the Independent Party of the Issuer, as elected by the Collateral Manager.

Nothing in the Collateral Management Agreement will preclude the Collateral Manager or its affiliates from acting as principal, agent or fiduciary for other clients in connection with securities simultaneously held by the Issuer or of the type eligible for investment by the Issuer or limiting any relationships the Collateral Manager or any of its affiliates may have with any obligor of any Collateral Obligation. The Collateral Management Agreement requires that all such purchases from an affiliate of the Collateral Manager be made in compliance with the provisions of the Investment Advisers Act and sets forth procedures designed to assure such compliance. Should a conflict of interest actually arise, the Collateral Manager will endeavor to ensure that it is resolved fairly to the extent possible under the prevailing facts and circumstances. The provisions of the Collateral Management Agreement do not override the Collateral Manager's fiduciary and other duties under the Investment Advisers Act. See "Risk Factors—Relating to Certain Conflicts of Interest—Investors should note the Collateral Manager's conflicts of interest." Additionally, the Indenture places significant restrictions on the Collateral Manager's ability to buy and sell Collateral Obligations. Accordingly, during certain periods or in certain circumstances, the Collateral Manager may be unable to buy or sell securities or other investments or take other actions that it might consider to be in the best interests of the Issuer or the holders of the Notes as a result of such restrictions.

## **Amendment of the Collateral Management Agreement**

The Indenture provides that, except for certain variations from the Investment Guidelines permitted by the terms thereof, neither the Issuer nor the Collateral Manager will enter into any agreement amending, modifying or terminating the Collateral Management Agreement unless:

- (i) the Collateral Manager provides each Rating Agency with at least 30 days' prior written notice of each such proposed amendment, modification or termination (*provided* that the requirement set forth in this clause (i) will not apply to any amendment or modification of the Collateral Management Agreement to correct any inconsistency, defect or ambiguity arising thereunder);
- (ii) 10 days' prior notice is given to the Trustee in respect thereof, which notice will specify the action proposed to be taken by the Issuer (and the Trustee will promptly deliver a copy of such notice to each Secured Party); and
- (iii) an objection to such proposed amendment is not received from either (A) a Majority of the Controlling Class (or, if all of the Secured Notes of the Controlling Class are Collateral Manager Notes, by a Majority of the most senior Class of Secured Notes that is not comprised entirely of Collateral Manager Notes) or (B) unless all of the Income Notes are Collateral Manager Notes, a Majority of the Income Notes (excluding, in each case, any Collateral Manager Notes from the numerator and denominator of such calculation), by notice to the Issuer and the Trustee, within 10 days after the date of the related notice to the Trustee given as provided in clause (ii) above (provided that the requirement set forth in this clause (iii) will not apply to any amendment or modification of the Collateral Management Agreement to correct any inconsistency, defect or ambiguity arising thereunder).

## **Compensation of the Collateral Manager**

As compensation for the performance of its obligations as Collateral Manager, the Collateral Manager will be entitled to receive a fee on each Payment Date (in accordance with the Priority of Payments), which will consist of the Base Collateral Management Fee, the Subordinated Collateral Management Fee and the Incentive Collateral Management Fee (collectively, the "*Collateral Management Fees*"). The Collateral Management Fees will be payable on each Payment Date to the extent of the funds available for such purpose in accordance with the Priority of Payments.

The Base Collateral Management Fee (the "*Base Collateral Management Fee*") will accrue quarterly in arrears on each Payment Date, in an amount equal to 0.25% per annum of the Fee Basis Amount as of the first day of the Collection Period relating to such Payment Date. If any Base Collateral Management Fee is not paid when due as the result of the operation of the Priority of Payments (and not as the result of the Collateral Manager's waiver or elective deferral), the amount thereof will bear interest (the "*Base Collateral Management Fee Interest*") at a rate per annum equal to three-month LIBOR plus 0.20% for the period from (and including) the date on which such Base Collateral Management Fee will be payable to (but excluding) the date of payment thereof. The Base Collateral Management Fee and Base Collateral Management Fee Interest will be calculated on the basis of a 360-day year and the actual number of days elapsed.

The Subordinated Collateral Management Fee (the "*Subordinated Collateral Management Fee*") will accrue quarterly in arrears on each Payment Date, in an amount equal to 0.35% per annum of the Fee Basis Amount as of the first day of the Collection Period relating to such Payment Date. If any Subordinated Collateral Management Fee is not paid when due as the result of the operation of the Priority of Payments (and not as the result of the Collateral Manager's waiver or elective deferral), the amount thereof will bear interest (the "*Subordinated Collateral Management Fee Interest*") and, together with the Base Collateral Management Fee Interest, the "*Collateral Management Fee Interest*") at a rate per annum equal to three-month LIBOR plus 0.20% for the period from (and including) the date on which such Subordinated Collateral Management Fee will be payable to (but excluding) the date of payment thereof. The Subordinated Collateral Management Fee and Subordinated Collateral Management Fee Interest will be calculated on the basis of a 360-day year and the actual number of days elapsed.

The Incentive Collateral Management Fee (the "*Incentive Collateral Management Fee*") will accrue quarterly in arrears on each Payment Date in an amount equal to, as applicable, (x) the sum of 25% of any remaining Interest

Proceeds distributable pursuant to clause (V) of the Priority of Payments as described in "Overview of Terms—Priority of Payments—Application of Interest Proceeds" and 25% of any remaining Principal Proceeds distributable pursuant to clause (I) of the Priority of Payments as described in "Overview of Terms—Priority of Payments—Application of Principal Proceeds" or (y) an amount equal to 25% of any remaining Interest Proceeds and Principal Proceeds distributable pursuant to clause (U) of the Enforcement Event Priority of Payments as described in "Description of the Notes—Priority of Payments".

The Collateral Management Fees are payable on each Payment Date only to the extent that sufficient Interest Proceeds or Principal Proceeds are available. To the extent they are not paid when due on any Payment Date due to the operation of the Priority of Payments, the Base Collateral Management Fee and the Subordinated Collateral Management Fee will be deferred and will be payable on subsequent Payment Dates in accordance with the Priority of Payments, with interest as set forth herein.

The Collateral Manager may, in its sole discretion, elect to waive payment of any or all of any Collateral Management Fee otherwise due on any one or more Payment Dates by notice to the Issuer, the Collateral Administrator and the Trustee no later than the Determination Date immediately prior to such Payment Date. No such waiver by the Collateral Manager will affect the amount of any Collateral Management Fees that would be payable to any successor Collateral Manager. Any such election shall be irrevocable, except that any election to waive payment of any or all of the Collateral Management Fee due on any Payment Date may be revoked in whole or in part by the Collateral Manager if such revocation is made on or prior to the Determination Date for the Payment Date to which such election relates.

The Collateral Manager may, in its sole discretion, elect to defer receipt of all or a portion of (i) the Base Collateral Management Fee that would otherwise be due on a Payment Date (such deferred amount, together with any Deferred Base Collateral Management Fee previously deferred at the election of the Collateral Manager that remains unpaid, the "*Deferred Base Collateral Management Fees*"), (ii) the Subordinated Collateral Management Fee that would otherwise be due on a Payment Date (such deferred amount, together with any Deferred Subordinated Collateral Management Fee previously deferred at the election of the Collateral Manager that remains unpaid, the "*Deferred Subordinated Collateral Management Fees*") or (iii) the Incentive Collateral Management Fee that would otherwise be due on a Payment Date (such deferred amount, together with any Deferred Incentive Collateral Management Fee previously deferred at the election of the Collateral Manager that remains unpaid, the "*Deferred Incentive Collateral Management Fees*" and, together with the Deferred Base Collateral Management Fee and the Deferred Subordinated Collateral Management Fee, the "*Deferred Collateral Management Fees*"), in each case until such subsequent Payment Date, if any, as the Collateral Manager will elect to receive payment. Upon any such election made in accordance with the Indenture, any Collateral Management Fee that was the subject of such deferral, or such portion thereof identified by the Collateral Manager, shall be payable on the next succeeding Payment Date, subject to the Priority of Payments. Any Collateral Management Fees as to which such a deferral is made will not accrue interest.

The Collateral Manager will effect any such deferral by delivering written notice thereof to the Trustee no later than the Determination Date immediately prior to such Payment Date, and any such Deferred Collateral Management Fees shall not be due and payable on any Payment Date on which a deferral election has been made; *provided* that no payment in respect of any such Deferred Collateral Management Fee shall be made on any Payment Date if it would cause an Event of Default to occur that would not otherwise occur.

On any Payment Date following a Payment Date on which the Collateral Manager has elected to defer all or a portion of the Collateral Management Fee, the Collateral Manager may elect to receive (subject to the Priority of Payments) all or a portion of such Deferred Collateral Management Fee that has otherwise not been paid to the Collateral Manager by delivering written notice thereof to the Trustee no later than the Determination Date immediately prior to such Payment Date, which notice shall specify the amount of such Deferred Collateral Management Fee that the Collateral Manager elects to receive on such Payment Date.

If the Collateral Management Agreement is terminated for any reason or the Collateral Manager resigns or is removed for any reason, the terminated, removed or resigned Collateral Manager will be entitled to receive, when payable in accordance with and subject to the Priority of Payments, (A) Collateral Management Fees (including any Deferred Collateral Management Fees) and Collateral Management Fee Interest accrued and payable (including

following deferral thereof) on any Payment Date occurring on or immediately prior to the effective date of the removal and (B) Collateral Management Fees and Collateral Management Fee Interest prorated for any partial period elapsing from the last day of the prior Collection Period to the effective date of such termination, resignation or removal, which shall be due and payable commencing on the first Payment Date following the date of such termination, resignation or removal.

If the Income Notes are subject to an Income Note Specified Reclassification, the Incentive Collateral Management Fee and the Deferred Incentive Collateral Management Fee ("*ICMF Amounts*") will cease to be payable to the Collateral Manager as provided in the definition of "Income Note Specified Reclassification" (and subject to potential reinstatement as provided in such definition). Instead, the Income Notes held by a CM Holder (as defined in such definition) will be entitled to the payments of ICMF Amounts that would have been made to the related Collateral Manager, as provided in such definition.

### **Expenses of the Collateral Manager**

Pursuant to the Collateral Management Agreement, the Issuer has agreed to reimburse the Collateral Manager (to the extent funds are available therefor, and in accordance with and subject to the limitations contained in the Indenture) for certain costs and expenses, including (i) any extraordinary expenses incurred by the Collateral Manager or its agents in the performance of its obligations, (ii) any reasonable fees and disbursements incurred by the Collateral Manager or its agents to employ outside lawyers or consultants in connection with the default or restructuring of any Collateral Obligation, Equity Security or Eligible Investment, (iii) any travel, lodging and related incidental expenses incurred by the Collateral Manager or its agents in connection with monitoring or enforcing (whether or not in connection with a default or restructuring) any Collateral Obligation that is, or that the Collateral Manager or its agents believe is reasonably likely to become, a Defaulted Obligation, a Credit Risk Obligation or otherwise a problem credit (including site visits and meetings with management of the issuer thereof), (iv) the fees and disbursements of employing outside counsel incurred by the Collateral Manager or its agents in connection with its engagement thereunder, (v) the reasonable expenses of exercising observation rights (including through a representative) pursuant to the Collateral Management Agreement, (vi) other unusual matters arising in the performance by the Collateral Manager or its agents of the Collateral Manager's duties under the Collateral Management Agreement and the Indenture, (vii) the portion of the expenses of visiting investors attributable to such Persons' investments in the securities of the Issuer, (viii) brokerage commissions, transfer fees, registration costs, taxes and other similar costs and transaction-related expenses and fees arising out of transactions effected for the Issuer's account, and the fees and expenses of the Collateral Administrator and (ix) any expenses arising out of the performance of the duties of the Collateral Manager or its agents under the Collateral Management Agreement related to compliance with Rule 17g-5 under the Exchange Act, Regulation AB, the Dodd-Frank Act or any other securities laws or regulations. The fees and expenses payable to the Collateral Manager on any Payment Date are payable only as described under "Description of the Notes—Priority of Payments".

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## THE ISSUER

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### General

Mercer Field CLO LP (the "*Issuer*") is a limited partnership organized under the laws of the State of Delaware and is a special purpose entity established pursuant to its amended and restated limited partnership agreement (the "*Issuer LP Agreement*") for the sole purpose of acquiring the Collateral Obligations, issuing the Notes and engaging in certain related transactions. The Issuer was formed as a limited partnership on November 7, 2012 in the State of Delaware under the name "GTBN, LP" with registered number 5237898 and has an indefinite existence. The Issuer changed its name from "GTBN, LP" to "Mercer Field CLO LP" on December 4, 2012. The Issuer's registered office is at 3500 S. DuPont Highway, Dover, Delaware 19901.

The general partner of the Issuer is MKM X Corp., a Delaware corporation of which Donald J. Puglisi is the sole shareholder. The sole limited partner of the Issuer is Nehenta Bay Funding Limited, a newly incorporated Irish private limited company. The sole independent party of the Issuer (the "*Independent Party*") is Donald J. Puglisi. While any obligations of the Issuer are outstanding under the Indenture, the general partner shall cause the Issuer at all times to have at least one Independent Party who will be appointed by the general partner. Pursuant to the Issuer LP Agreement, the Issuer may not take certain material actions, including to institute proceedings to have the Issuer be adjudicated bankrupt or insolvent or to consent to the institution of bankruptcy or insolvency proceedings against the Issuer, without the consent of the Independent Party. The Independent Party shall have a fiduciary duty of loyalty and care similar to that of a director of a business corporation organized under the General Corporation Law of the State of Delaware and shall consider only the interests of the Issuer, including its respective creditors, in acting or otherwise voting on such material actions.

The principal outside function of Donald J. Puglisi consists of being a finance professor emeritus at the University of Delaware and serving as a corporate director or manager for a variety of entities. Donald J. Puglisi may be contacted at the principal office of the Issuer. The Issuer's principal office is at c/o Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, DE 19711, telephone no. (302) 738-6680. As of the Original Distribution Date, the Issuer had no prior operating history or track record other than in connection with the pre-closing arrangements to facilitate the acquisition of Collateral Obligations in contemplation of the transactions described herein, as described under "Risk Factors—Relating to the Collateral Obligations—Assets acquired from the Forward Seller on or about the Closing Date". Unless otherwise required pursuant to the Indenture, the Issuer will not publish any financial statements.

Subject to the contracting restrictions imposed upon the Issuer by the Indenture and the Issuer LP Agreement, the partners of the Issuer have the power to borrow on behalf of the Issuer.

The Issuer will only be capitalized to the extent of contributions in the amount of U.S.\$10.00 made by its initial partners. The Issuer will not have any material assets other than the Collateral Obligations, certain other eligible assets and the Combination Note Underlying Specified Security Collateral. The Collateral Obligations and such other eligible assets (other than the Combination Note Underlying Specified Security Collateral) will be pledged to the Trustee as security for the Issuer's obligations under the Secured Notes and the Indenture, and the Combination Note Underlying Specified Security Collateral will be pledged to the Trustee as security for the Issuer's obligations under the Combination Notes.

The Notes are not obligations of the Trustee, the Collateral Manager, Citigroup, the Collateral Administrator, or any of their respective affiliates, any partner of the Issuer or the independent party of the Issuer.



## Capitalization of the Issuer

The Issuer's initial proposed capitalization and indebtedness as of the Closing Date after giving effect to the issuance of the Notes (before deducting expenses of the offering) is set forth below:

	<b>Amount</b>
Class A Notes .....	\$556,500,000
Class B Notes .....	\$154,350,000
Class C Notes* .....	\$78,750,000
Class D Notes* .....	\$65,100,000
Class E Notes* .....	\$60,480,000
<b>Total Debt</b> .....	<b>\$915,180,000</b>
Income Notes* .....	\$138,630,000
Partner Capital .....	\$10
<b>Total Equity</b> .....	<b>\$138,630,010</b>
<b>Total Capitalization</b> .....	<b>\$1,053,810,010</b>

\* U.S.\$78,750,000 Class C Notes, U.S.\$65,100,000 Class D Notes, U.S.\$60,480,000 Class E Notes and U.S.\$97,041,000 Income Notes will constitute the Class C Note Component, Class D Note Component, Class E Note Component and Income Note Component, respectively, of the Combination Notes.

## Activities of the Issuer

The Issuer LP Agreement describes the powers of the Issuer, which include the activities to be carried out by the Issuer in connection with the Notes. The Issuer has not issued securities, other than partnership interests, prior to the Original Distribution Date and has not listed any securities on any exchange prior to the date hereof. The Indenture provides that the Issuer will not undertake any activities other than the issuance, redemption and payment of the Notes and any Additional Notes issued pursuant to the Indenture, the acquisition, holding, selling, exchanging, redeeming and pledging of Collateral Obligations, Eligible Investments and the Combination Notes Underlying Specified Security Collateral and the acquisition, holding, redeeming and pledging of shares in Blocker Subsidiaries, solely for its own account, and other activities reasonably incidental thereto, including entering into the Transaction Documents to which it is a party.

The Issuer shall not engage in any activity that would cause the Issuer to be treated as engaged in a U.S. trade or business for U.S. federal, state or local income tax purposes or otherwise to be subject to tax on a net income basis (including tax collected by withholding under Section 1446 of the Code) in the United States, or in any jurisdiction outside of its jurisdiction of incorporation except that the Issuer may hold Equity Securities, Defaulted Obligations and other securities or other consideration received in an Offer pending their sale or transfer in accordance with the provisions of the Indenture described in clause (h) or (i) under "Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion", as applicable. The Issuer will have no subsidiaries other than any Blocker Subsidiaries. In general, subject to the credit quality and diversity of the Collateral Obligations and general market conditions and the need (in the judgment of the Collateral Manager) to satisfy the Coverage Tests, the Interest Diversion Test, the Concentration Limitations and the Collateral Quality Test or to obtain funds for the redemption or payment of the Notes, the Issuer will own the Assets and will receive payments of interest and principal on the Collateral Obligations and Eligible Investments as the principal source of its income. The ability to purchase additional Collateral Obligations and sell Collateral Obligations prior to maturity is subject to significant restrictions under the Indenture. See "Security for the Secured Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion."

In addition, pursuant to the terms of the Collateral Administration Agreement, the Issuer will retain the Collateral Administrator to, among other things, compile certain reports with respect to the Collateral Obligations. The compensation paid by the Issuer for such services will be in addition to the fees paid to the Collateral Manager and will be treated as an expense of the Issuer and will be subject to the Priority of Payments.

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## U.S. FEDERAL INCOME TAX CONSIDERATIONS

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The following overview based upon present law describes certain United States federal income tax considerations for prospective purchasers of the Notes. It addresses only purchasers that buy in the original offering at the original offering price, hold the Notes as capital assets and use the U.S. Dollar as their functional currency. It does not address combination securities that may be issued after the Closing Date. The discussion does not consider the circumstances of particular purchasers, some of which (such as banks, insurance companies, securities traders and dealers, tax exempt organizations or persons holding the Notes as part of a hedge, straddle, conversion, integrated or constructive sale transaction) are subject to special tax regimes. It does not address the 3.8% Medicare contribution tax on unearned income applicable beginning in 2013 to certain U.S. Income Noteholders, U.S. Secured Noteholders, or U.S. Combination Noteholders (all as defined below). The discussion also does not address taxes imposed by U.S. states and localities. The discussion is a general overview. It is not a substitute for tax advice.

**THE STATEMENTS ABOUT U.S. FEDERAL INCOME TAX CONSIDERATIONS ARE MADE TO SUPPORT MARKETING OF THE NOTES. NO TAXPAYER CAN RELY ON THEM TO AVOID U.S. FEDERAL TAX PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISER ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF NOTES UNDER THE LAWS OF THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PROSPECTIVE PURCHASER MAY BE SUBJECT TO TAXATION.**

For purposes of this discussion, a "Secured Noteholder", "Income Noteholder" or "Combination Noteholder" means a beneficial owner of a Secured Note, Income Note or Combination Note, respectively. A "*U.S. Secured Noteholder*", "*U.S. Income Noteholder*" or "*U.S. Combination Noteholder*" is a Secured Noteholder, Income Noteholder or Combination Noteholder, respectively, that is for U.S. federal income tax purposes (i) a U.S. citizen or an individual resident in the United States, (ii) a corporation or partnership organized or created in or under the laws of the United States, its states or the District of Columbia or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source. A "*Non-U.S. Secured Noteholder*", "*Non-U.S. Income Noteholder*" or "*Non-U.S. Combination Noteholder*" is any Secured Noteholder Income Noteholder or Combination Noteholder other than a U.S. Secured Noteholder or U.S. Income Noteholder.

The tax consequences to a partner in a partnership (or other business entity treated as a partnership) holding Secured Notes, Income Notes or Combination Notes generally will depend on the status of the partner and the activities of the partnership. Partnerships should consult their own tax advisers about the U.S. federal income tax consequences to their partners of acquiring, owning and disposing of Secured Notes, Income Notes or Combination Notes.

### Taxation of the Issuer

Sidley Austin LLP, special U.S. federal income tax counsel to the Collateral Manager, believes and is expected to provide its opinion to the Issuer, that the Issuer will be treated as a partnership for U.S. federal income tax purposes, provided that two or more persons are treated as the owners of the Income Notes for such purposes, and, therefore, the Issuer will not be subject to U.S. federal income tax on its net income, but will be required to withhold U.S. tax on income effectively connected with the conduct of a trade or business within the United States to the extent such income, if any, is allocable to non-U.S. persons holding its Income Notes or any other equity interests in the Issuer. However, the Issuer will receive an opinion from its special U.S. federal income tax counsel that it will not be engaged in a trade or business within the United States.

The Issuer expects that payments received on the Collateral Obligations and Eligible Investments generally will not be subject to withholding taxes imposed by the United States or other countries from which such payments are sourced. A Collateral Obligation will be eligible for purchase by the Issuer if, at the time it is purchased, either the payments thereon are not, when paid to the Issuer, subject to U.S. withholding tax or foreign withholding tax (other

than taxes imposed on commitment fees) or the issuer thereof (and the guarantor, if any) is, unless the withholding tax is imposed under FATCA, required to make "gross-up" payments that cover the full amount of any such withholding taxes. Payments on the Collateral Obligations and Eligible Investments might become subject to U.S. or other tax due to a change in law or other causes. Payments with respect to any equity securities held by the Issuer likely will be subject to withholding taxes to the extent that such payments are sourced outside the United States. If the obligors of such Collateral Obligations were not then required to make "gross-up" payments that cover the full amount of any such withholding taxes, the amounts available to make payments on the Secured Notes would accordingly be reduced. There can be no assurance that remaining payments on the Collateral Obligations would be sufficient to make timely payments of interest on and payment of principal at the Stated Maturity of each Class of Secured Notes or that there would be amounts available to make distributions on the Income Notes. In addition, fees with respect to Synthetic Letters of Credit are expected to be and, as a condition of their eligibility for acquisition, are required to be subject to United States withholding tax by the relevant agent bank, unless the Issuer has received an opinion of nationally recognized external legal counsel to the effect that such withholding should or will not be required or the Issuer deposits into the LC Reserve Account an amount equal to 30% of all of the fees received by the Issuer in respect of such Synthetic Letters of Credit.

To establish exemptions from U.S. withholding taxes, the Issuer will provide to withholding agents certification of its U.S. status. There can be no assurance, however, that the payments will not be subjected to withholding tax due to a change in law or other causes. The imposition of unanticipated withholding tax could materially impair the Issuer's ability to pay principal of and interest on the Notes and to make distributions on the Income Notes.

### **Taxation of the Secured Noteholders**

Sidley Austin LLP, special U.S. federal income tax counsel to the Collateral Manager, believes and is expected to provide its opinion to the Issuer that the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will and the Class E Notes should be treated as debt for U.S. federal income tax purposes, provided, with respect to the Class C Notes, the Class D Notes and the Class E Notes, that such Notes are treated for such purposes as separately issued and outstanding on the Closing Date rather than as an indivisible part of the Combination Notes. The Issuer intends, and the Indenture provides that each Holder will agree, to treat all of the Secured Notes as debt for such purposes, and the following discussion assumes that each Class of the Secured Notes will be debt. If one or more Class of the Secured Notes instead were to be treated as equity for U.S. federal income tax purposes, the tax consequences to a U.S. Holder generally would resemble the tax consequences of holding Income Notes. See "Taxation of Income Noteholders" below

#### *U.S. Secured Noteholders*

Interest paid on a Class A Note or Class B Note generally will be includible in the gross income of a U.S. Secured Noteholder in accordance with its regular method of tax accounting. A U.S. Secured Noteholder of a Class A Note or Class B Note must accrue interest on the Note at a hypothetical fixed rate equal to the rate at which the Note bore interest on its issue date. The amount of interest actually recognized for any accrual period will increase (or decrease) if the interest actually payable during the period is more (or less) than the amount accrued at the hypothetical rate. U.S. Secured Noteholders therefore generally will recognize income for each period equal to the amount paid during that period.

Since the Issuer cannot determine whether there is more than a remote likelihood that it would defer interest payments on the Class C Notes, the Class D Notes, and the Class E Notes, the Issuer will treat all interest payable on those Notes (including interest on accrued but unpaid interest) as original issue discount ("OID"). A U.S. Secured Noteholder must determine the amount of OID using the hypothetical fixed rate debt instrument method and then include OID in income on a constant yield to maturity basis, whether or not payments on the Notes are deferred. Even if the likelihood of deferral were remote, a U.S. Holder must accrue OID on the principal amount (including accrued but undistributed OID) of any Notes on which interest actually is deferred. The timing of accrual of OID on the Secured Notes could be affected by special rules applicable to debt instruments that are subject to principal acceleration due to prepayments on debt obligations that secure them. U.S. Holders should consult their tax advisors about the proper basis for accruing any OID on the Secured Notes.

Interest and OID on a Secured Note will be ordinary income. Assuming the Issuer is not engaged in a U.S. trade or business, the interest and OID will be from sources outside the United States.

A U.S. Secured Noteholder will recognize gain or loss on the disposition of a Secured Note in an amount equal to the difference between the amount realized (other than, in the case of a cash method taxpayer holding Class A Notes or Class B Notes, accrued but unpaid interest) and the U.S. Secured Noteholder's adjusted tax basis in the Secured Note. A U.S. Secured Noteholder's adjusted basis in a Secured Note generally will be the amount paid for such Note increased by any OID included in the U.S. Secured Noteholder's income and reduced by any payments on such Note (other than, in the case of the Class A Notes or Class B Notes, payments of stated interest). The gain or loss generally will be capital gain or loss from sources within the United States. If a U.S. Secured Noteholder's basis in a Secured Note includes accrued but unpaid OID, the holder may be required specifically to disclose any loss that exceeds certain thresholds on its tax return under recent regulations on tax shelter transactions.

#### *Non-U.S. Secured Noteholders*

Interest on a Secured Note paid to a Non-U.S. Secured Noteholder will not be subject to U.S. withholding tax if the Issuer is not engaged in a trade or business within the United States. The Issuer is required to avoid becoming engaged in a U.S. trade or business. The Issuer will receive an opinion from its special U.S. federal income tax counsel that it will not be engaged in a trade or business within the United States. Notwithstanding the foregoing, if the Issuer were found to be so engaged, interest paid to a Non-U.S. Secured Noteholder would be subject to U.S. withholding tax unless the Secured Noteholder had provided the Issuer appropriate certificates to establish an exemption. Each Non-U.S. Secured Noteholder of a Secured Note therefore will be required to certify on the applicable IRS Form W-8 that it is entitled to an exemption. Exemptions are available to Non-U.S. Secured Noteholders entitled to the benefits of certain U.S. income tax treaties or eligible for the portfolio interest exemption. Under statute, the portfolio interest exemption is not available to a beneficial owner that is a bank receiving interest on an extension of credit pursuant to a loan agreement entered into in the ordinary course of its trade or business, a ten-percent partner or shareholder of the issuer of the debt or a controlled foreign corporation related to the issuer of the debt. A Non-U.S. Secured Noteholder may be treated as a ten-percent partner in the Issuer if it holds (directly or by attribution) Income Notes (including any portion of Income Notes held through a Combination Note) that together represent ten percent of the Issuer's equity.

Interest on the Secured Notes paid to a Non-U.S. Secured Noteholder will not be subject to U.S. net income tax unless the Secured Noteholder holds the Secured Note in connection with its conduct of a U.S. trade or business. Gain realized by a Non-U.S. Secured Noteholder on the disposition of a Secured Note will not be subject to U.S. income tax unless (i) the gain is effectively connected with the Non-U.S. Secured Noteholder's conduct of a U.S. trade or business or (ii) the Secured Noteholder is an individual present in the United States for at least 183 days during the taxable year of disposition and certain other conditions are met.

#### *Alternative Characterization of the Class E Notes*

The U.S. Internal Revenue Service could challenge the treatment of the Secured Notes, particularly the Class E Notes, as debt of the Issuer. If the challenge succeeded, the affected Secured Notes would be treated as equity interests in the Issuer and the U.S. federal income tax consequences of investing in those Secured Notes generally would be the same as those of investing in the Income Notes, described below.

#### **Taxation of the Income Noteholders**

The Issuer intends, and the Indenture provides that each Income Noteholder (including Combination Noteholders with respect to the portion of Income Notes held through a Combination Note) will agree, to treat the Income Notes as equity in the Issuer for U.S. federal income tax purposes, and the following discussion assumes that the Income Notes represent partnership interests in the Issuer. Each Income Noteholder will recognize for each year during which it holds an Income Note its distributive share of the Issuer's income, gain, loss, deductions or credits. The character and the source of each item generally will be determined by its character and source in the hands of the Issuer. Each U.S. Income Noteholder must report its share of the Issuer's income and other tax items on its U.S. federal income tax return whether or not such Income Noteholder receives cash distributions from the Issuer. The use of the Issuer's income to fund reserves and to repay the Issuer's debt, in particular, will cause an Income

Noteholder to recognize income even though it does not receive the related cash. It also is possible, as a result of rules governing OID and market discount, that the Issuer and the Income Noteholder in some years will have taxable income greater than cash receipts.

#### *Distributions; Basis*

A cash distribution on Income Notes generally will be taxable only to the extent that the distribution exceeds the U.S. Income Noteholder's tax basis in its Income Notes. The taxable portion of the distribution generally will be capital gain.

A U.S. Income Noteholder's tax basis in its Income Notes generally will equal the amount paid to the Issuer for the Income Notes in the initial offering increased by (i) the Income Noteholder's distributive share of the Issuer's income and (ii) the Income Noteholder's share of the Issuer's debt and decreased by (x) the amount of the Issuer's distributions to the Income Noteholder, (y) the Income Noteholder's distributive share of the Issuer's loss and (z) any reduction in the Income Noteholder's share of the Issuer's debt.

#### *Allocations of Income and Loss*

An Income Noteholder's distributive share of partnership income, gain, loss, deduction or credit is determined in accordance with the provisions of the Indenture and the Issuer LP Agreement.

#### *Losses and Expenses*

A U.S. Income Noteholder's ability to deduct its share of the Issuer's losses and expenses is subject to a number of limitations. A U.S. Income Noteholder may not deduct any net loss in excess of its tax basis in its Income Notes. Certain non-corporate Income Noteholders and closely-held corporations may not deduct a net loss in excess of the amount the Income Noteholder has put at risk (which will not include the Issuer's debt or debt used to fund investment in the Income Notes unless the Income Noteholder is personally liable for the debt or the debt is secured by assets of the Income Noteholder other than its Income Notes). If the Issuer were found to be engaged in a trade or business, those Income Noteholders also could be subject to restrictions on the deduction of passive losses.

Deductions for particular losses or expenses may be limited even if a U.S. Income Noteholder has overall income or gain from its investment in the Issuer. A U.S. Income Noteholder may deduct capital losses from all sources only to the extent of its capital gains (plus, in the case of individuals U.S.\$3,000 of ordinary income). Excess capital losses of corporations may be carried back for three and forward for five taxable years, and excess capital losses of individuals may be carried forward indefinitely. Assuming the Issuer is not engaged in a trade or business, restrictions on deductions for investment interest and miscellaneous expenses could restrict a non-corporate U.S. Income Noteholder's ability to deduct its allocable share of the Issuer's interest and other expenses (including management, advisor fees and swap expense). The deductibility of interest expense attributable to OID accruing with respect to the Class E Notes and any other Class of Secured Notes that is treated as an applicable high yield discount obligation ("AHYDO") that is proportionately allocable to U.S. Income Noteholders that are treated as corporations for U.S. federal income tax purposes may be deferred until the OID is paid and, the portion, if any, that exceeds a qualifying threshold may be permanently disallowed. U.S. Income Noteholders should consult their tax advisors about how these limitations could affect them.

Income Noteholders may not deduct their share of fees and other expenses (so-called syndication expenses) incurred by the Issuer in the offering and sale of the Income Notes. The Issuer will elect to amortize expenses incurred in its organization over 60 months. The Issuer also will amortize expenses incurred in the issuance of the Secured Notes over the term of the Secured Notes. The Internal Revenue Service ("IRS") may challenge the Issuer's allocation of expenses between amortizable organization and debt issuance expenses and nonrecoverable syndication expenses.

### *Issuer Income and Loss*

The Issuer will adopt an accrual method of accounting for tax purposes and generally will recognize income on an accrual basis. Interest income accrued on the Assets generally will be ordinary income. However, the Assets held by the Issuer may include instruments subject to the following special tax rules:

*Original Issue Discount.* The Assets may include debt instruments with OID. OID generally is the difference between an instrument's issue price and its stated redemption price at maturity. The issue price generally is the amount paid for the instrument in its initial offering. The stated redemption price at maturity is the total of all payments due under the terms of the instrument other than qualified stated interest. Qualified stated interest is interest based on a fixed rate or certain variable rates and unconditionally payable in cash or property at least annually. The Issuer must include in income the sum of the daily portions of OID that accrue on the instrument for each day when the Issuer holds the instrument.

Holders of a debt instrument with OID may be required to accrue OID even when, on account of the obligor's financial condition, there is no reasonable expectation of repayment in accordance with the terms of the instrument. The taxable income reported by the Issuer with respect to defaulted or delinquent instruments therefore could exceed significantly the cash received by the Issuer during a particular period.

*Market Discount.* The Assets may include debt instruments acquired at a market discount. Market discount is the amount by which the stated redemption price at maturity (or, in the case of an instrument with OID, the revised issue price) exceeds the Issuer's basis in the instrument immediately after acquisition. (The revised issue price of an instrument is its initial issue price increased by the OID includible in the gross income of previous holders.) The Issuer generally must treat payments other than qualified stated interest on an instrument with market discount as ordinary income to the extent of accrued market discount and to treat gain on the disposition or redemption of the instrument as ordinary income to the extent of accrued market discount not previously included in income. Market discount will accrue, at the election of the Issuer, either ratably or at a constant yield to maturity. The Issuer may elect to take market discount into income as it accrues, but this election applies to all market discount obligations acquired in or after the first year in which the election applies and may not be revoked without the IRS's consent.

*Premium.* The Assets may include debt instruments acquired at a price greater than their stated redemption prices at maturity. The Issuer may elect to amortize the bond premium on such instruments. If the Issuer makes this election, the amount of interest that the Issuer otherwise would recognize on the instruments each year generally will be reduced by the amount of amortizable bond premium allocable to the year on a constant yield to maturity basis. Amortized bond premium will reduce the Issuer's basis in the instruments.

*Foreign Tax Credits.* Non-U.S. withholding taxes may apply to income paid to the Issuer by non-U.S. borrowers, and the Issuer does not expect to obtain the benefit of reduced rates of withholding under U.S. or other income tax treaties. A U.S. Income Noteholder should be entitled to claim foreign tax credits for its share of non-U.S. withholding taxes subject to generally applicable limitations. A U.S. Income Noteholder may not be entitled to claim foreign tax credits, however, for withholding tax that could have been avoided if the Issuer had taken steps to claim on behalf of the Income Noteholder treaty benefits to which the Income Noteholder was entitled.

### *Disposition*

A U.S. Income Noteholder generally will recognize capital gain or loss on the sale or other disposition of the Income Notes. The amount of gain or loss will be the difference between the amount realized and the Income Noteholder's adjusted tax basis in the Income Notes. The amount realized includes the Income Noteholder's share of the Issuer's liabilities on the Secured Notes. Under recent regulations on tax shelter transactions, a U.S. Income Noteholder may be required specifically to disclose certain losses exceeding certain thresholds on its tax return.

A U.S. Income Noteholder will recognize ordinary gain or loss on the disposition of the Income Notes to the extent of its share in the Issuer's property described in Section 751 of the Code (which generally is property the sale

of which would produce ordinary income for the Issuer). Debt securities with market discount are, in part, property described in Section 751 of the Code.

If 50 percent or more of the Income Notes were transferred within any 12-month period, the Issuer would be deemed to have terminated for U.S. federal income tax purposes and then reconstituted as a new partnership. The deemed termination and reconstitution might have certain tax disadvantages for U.S. Income Noteholders.

#### *Basis Adjustments*

An entity treated as a partnership for tax purposes can elect, and in some circumstances may be required, to adjust the tax basis of its assets to reflect gain or loss attributable to a partner's sale or exchange of a partnership interest. The election can produce benefits for transferees of Income Notes if the partnership's assets have appreciated, but the resulting record keeping can become complex. Failure to make the election could cause transferees of Income Notes to recognize more income or less loss than would be the case if the election were made. The Issuer currently does not intend to make this election unless it were to be required to by law.

#### *Tax-Exempt Investors*

Entities exempt from U.S. federal income taxation generally are subject to tax on their unrelated business taxable income, which includes income from property with respect to which the entity has incurred acquisition indebtedness. Since the Issuer will incur debt to finance the acquisition of its assets, any Income Noteholder that is a U.S. tax exempt entity will recognize unrelated business taxable income. All of its income from an Income Note would be unrelated business taxable income if the Issuer were treated as engaged in a trade or business for U.S. federal income tax purposes.

#### *Non-U.S. Income Noteholders*

A Non-U.S. Income Noteholder must certify to the Issuer that it is entitled to the benefits of a business profits or similar article in a U.S. income tax treaty and to a treaty or portfolio interest exemption from U.S. interest withholding tax. If a Non-U.S. Income Noteholder certifies that it is entitled to treaty benefits and an exemption from interest withholding, it will receive its share of the Issuer's interest income free of U.S. federal income tax because the Issuer will not have a permanent establishment in the United States. U.S. federal tax may apply, however, to its share of the Issuer's income from Equity Securities. If a non-U.S. Income Noteholder ceases to be eligible for the benefits of an income tax treaty, U.S. withholding tax may be imposed on its share of the Issuer's income (whether or not distributable). The withholding will be treated as a distribution to the partner, but it could affect the amounts available for distribution to other holders of the Issuer's securities.

Under U.S. law, a Non-U.S. Income Noteholder generally cannot claim treaty benefits unless its residence country taxes it on the U.S. source income for which it claims those benefits. An Income Noteholder fiscally transparent in the country where an equity owner is resident also may claim U.S. treaty benefits to which the equity owner is entitled.

A Non-U.S. Income Noteholder may claim the portfolio interest exemption from U.S. interest withholding if it is not a bank, a ten-percent shareholder of a person paying such interest to the Issuer or a controlled foreign corporation related to such a person. A Non-U.S. Income Noteholder unable to claim the portfolio interest exemption must certify that it is entitled to a treaty exemption from U.S. interest withholding tax.

#### *Tax Returns; Audit; Special Information Reporting*

The Issuer's taxable year is expected to be the calendar year (although the taxable year actually adopted will depend on the taxable years of the partners). The Issuer intends to distribute tax information to each Income Noteholder no later than 90 days after the end of the taxable year. Each Income Noteholder required to file a U.S. federal income tax return generally must file its return in conformity with the information returns filed by or for the Issuer or must disclose any differences. U.S. Income Noteholders that directly or indirectly acquire or dispose of

10 percent or more of the Income Notes or directly or indirectly contribute cash in an amount exceeding U.S.\$100,000 are subject to additional reporting requirements.

The Issuer's returns are subject to review by the IRS and other taxing authorities, which may dispute the Issuer's tax positions. Recharacterizations or adjustments resulting from an audit may require each Income Noteholder to file amended tax returns and to pay additional income tax, interest or penalties. They also may result in an audit of the Income Noteholder's own tax returns.

The Issuer will have a tax matters partner, who will have considerable authority with respect to the tax treatment of items and the procedural rights of the Income Noteholders. The tax matters partner generally can extend the statute of limitations for a partnership item on behalf of all Income Noteholders and can make settlements of tax deficiencies that bind other Income Noteholders unless they have filed a statement with the IRS.

U.S. Income Noteholders generally must report, with their tax return for the tax year that includes date on which they purchased Income Notes, certain information relating to their purchase of such Income Notes. Income Noteholders are urged to consult their tax advisors about the specific reporting requirements.

## **Foreign Account Tax Compliance**

### *FATCA Withholding on the Notes*

Noteholders of the Income Notes (including Noteholders holding Income Notes through Combination Notes) may be subject to FATCA withholding tax to the extent any payments received are attributable to payments in respect of obligations held by the Issuer that were issued or materially modified within the meaning of the FATCA rules after December 31, 2012, if such Noteholders fail to comply with their Noteholder Reporting Obligations or otherwise fail to establish that (i) they are not foreign financial institutions or (ii) if they are foreign financial institutions, they are either exempt from FATCA or have entered into a FATCA Agreement. Noteholders of Secured Notes (including Noteholders holding Secured Notes through Combination Notes) which are materially modified within the meaning of the FATCA rules after December 31, 2012 may also be subject to withholding under FATCA if the Issuer were engaged in a U.S. trade or business for U.S. federal income tax purposes and if such Noteholders fail to comply with their Noteholder Reporting Obligations or otherwise fail to establish that (i) they are not foreign financial institutions or (ii) if they are foreign financial institutions, they are either exempt from FATCA or have entered into a FATCA Agreement. Prospective investors should consult their tax advisors regarding FATCA.

## **Holders of the Combination Notes**

### *Components*

Although a Combination Note is a single instrument in form, the Issuer intends to, and the Indenture requires the holders to treat, the Combination Notes as direct ownership of the Class C Note Component, the Class D Note Component, the Class E Note Component, the Income Note Component and the Underlying Specified Security Component, in each case, for U.S. federal and, to the extent permitted by law, state and local income and franchise tax purposes, and to report all income (or loss) in accordance with such treatment and to take no action inconsistent with such treatment unless otherwise required by a relevant taxing authority.

A Holder of Combination Notes should determine its tax basis in the Class C Note Component, the Class D Note Component, the Class E Note Component, the Income Note Component and the Underlying Specified Security Component, by allocating its purchase price between them in accordance with their relative fair market values on the purchase date. Payments on the Combination Notes should be treated as payments on the Class C Note Component, the Class D Note Component, the Class E Note Component, the Income Note Component and the Underlying Specified Security Component, to the extent properly attributable to related payments on the Class C Note Component, the Class D Note Component, the Class E Note Component, the Income Note Component and the Underlying Specified Security Component. A sale or exchange of a Combination Note should be treated as a sale or exchange of the Class C Note Component, the Class D Note Component, the Class E Note Component, the Income Note Component and the Underlying Specified Security Component, and the amount realized should be allocated between the Class C Note Component, the Class D Note Component, the Class E Note Component, the Income Note



Component and the Underlying Specified Security Component, in accordance with their relative fair market values. The exchange of Combination Notes for the Class C Note Component, the Class D Note Component, the Class E Note Component, the Income Note Component and the Underlying Specified Security Component, should not be a taxable event. A Holder of Combination Notes should review the portions of this overview under the headings "—Taxation of the Holders—U.S. Taxation of the Secured Notes" "—Holders of the Income Notes—" and "—Underlying Specified Securities—" for further considerations relevant to their interests in the Class C Note Component, the Class D Note Component, the Class E Note Component, the Income Note Component and the Underlying Specified Security Component represented by a Combination Note.

### *Underlying Specified Securities*

#### *U.S. Combination Noteholders*

The Underlying Specified Securities will be treated as having been issued with OID for U.S. Federal income tax purposes and a U.S. Combination Note Holder will be required to include annually in its gross income as interest such amounts of OID that accrue on a constant yield to maturity basis on their respective portion of the Underlying Specified Securities. The cumulative amount of OID on an Underlying Specified Security will equal the excess of the amount payable on its maturity over the allocable portion of the purchase price of the related Combination Note. The accrual of OID will apply regardless of the U.S. Combination Note Holder's regular method of tax accounting and without regard to the timing of actual payments on the Underlying Specified Security. Under these rules, a U.S. Combination Holder will be required to include OID in gross income in advance of the receipt of the cash payments attributable to such income. The income will be ordinary income from sources within the United States.

A U.S. Combination Noteholder generally will recognize gain or loss on the sale, redemption or other taxable disposition of its interest in the Underlying Specified Security (including redemption of a portion of the Underlying Specified Security as described under "Description of the Notes—The Combination Notes—Redemption of Combination Notes; Sale of Underlying Specified Securities") equal to the difference between the amount realized and the U.S. Holder's adjusted tax basis in the Underlying Specified Security. The adjusted basis of the Underlying Specified Security generally will equal the portion of the U.S. Combination Note Holder's purchase price paid for the Combination Notes allocable to the Underlying Specified Security (determined in the manner described above) increased by any OID previously included in the U.S. Combination Note Holder's gross income and reduced by any payments previously received in respect of the Treasury Security. Gain or loss recognized on the sale, redemption or other taxable disposition of the Underlying Specified Securities generally will be capital gain or loss from sources within the United States.

#### *Non-U.S. Combination Noteholders*

Payments attributable to accrued OID on an Underlying Specified Security paid to a Non-U.S. Combination Noteholder would be subject to U.S. withholding tax unless the Combination Noteholder had provided the Issuer appropriate certificates to establish an exemption. Each Non-U.S. Combination Noteholder of a Combination Note therefore will be required to certify on the applicable IRS Form W-8 that it is entitled to an exemption. Exemptions are available to Non-U.S. Combination Noteholders entitled to the benefits of certain U.S. income tax treaties or eligible for the portfolio interest exemption from U.S. withholding tax. Payments attributable to the Income Note Component may be subject to a 30% withholding tax under FATCA beginning after December 31, 2013 if such Notes are held by a person that is not a United States person unless that person establishes that it is not a "foreign financial institution" which has not entered into a FATCA Agreement or otherwise secured an exemption from FATCA withholding to the extent payments on such Notes are considered attributable to "withholdable payments" within the meaning of the FATCA rules and complies with its Noteholder Reporting Obligations.

Payments attributable to accrued OID on an Underlying Specified Security paid to a Non-U.S. Combination Noteholder will not be subject to U.S. net income tax unless the Combination Noteholder holds the Combination Note in connection with its conduct of a U.S. trade or business. Gain realized by a Non-U.S. Combination Noteholder on the disposition of an Underlying Specified Security will not be subject to U.S. income tax unless (i) the gain is effectively connected with the Non-U.S. Combination Noteholder's conduct of a U.S. trade or business

or (ii) the Combination Noteholder is an individual present in the United States for at least 183 days during the taxable year of disposition and certain other conditions are met.

## **U.S. Information Reporting and Backup Withholding**

### *Tax Compliance*

*Foreign, State and Local Taxes.* Secured Noteholders, Income Noteholders and Combination Noteholders may be liable for foreign, state and local taxes in the country, state or locality in which they are resident or doing business or in a state or locality in which the Issuer conducts or is deemed to conduct business. Since the tax laws of each country, state and locality may differ, each prospective investor should consult its own tax advisor about other taxes that may be payable as a result of an investment in the Notes.

*Information Reporting and Backup Withholding.* Payments of principal and interest on the Secured Notes, distributions on the Income Notes, amounts received on the Combination Notes, and proceeds from the disposition of the Notes paid to a non-corporate Secured Noteholder, Income Noteholder, or Combination Noteholder generally will be subject to U.S. information reporting. Payments to Non-U.S. Secured Noteholders, Non-U.S. Income Noteholders and Non-U.S. Combination Noteholders that provide certification of foreign status generally are exempt from information reporting. Backup withholding tax may apply to reportable payments unless the Secured Noteholder, Income Noteholder or Combination Noteholder provides a correct taxpayer identification number. Any amount withheld may be credited against the Secured Noteholder's Income Noteholder's, or Combination Noteholder's U.S. federal income tax liability or refunded to the extent it exceeds the holder's liability.

**THE DISCUSSION ABOVE IS A GENERAL OVERVIEW. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.**

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## CERTAIN ERISA AND RELATED CONSIDERATIONS

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**THE STATEMENTS ABOUT U.S. FEDERAL TAX ISSUES ARE MADE TO SUPPORT MARKETING OF THE NOTES. NO TAXPAYER CAN RELY ON THEM TO AVOID TAX PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN NOTES UNDER THE LAWS OF THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.**

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

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "*Plans*") and certain persons ("parties in interest" as defined in Section 3(14) of ERISA (each a "*Party in Interest*") for purposes of ERISA or "disqualified persons" as defined in Section 4975(e)(2) of the Code (each a "*Disqualified Person*") for purposes of Section 4975 of the Code) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A Party in Interest or Disqualified Person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code.

Whether or not the underlying assets of the Issuer are deemed to include "plan assets," as described below, prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if Notes are acquired with the assets of a Plan with respect to which the Issuer, Citigroup, the Trustee, the Collateral Manager, any seller of Collateral Obligations to the Issuer or any of their respective affiliates, is a Party in Interest or a Disqualified Person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption ("*PTCE*") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 95-60 (relating to investments by insurance company general accounts), PTCE 96-23 (relating to transactions effected by in-house asset managers), and Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code, regarding certain transactions with non-fiduciary service providers for "adequate consideration". Even if one or more exemptions is available, there can be no assurance that relief will be provided from all prohibited transactions that may result if any Note or any interest therein is acquired or held by a Plan.

Governmental plans, certain church plans and non-U.S. plans, while not subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to other state, local, other federal or non-U.S. laws or regulations that are substantially similar to the prohibited transaction provisions of Section 406 of ERISA or to the prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code (any such law or regulation, "*Other Plan Law*"). Fiduciaries of any such plans should consult with their counsel before acquiring any Notes.

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

The Plan Asset Regulation promulgated by the United States Department of Labor at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA, describe what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA and Section 4975 of the Code, including the fiduciary responsibility provisions of Title I of ERISA and prohibited transaction provisions of Title I of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or, as further discussed below, that participation in the entity by "benefit plan investors" constitutes less than 25% of the value of each class of equity in the entity, determined in accordance with the Plan Asset Regulation.

For purposes of the Plan Asset Regulation, a "publicly offered security" is a security that is (a) "freely transferable," (b) part of a class of securities that is "widely held," and (c)(i) sold to the Plan as part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act and the class of securities to which such security is a part is registered under the Exchange Act within 120 days after the end of the fiscal year of the issuer during which the offering of such securities to the public has occurred, or (ii) is part of a class of securities that is registered under Section 12 of the Exchange Act.

It is not anticipated that (i) the Notes will constitute "publicly offered securities" for purposes of the Plan Asset Regulation, (ii) the Issuer will be an investment company registered under the Investment Company Act or (iii) the Issuer will qualify as an operating company within the meaning of the Plan Asset Regulation.

The Plan Asset Regulation defines an "equity interest" as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. Generally, a profits interest in a partnership, an undivided ownership interest in property and a beneficial ownership interest in a trust are deemed to be "equity interests" under the Plan Asset Regulation. The assets of an entity will be deemed to be the assets of an investing Plan (in the absence of another applicable Plan Asset Regulation exception) if 25% or more of the value of any class of equity interest in the entity is held by "benefit plan investors" as calculated under the Plan Asset Regulation (the "*25% Limitation*"). The term "benefit plan investor" is defined by Section 3(42) of ERISA to include (a) an employee benefit plan that is subject to the fiduciary responsibility provisions of Title I of ERISA, (b) a plan that is subject to Section 4975 of the Code or (c) any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity (collectively, "*Benefit Plan Investors*"). For purposes of making the 25% determination, the value of any equity interests held by a person (other than a Benefit Plan Investor) who has discretionary authority or control with respect to the assets of the entity or any person who provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of any such person (each, a "*Controlling Person*"), is disregarded. Under the Plan Asset Regulation, an "affiliate" of a person includes any person, directly or indirectly through one or more intermediaries, controlling, controlled by or under common control with the person, and "control" with respect to a person other than an individual means the power to exercise a controlling influence over the management or policies of such person.

Although there is little guidance on how this definition applies, the Issuer believes that the Class A Notes, the Class B Notes, Class C Notes and the Class D Notes will be treated as indebtedness without substantial equity features for purposes of the Plan Asset Regulation, although no assurance can be given in this regard. However, the Class E Notes may, and the Combination Notes and the Income Notes will likely, be treated as equity interests in the Issuer for purposes of the Plan Asset Regulation. The Issuer reserves the right to elect to allow its assets to be treated as "plan assets" for purposes of ERISA and Section 4975 of the Code, but until it does so, in an effort to avoid issues that could arise if the assets of the Issuer were to be treated as plan assets for purposes of ERISA or

Section 4975 of the Code, the Class E Notes, the Income Notes and the Combination Notes (collectively, the "*ERISA-Restricted Notes*") will be subject to restrictions on ownership by Benefit Plan Investors and Controlling Persons.

If you are a purchaser or transferee of Class A Notes, Class B Notes, Class C Notes, or Class D Notes you will be required or deemed (i) to represent, warrant and agree that (1) if you are, or are acting on behalf of, a Benefit Plan Investor, your acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and (2) if you are a governmental, church, non-U.S. or other plan which is subject to any Other Plan Law, your acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt violation of any such Other Plan Law.

If you are a purchaser or subsequent transferee of an interest in Class E Notes, an interest in Income Notes or an interest in Combination Notes, you will be required or deemed to have represented and agreed that, for so long as you hold such Notes or interest therein, (1) you are not, and are not acting on behalf of, a Benefit Plan Investor or a Controlling Person, unless you have obtained the prior written consent of the Issuer, and you represent and warrant that your acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and (2) if you are a governmental, church or non-U.S. plan, (x) you are not, and for so long as you hold such Notes or interest therein will not be, subject to any federal, state, local non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or any interest therein) by virtue of its interest and thereby subject the Issuer or the Collateral Manager (or other persons responsible for the investment and operation of the Issuer's assets) to any Other Plan Law ("*Similar Law*") and (y) your acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt violation of any Other Plan Law.

In addition, each original purchaser of an interest in a Rule 144A Global Note that is a Class E Note, Income Note or Combination Note will deliver to the Issuer and Trustee an executed Rule 144A Global ERISA Restricted Purchaser Letter.

No transfer of an interest in an ERISA-Restricted Note will be permitted or recognized if it would cause the 25% Limitation described above to be exceeded with respect to the Class E Notes, the Income Notes or the Combination Notes. No transfer of an interest in an ERISA-Restricted Note to a Benefit Plan Investor or a Controlling Person will be permitted or recognized unless the transferee obtains the prior written consent of the Issuer and represents and warrants that its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

If any person shall become the beneficial owner of a Note who has made or is deemed to have made a Benefit Plan Investor, Controlling Person, Similar Law or Other Plan Law representation that is subsequently shown to be false or misleading or whose ownership causes a violation of the 25% Limitation (any such person a "*Non-Permitted ERISA Holder*"), the Issuer shall, promptly after discovery that such person is a Non-Permitted ERISA Holder by the Issuer (or upon notice to the Issuer from the Trustee if it obtains actual knowledge or makes the discovery), send notice to such Non-Permitted ERISA Holder demanding that such Non-Permitted ERISA Holder transfer its interest to a person that is not a Non-Permitted ERISA Holder within 20 days after the date of such notice. If such Non-Permitted ERISA Holder fails to so transfer its interest in such Notes, the Issuer shall have the right, without further notice to the Non-Permitted ERISA Holder, to sell its interest in such Notes to a purchaser selected by the Issuer that is not a Non-Permitted ERISA Holder on such terms as the Issuer may choose. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Notes, as applicable, and selling such Notes, as applicable, to the highest such bidder. The holder of each Note, the Non-Permitted ERISA Holder and each other person in the chain of title from the holder to the Non-Permitted ERISA Holder, by its acceptance of an interest in such Notes agrees to cooperate with the Issuer to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the Non-Permitted ERISA Holder. The terms and conditions of any sale under this sub-section shall be determined in the sole discretion of the Issuer, and none of the Issuer, the Trustee or the Collateral Manager shall be liable to any person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion.

### *Further considerations*

There can be no assurance that, despite the transfer restrictions relating to acquisitions by Benefit Plan Investors and Controlling Persons and the procedures to be employed by the Issuer to attempt to limit ownership by Benefit Plan Investors of each Class of ERISA-Restricted Notes to less than 25%, Benefit Plan Investors will not in actuality own 25% or more of any Class of outstanding ERISA-Restricted Notes, disregarding Notes held by Controlling Persons.

If for any reason the assets of the Issuer were deemed to be "plan assets" of a Plan, certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of its business might constitute non-exempt "prohibited transactions" under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded at significant cost to the Issuer. The Collateral Manager, on behalf of the Issuer, may be prevented from engaging in certain investments or other transactions or fee arrangements because they might be deemed to cause non-exempt prohibited transactions. Moreover, if the underlying assets of the Issuer were deemed to be assets constituting plan assets, (i) the assets of the Issuer could be subject to ERISA's reporting and disclosure requirements, (ii) a fiduciary causing a Benefit Plan Investor to make an investment in the equity of the Issuer could be deemed to have delegated its responsibility to manage the assets of the Benefit Plan Investor, (iii) various providers of fiduciary or other services to the Issuer, and any other parties with authority or control with respect to the Issuer, could be deemed to be Plan fiduciaries or otherwise Parties in Interest or Disqualified Persons by virtue of their provision of such services, and (iv) it is not clear that Section 404(b) of ERISA, which generally prohibits plan fiduciaries from maintaining the indicia of ownership of assets of plans subject to Title I of ERISA outside the jurisdiction of the district courts of the United States, would be satisfied in all instances.

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

The sale of any Notes to a plan, or to a person using assets of any plan to effect its acquisition of any Notes, is in no respect a representation by the Issuer, Citigroup, the Trustee, the Collateral Administrator or the Collateral Manager that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

**ANY POTENTIAL INVESTOR CONSIDERING AN INVESTMENT IN THE NOTES THAT IS, OR IS ACTING ON BEHALF OF, A PLAN IS STRONGLY URGED TO CONSULT ITS OWN LEGAL AND TAX ADVISORS REGARDING THE CONSEQUENCES OF SUCH AN INVESTMENT UNDER ERISA, THE CODE AND ANY SIMILAR LAWS AND ITS ABILITY TO MAKE THE REPRESENTATIONS DESCRIBED ABOVE.**

### *Legal investment considerations*

If your investment activities are subject to regulation by federal, state or local law or governmental authorities you should review the applicable laws and/or rules, policies and guidelines adopted from time to time by such authorities before purchasing any Notes. No representation is made as to the proper characterization of the Notes for legal investment or other purposes or as to the ability of particular investors to purchase any Notes under applicable law or other legal investment restrictions. Accordingly, if your investment activities are subject to such laws and/or regulations, regulatory capital requirements or review by regulatory authorities you should consult your own legal advisors in determining whether and to what extent the Notes constitute a legal investment or are subject to investment, capital or other restrictions.

None of the Issuer, the Collateral Manager, Citigroup, the Trustee or the Collateral Administrator make any representation as to the proper characterization of the Notes for legal investment or other purposes, as to the ability of particular investors to purchase the Notes for legal investment or other purposes or as to the ability of particular investors to purchase the Notes under applicable investment restrictions. All institutions whose activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult their own legal advisors in determining whether and to what extent the Notes are subject to investment,

capital or other restrictions. Such restrictions (and any unfavorable future determinations concerning legal investment or financial institution regulatory characteristics of the Notes) may affect the liquidity of the Notes.

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## **ANTI-MONEY LAUNDERING AND ANTI-TERRORISM REQUIREMENTS AND DISCLOSURES**

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In order to comply with U.S. laws and regulations, including the USA PATRIOT Act, aimed at the prevention of money laundering and the prohibition of transactions with certain countries, organizations and individuals, the Issuer (or Citigroup on its behalf) may request from an investor or a prospective investor such information as it reasonably believes is necessary to verify the identity of such investor or prospective investor, and to determine whether such investor or prospective investor is permitted to be an investor in the Issuer or the Notes pursuant to such laws and regulations. In the event of the delay or failure by any investor or prospective investor in the Notes to deliver to the Issuer any such requested information, the Issuer (or Citigroup on its behalf) may (a) require such investor to immediately transfer any Note, or beneficial interest therein, held by such investor to an investor meeting the requirements of this Offering Circular and the Indenture, (b) refuse to accept the subscription of a prospective investor, or (c) take any other action required to comply with such laws and regulations. In addition, following the delivery of any such information, the Issuer (or Citigroup on its behalf) may take any of the actions identified in clauses (a)-(c) above. In certain circumstances, the Issuer, the Trustee or Citigroup may be required to provide information about investors to regulatory authorities and to take any further action as may be required by law. None of the Issuer, the Trustee, the Collateral Administrator, the Collateral Manager or Citigroup will be liable for any loss or injury to an investor or prospective investor that may occur as a result of disclosing such information, refusing to accept the subscription of any potential investor, redeeming any investment in a Note or taking any other action required by law.



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## PLAN OF DISTRIBUTION

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The Class A Notes, the Class B Notes, the Combination Notes and a portion of the Income Notes are being offered by Citigroup (in such capacity, the "*Initial Purchaser*") pursuant to the Purchase Agreement and the Class C Notes, Class D Notes, the Class E Notes, and Combination Notes and the remaining portion of the Income Notes (the "*Placed Notes*") are being offered by the Issuer through Citigroup (in such capacity, the "*Placement Agent*") pursuant to the Placement Agency Agreement.

Pursuant to the Purchase Agreement, the Class A Notes, the Class B Notes, the Combination Notes and a portion of the Income Notes will be offered by Citigroup, as initial purchaser, from time to time for sale to investors in negotiated transactions at varying prices to be determined in each case at the time of sale. Pursuant to the Placement Agency Agreement, Citigroup, as placement agent, will use its best efforts to arrange for the issuance of the Placed Notes to investors on the Closing Date in negotiated transactions at varying prices. Citigroup may elect to purchase and resell the Placed Notes on the Closing Date in lieu of them being issued directly to investors.

The Purchase Agreement will provide that the obligations of Citigroup to pay for and accept delivery of the Class A Notes and a portion of the Income Notes thereunder are subject to certain conditions. The Placement Agency Agreement will provide that the obligation of Citigroup to act as placement agent of the Issuer thereunder is subject to certain conditions.

In the Purchase Agreement and the Placement Agency Agreement, the Issuer will agree to indemnify Citigroup against certain liabilities, including under the Securities Act, the Exchange Act or otherwise, insofar as such liabilities arise out of or are connected with the consummation of the transactions contemplated by the offering documents for the Notes (including the preliminary offering circular for the Notes and this Offering Circular) or the execution and delivery of, and the consummation of the transactions contemplated by, the Transaction Documents, or to contribute to payments Citigroup may be required to make in respect thereof. In addition, the Issuer will agree to reimburse Citigroup for certain of its expenses incurred in connection with the closing of the transactions contemplated hereby.

The offering of the Notes has not been and will not be registered under the Securities Act and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

No action has been taken or is being contemplated by the Issuer that would permit a public offering of the Notes or possession or distribution of this Offering Circular or any amendment thereof, or supplement thereto or any other offering material relating to the Notes in any jurisdiction (other than Ireland) where, or in any other circumstances in which, action for those purposes is required. No offers, sales or deliveries of any Notes, or distribution of this Offering Circular or any other offering material relating to the Notes, may be made in or from any jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or Citigroup. Because of the restrictions contained in the front of this Offering Circular, you are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

In the Purchase Agreement, Citigroup and the Placement Agency Agreement will agree that it or one or more of its Affiliates will sell or arrange for the sale (as applicable) of Notes only to or with, in each case, purchasers it reasonably believes to be (i) Qualified Institutional Buyers who are also (1) Qualified Purchasers or (2) entities owned exclusively by Qualified Purchasers or (ii) (x) non-U.S. persons purchasing the notes in offshore transactions in accordance with Regulation S who are in each case also Qualified Purchasers or entities owned exclusively by Qualified Purchasers. Until 40 days after completion of the distribution by the Issuer, an offer or sale of Notes in a non-offshore transaction by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if the offer or sale is made otherwise than pursuant to Rule 144A or a transaction exempt from the registration requirements under the Securities Act. Resales of the Notes offered in reliance on Rule 144A or in a transaction exempt from the registration requirements under the Securities Act, as the case may be, are restricted as described under the "Transfer Restrictions." Beneficial interests in a Regulation S Global Note may not

be held by a U.S. person at any time, and resales of the Notes offered in offshore transactions to non-U.S. persons in reliance on Regulation S may be effected only in accordance with the transfer restrictions described herein. As used in this paragraph, the terms "United States" and "U.S." have the meanings given to them by Regulation S.

Citigroup and its affiliates may have had in the past and may in the future have business relationships and dealings with the Collateral Manager and its affiliates and one or more obligors with respect to Collateral Obligations and their affiliates and may own equity or debt securities issued by such entities or their affiliates. Citigroup and its affiliates may have provided and may in the future provide investment banking services to such entities or their affiliates and may have received or may receive compensation for such services.

The Notes are offered when, as and if issued, subject to prior sale or withdrawal, cancellation or modification of the offer without notice and subject to approval of certain legal matters by counsel and certain other conditions.

The Notes are a new issue of securities for which there is currently no market. Citigroup is under no obligation to make a market in any Notes (or Class thereof) and any market making activity, if commenced, may be discontinued at any time. There can be no assurance that a secondary market for any Notes (or Class thereof) will develop, or if one does develop, that it will continue. Accordingly, no assurance can be given as to the liquidity of or trading market for the Notes.

In connection with the offering of the Notes, Citigroup may, as permitted by applicable law, over-allot or effect transactions that stabilize or maintain the market price of the Notes at a level which might not otherwise prevail in the open market. The stabilizing, if commenced, may be discontinued at any time.

#### **Notice to Prospective Investors in the European Economic Area**

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a "*relevant member state*"), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the "*relevant implementation date*"), an offer of Notes to the public which are the subject of this Offering Circular may not be made, other than:

- to any legal entity that is a "*qualified investor*" as defined in the Prospectus Directive, any amendments thereto to the extent implemented in each relevant member state and any relevant implementing measure in each relevant member state;
- to fewer than 100 or, if the relevant member state has implemented the relevant provision of Directive 2010/73/EU, 150, natural or legal persons (other than qualified investors), as permitted in the Prospectus Directive, any amendments thereto to the extent implemented in each relevant member state and any relevant implementing measure in each relevant member state, subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, any amendments thereto to the extent implemented in each relevant member state and any relevant implementing measure in each relevant member state;

provided that no such offer of securities shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive, any amendments thereto to the extent implemented in each relevant member state and any relevant implementing measure in each relevant member state

Each purchaser of securities described in this Offering Circular located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" as defined in the Prospectus Directive, any amendments thereto to the extent implemented in each relevant member state and any relevant implementing measure in each relevant member state.

For purposes of this provision, the expression an "offer of Notes to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the expression may be varied in that member state by any amendments to the Prospectus Directive to the extent implemented in that

member state and any measure implementing the Prospectus Directive in that member state, and the expression "*Prospectus Directive*" means Prospectus Directive 2003/71/EC.

#### **Notice to Prospective Investors in the United Kingdom**

Within the United Kingdom this Offering Circular is only being distributed to, and is only directed at, professionals or other persons in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 (as amended) does not apply to the Issuer (all such persons together being referred to as "*relevant persons*"). This Offering Circular may not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons.

#### **Notice to Prospective Investors in France**

Neither this Offering Circular nor any other offering material relating to the Notes has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this Offering Circular nor any other offering material relating to the Notes has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the notes to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with, articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The Notes may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

#### **Notice to Prospective Investors in Italy**

The Notes will not be offered, sold or delivered, and copies of this Offering Circular or any other document relating to the Notes will not be distributed, in the Republic of Italy unless such offer, sale or delivery of Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy is:

- made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September, 1993 (the "*Banking Act*"), the Financial Services Act, Regulation 11522 and any other applicable laws and regulations; and
- in compliance with any and all other applicable laws and regulations.

### **Notice to Prospective Investors in Ireland**

The Notes will not be underwritten or placed otherwise than in conformity with the provisions of the Investment Intermediaries Act, 1995 of Ireland, as amended, including, without limitation, Sections 9 and 23 (including advertising restrictions made thereunder) thereof and the codes of conduct made under Section 37 thereof or, in the case of a credit institution exercising its rights under the Banking Consolidation Directive (2000/12/EC of 20th March, 2000) in conformity with the codes of conduct or practice made under Section 117(1) of the Central Bank Act, 1989, of Ireland, as amended.

In connection with offers or sales of the Notes, each of the Issuer, the Initial Purchaser and the Placement Agent has only issued or passed on, and will only issue or pass on, in Ireland, any document received by it in connection with the issue of the Notes to persons who are persons to whom the documents may otherwise lawfully be issued or passed on.

In respect of a local offer (within the meaning of Section 38(1) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland (the "*2005 Act*") of Securities in Ireland, Section 49 of the 2005 Act has been complied with and will be complied with.

### **Notice to Prospective Investors in Japan**

The Notes have not been registered under the Financial Instruments and Exchange Law of Japan. The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

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## TRANSFER RESTRICTIONS

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Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, or transfer of the Notes.

The Notes have not been registered under the Securities Act or any state securities or "Blue Sky" laws or the securities laws of any other jurisdiction and, accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described herein and set forth in the Indenture.

Without limiting the foregoing, by holding a Note, you will acknowledge and agree, among other things, that you understand that the Issuer is not registered as an investment company under the Investment Company Act, and that the Issuer is exempt from registration as such by virtue of Section 3(c)(7) of the Investment Company Act. Section 3(c)(7) excepts from the provisions of the Investment Company Act those issuers who privately place their securities solely to persons who at the time of purchase are "qualified purchasers" or are "knowledgeable employees" with respect to the Issuer. In general terms, "*qualified purchaser*" is defined to mean, among other things, any natural person who owns not less than U.S.\$5,000,000 in investments; any person who in the aggregate owns and invests on a discretionary basis, not less than U.S.\$25,000,000 in investments; and trusts as to which both the settlor and the decision-making trustee are qualified purchasers (but only if such trust was not formed for the specific purpose of making such investment). In general terms, "*knowledgeable employees*" is defined to mean, among other things, executive officers, directors and certain investment professionals and employees of an issuer and its related investment manager.

### Global Notes

If you are either an initial purchaser or a transferee of Notes represented by an interest in a Global Note you will be deemed to have represented and agreed as follows (except as may be expressly agreed in writing between you and the Issuer, if you are an initial purchaser):

- (i) In connection with the purchase of such Notes: (A) none of the Issuer, the Collateral Manager, the Initial Purchaser, the Placement Agent, the Trustee, the Collateral Administrator or any of their respective affiliates is acting as a fiduciary or financial or investment advisor for such beneficial owner; (B) such beneficial owner is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Collateral Manager, the Trustee, the Collateral Administrator, the Initial Purchaser, the Placement Agent or any of their respective affiliates other than any statements in this Offering Circular for such Notes, and such beneficial owner has read and understands this Offering Circular; (C) such beneficial owner has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary and has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Indenture) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer, the Collateral Manager, the Trustee, the Collateral Administrator, the Initial Purchaser, the Placement Agent or any of their respective affiliates; (D) such beneficial owner is a "qualified purchaser" for purposes of Section 3(c)(7) of the Investment Company Act or an entity owned exclusively by "qualified purchasers", (E) such beneficial owner (1) in the case of a beneficial owner of an interest in a Rule 144A Global Note, is a "qualified institutional buyer" (as defined under Rule 144A under the Securities Act) that is not a broker-dealer which owns and invests on a discretionary basis less than U.S.\$25,000,000 in securities of issuers that are not affiliated persons of the dealer and is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A under the Securities Act or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A under the Securities Act that holds the assets of such a plan, if investment decisions with respect to the plan are made by beneficiaries of the plan or (2) in the case of a beneficial owner of an interest in a Regulation S Global Note, is not a "U.S. person" as defined in Regulation S and is acquiring the Notes in an offshore transaction (as defined in Regulation S) in reliance on the exemption from registration provided by Regulation S; (F) such beneficial owner is acquiring its interest in such Notes for its own account; (G) such beneficial owner is

not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle); (H) such beneficial owner understands that the Issuer may receive a list of participants holding interests in the Notes from one or more book-entry depositories, (I) such beneficial owner will hold and transfer at least the minimum denomination or minimum trading lot, as applicable, of such Notes; (J) in the case of the Income Notes, such beneficial owner is a sophisticated investor and is purchasing the Notes with a full understanding of all of the terms, conditions and risks thereof, and is capable of and willing to assume those risks; (K) in the case of the Combination Notes, such beneficial owner is a "United States person" as defined in Section 7701(a)(30) of the Code; (L) such beneficial owner will provide notice of the relevant transfer restrictions to subsequent transferees; and (M) if it is not a U.S. person, it is not acquiring any Note as part of a plan to reduce, avoid or evade U.S. federal income tax.

- (ii) (1) Each purchaser or transferee of Class A Notes or an interest therein, Class B Notes or an interest therein, Class C Notes or an interest therein or Class D Notes or an interest therein will be required or deemed to represent and warrant that (a) if it is, or is acting on behalf of, a Benefit Plan Investor, its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, and (b) if it is a governmental, church, non-U.S. or other plan which is subject to any Other Plan Law, its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt violation of any such Other Plan Law and (2) each purchaser or subsequent transferee of Class E Notes in the form of a Global Note or an interest therein, Income Notes in the form of a Global Note or an interest therein or Combination Notes in the form of a Global Note or an interest therein will be required or deemed to have represented and agreed that (a) for so long as it holds such ERISA-Restricted Notes or interest therein, it is not, and is not acting on behalf of, a Benefit Plan Investor or a Controlling Person, unless such purchaser or transferee has obtained the prior written consent of the Issuer and represents and warrants that its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code and (b) if it is a governmental, church, non-U.S. or other plan, (i) it is not, and for so long as it holds such ERISA-Restricted Notes or interest therein will not be, subject to any Similar Law and (ii) its acquisition, holding and disposition of such ERISA-Restricted Notes will not constitute or result in a non-exempt violation of any applicable Other Plan Laws.
- (iii) Such beneficial owner understands that such Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, such Notes have not been and will not be registered under the Securities Act, and, if in the future such beneficial owner decides to offer, resell, pledge or otherwise transfer such Notes, such Notes may be offered, resold, pledged or otherwise transferred only in accordance with the provisions of the Indenture and the legend on such Notes. Such beneficial owner acknowledges that no representation has been made as to the availability of any exemption under the Securities Act or any state securities laws for resale of such Notes. Such beneficial owner understands that the Issuer has not been registered under the Investment Company Act, and that the Issuer is exempt from registration as such by virtue of Section 3(c)(7) of the Investment Company Act.
- (iv) Such beneficial owner is aware that beneficial interests in Global Notes may be held only through DTC (for the respective accounts of Euroclear or Clearstream in the case of Regulation S Global Notes).
- (v) Such beneficial owner will provide notice to each person to whom it proposes to transfer any interest in such Notes of the transfer restrictions and representations set forth in the Indenture, and (A) in the case of a proposed transfer of an interest in a Regulation S Global Note, will cause the proposed transferee to deliver to the Issuer and Trustee an executed Regulation S Global Purchaser Letter and (B) in the case of a proposed transfer of an interest in a Rule 144A Global Note that is a Class E Note, Income Note or Combination Note, will cause the proposed transferee to deliver to the Issuer and Trustee an executed Rule 144A Global ERISA Restricted Purchaser Letter.

## **Class E Notes, Income Notes and Combination Notes**

If you are a purchaser or transferee of a Certificated Class E Note, Certificated Income Note or Rule 144A Certificated Combination Note after the Closing Date (including by way of a transfer of an interest in a Regulation S Global Note to you as a transferee acquiring a Certificated Class E Note or Certificated Income Note), no such purchase or transfer will be recorded or otherwise recognized unless you have provided the Trustee with certificates substantially in the form of Annex A-1 or Annex A-2, as applicable, and Annex A-3 hereto. Each original purchaser of a Class E Note, Income Note or Combination Note on the Closing Date (a) will be required to provide the Placement Agent with a Subscription Agreement containing representations substantially similar to those set forth in Annex A-1 or Annex A-2, as applicable, and Annex A-3 hereto and (b) in the case of an interest in a Class E Note, Income Note or Combination Note in the form of a Rule 144A Global Note, will be required to provide the Issuer and Trustee with an executed Rule 144A Global ERISA Restricted Purchaser Letter.

### **Additional restrictions**

No transfer of any Class E Note or any interest therein, any Income Note or any interest therein or any Combination Note or any interest therein will be effective, and no such transfer will be recognized, if it may result in 25% or more of the value of the Class E Notes, the Income Notes or the Combination Notes being held by Benefit Plan Investors, as determined in accordance with the Plan Asset Regulation. For purposes of this determination, the value of any Class E Notes, Income Notes and Combination Notes held by Citigroup, the Trustee, the Collateral Manager and certain of their affiliates (other than those interests held by a Benefit Plan Investor) or a person (other than a Benefit Plan Investor) who is a Controlling Person is disregarded. If you are a Benefit Plan Investor or a Controlling Person, you may not acquire Class E Notes represented by a Global Note or any interest therein, Income Notes represented by a Global Note or any interest therein or Combination Notes represented by a Global Note or any interest therein, unless you have obtained the prior written consent of the Issuer and you represent and warrant that your acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. See "Certain ERISA and Related Considerations."

Each purchaser and subsequent transferee of any Note shall be required or (in the case of Rule 144A Global Notes only) deemed to represent that such purchaser or subsequent transferee, as applicable, is a Qualified Purchaser.

No transfer of a Note may be made to a Flow-Through Investment Vehicle other than a Qualifying Investment Vehicle.

Each original purchaser of an interest in a Regulation S Global Note will deliver to the Issuer and Trustee an executed Regulation S Global Purchaser Letter. Each original purchaser of an interest in a Rule 144A Global Note that is a Class E Note, Income Note or Combination Note will deliver to the Issuer and Trustee an executed Rule 144A Global ERISA Restricted Purchaser Letter.

Income Notes may only be owned by Persons that are either (i) United States persons as defined in Section 7701(a)(30) of the Code or (ii) any other Person that provides a properly completed and signed applicable Internal Revenue Service Form W-8 (or applicable successor form) with appropriate attachments to establish its entitlement to receive interest free of withholding tax and that is not an Affected Bank. Combination Notes may only be owned by Persons that are United States persons as defined in Section 7701(a)(30) of the Code.

Each purchaser and subsequent transferee of Non-ERISA Restricted Notes will be required or deemed to represent that such purchaser or subsequent transferee, as applicable, is not an Affected Bank. If you are a purchaser or transferee of Certificated Class E Notes or Certificated Income Notes after the Closing Date, you will be required to provide the Issuer and the Trustee written certification, by the delivery of a certificate in the form of Annex A-3 hereto, as to whether you are an Affected Bank. Each transferee of Class E Notes in the form of Global Notes and each transferee of Income Notes in the form of Global Notes. No transfer of any Note to an Affected Bank will be effective, and no such transfer will be recognized, unless such transfer is specifically authorized by the Issuer in writing; *provided*, that the Issuer shall authorize any such transfer if (x) such transfer would not cause an Affected Bank, directly or in conjunction with its affiliates, to own more than 33-1/3% of the aggregate outstanding principal amount of any Class of Notes, or (y) the transferor is an Affected Bank previously approved by the Issuer. "*Affected*

*Bank*" means a "bank" for purposes of Section 881 of the Code or an entity affiliated with such a bank that is neither (x) a United States person (within the meaning of Section 7701(a)(30) of the Code) nor (y) entitled to the benefits of an income tax treaty with the United States under which withholding taxes on interest payments made by obligors resident in the United States to such bank are reduced to 0%.

Each purchaser, beneficial owner and subsequent transferee of Notes or any interest therein will: (1) be required or deemed to agree to provide the Issuer and Trustee, (i) any information as is necessary (in the sole determination of the Issuer or the Trustee) for the Issuer and the Trustee to determine whether such purchaser, beneficial owner or transferee is a United States person as defined in Section 7701(a)(30) of the Code ("*United States person*") or a United States owned foreign entity as defined in Section 1471(d)(3) of the Code ("*United States owned foreign entity*") and (ii) any additional information that the Issuer or its agent requests in connection with Sections 1471-1474 of the Code and (2) if it is a United States person or a United States owned foreign entity that is a holder or beneficial owner of Notes or an interest therein, be required to (x) provide the Issuer and Trustee its name, address, U.S. taxpayer identification number, if it is a United States owned foreign entity, the name, address and taxpayer identification number of each of its substantial United States owners as defined in Section 1473(2) of the Code ("*substantial United States owner*") and any other information requested by the Issuer or its agent upon request and (y) update any such information provided in clause (x) promptly upon learning that any such information previously provided has become obsolete or incorrect or is otherwise required (the foregoing agreements, "*Noteholder Reporting Obligations*"). Each purchaser and subsequent transferee of Notes will be required or deemed to acknowledge that the Issuer may provide such information and any other information concerning its investment in the Notes to the U.S. Internal Revenue Service.

To the extent required by the Issuer, as determined by the Issuer or the Collateral Manager on behalf of the Issuer, the Issuer may impose additional transfer restrictions on the Income Notes to comply with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 and other similar laws or regulations, including, without limitation, requiring each transferee of an Income Note, as applicable, to make representations to the Issuer in connection with such compliance.

## **Legends**

The Non-ERISA Restricted Notes will bear a legend substantially to the following effect unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO (A) A PERSON THAT IS BOTH (1) A "QUALIFIED PURCHASER" OR A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY (OTHER THAN A TRUST) EACH SHAREHOLDER, PARTNER, MEMBER OR OTHER EQUITY OWNER OF WHICH IS A QUALIFIED PURCHASER (AS DEFINED FOR PURPOSES OF SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT) AND (2) A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN RELIANCE ON THE EXEMPTION FROM SECURITIES ACT REGISTRATION PROVIDED BY SUCH RULE THAT IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25 MILLION IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE DEALER AND IS NOT A PLAN REFERRED TO IN PARAGRAPH (A)(1)(i)(D) OR (A)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (A)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN OR (B) A PERSON THAT (1) IS A "QUALIFIED PURCHASER" (AS DEFINED FOR PURPOSES OF SECTION



3(C)(7) OF THE INVESTMENT COMPANY ACT) AND (2) IS NOT A "U.S. PERSON" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, AND IN EACH CASE IN COMPLIANCE WITH THE CERTIFICATION AND OTHER REQUIREMENTS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY APPLICABLE JURISDICTION.

THE ISSUER HAS THE RIGHT, UNDER THE INDENTURE, TO COMPEL ANY BENEFICIAL OWNER OF A [CLASS A]<sup>5</sup> [CLASS B]<sup>6</sup> [CLASS C]<sup>7</sup> NOTE WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION REPRESENTATION OR OTHER PLAN LAW REPRESENTATION THAT IS SUBSEQUENTLY SHOWN TO BE FALSE OR MISLEADING TO SELL ITS INTEREST IN SUCH NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

THE ISSUER HAS THE RIGHT, UNDER THE INDENTURE, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A NOTE THAT IS A U.S. PERSON AND IS NOT BOTH (A) A QUALIFIED PURCHASER OR A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY (OTHER THAN A TRUST) EACH SHAREHOLDER, PARTNER, MEMBER OR OTHER EQUITY OWNER OF WHICH IS A QUALIFIED PURCHASER AND (B) A QUALIFIED INSTITUTIONAL BUYER TO SELL ITS INTEREST IN THE NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

EACH PURCHASER OR TRANSFEREE OF THIS NOTE WILL BE REQUIRED OR DEEMED TO REPRESENT AND WARRANT THAT (A) IF IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND (B) IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (ANY SUCH LAW OR REGULATION, AN "OTHER PLAN LAW"), ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY SUCH OTHER PLAN LAW. "BENEFIT PLAN INVESTOR" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY.

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<sup>5</sup> Insert in the case of a Class A Note.

<sup>6</sup> Insert in the case of a Class B Note.

<sup>7</sup> Insert in the case of a Class C Note.

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

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE.]<sup>8</sup>

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO HEREIN.

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

THE FAILURE TO PROVIDE THE ISSUER, THE TRUSTEE AND ANY PAYING AGENT WITH THE PROPERLY COMPLETED AND SIGNED TAX CERTIFICATIONS (GENERALLY, IN THE CASE OF U.S. FEDERAL INCOME TAX, AN INTERNAL REVENUE SERVICE FORM W-9 (OR APPLICABLE SUCCESSOR FORM) IN THE CASE OF A PERSON THAT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE OR THE APPROPRIATE INTERNAL REVENUE SERVICE FORM W-8 (OR APPLICABLE SUCCESSOR FORM) IN THE CASE OF A PERSON THAT IS NOT A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE) OR THE FAILURE TO MEET ITS NOTEHOLDER REPORTING OBLIGATIONS MAY RESULT IN WITHHOLDING FROM PAYMENTS IN RESPECT OF SUCH NOTE, INCLUDING U.S. FEDERAL WITHHOLDING OR BACK-UP WITHHOLDING.

EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST IN THIS NOTE THAT IS A "UNITED STATES PERSON" (AS DEFINED IN SECTION 7701(a)(30) OF THE CODE) OR A "UNITED STATES OWNED FOREIGN ENTITY" (AS DEFINED IN SECTION 1471(d)(3) OF THE CODE) WILL MAKE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT (I) IT WILL PROVIDE TO THE ISSUER AND THE TRUSTEE ITS NAME, ADDRESS, U.S. TAXPAYER IDENTIFICATION NUMBER, IF IT IS A UNITED STATES OWNED FOREIGN ENTITY, THE NAME, ADDRESS AND TAXPAYER IDENTIFICATION NUMBER OF EACH OF ITS "SUBSTANTIAL UNITED STATES OWNERS" (AS DEFINED IN SECTION 1473(2) OF THE CODE) AND ANY OTHER INFORMATION THAT THE ISSUER OR THE HOLDER REQUESTS AND (II) IT WILL UPDATE ANY SUCH INFORMATION

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<sup>8</sup> Insert in the case of Global Notes only.

PROVIDED IN CLAUSE (I) PROMPTLY UPON LEARNING THAT ANY SUCH INFORMATION PREVIOUSLY PROVIDED HAS BECOME OBSOLETE OR INCORRECT OR IS OTHERWISE REQUIRED. IN ADDITION, EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR ANY INTEREST IN THIS NOTE WILL MAKE, OR BY ACQUIRING THIS NOTE OR ANY INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT IT WILL PROVIDE TO THE ISSUER AND THE TRUSTEE (X) ANY INFORMATION AS IS NECESSARY (IN THE SOLE DETERMINATION OF THE ISSUER OR THE TRUSTEE, AS APPLICABLE) FOR THE ISSUER AND THE TRUSTEE TO DETERMINE WHETHER SUCH HOLDER OR BENEFICIAL OWNER IS A UNITED STATES PERSON OR A UNITED STATES OWNED FOREIGN ENTITY, AND (Y) ANY ADDITIONAL INFORMATION THAT THE ISSUER OR ITS AGENT REQUESTS IN CONNECTION WITH SECTIONS 1471- 1474 OF THE CODE. EACH SUCH HOLDER AND BENEFICIAL OWNER WILL AGREE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE BE DEEMED TO AGREE, THAT THE ISSUER MAY PROVIDE SUCH INFORMATION AND ANY OTHER INFORMATION REGARDING ITS INVESTMENT IN THIS NOTE TO THE U.S. INTERNAL REVENUE SERVICE. THE ISSUER HAS THE RIGHT, UNDER THE INDENTURE, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A NOTE THAT FAILS TO COMPLY WITH THE FOREGOING REQUIREMENTS TO SELL ITS INTEREST IN SUCH NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST IN THIS NOTE THAT IS NOT A "UNITED STATES PERSON" (AS DEFINED IN SECTION 7701(a)(30) OF THE CODE) WILL MAKE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, A REPRESENTATION TO THE EFFECT THAT (A) EITHER (I) IT IS NOT A BANK EXTENDING CREDIT PURSUANT TO A LOAN AGREEMENT ENTERED INTO IN THE ORDINARY COURSE OF ITS TRADE OR BUSINESS (WITHIN THE MEANING OF SECTION 881(c)(3)(A) OF THE CODE), OR (II) IT IS A PERSON THAT IS ELIGIBLE FOR BENEFITS UNDER AN INCOME TAX TREATY WITH THE UNITED STATES THAT ELIMINATES U.S. FEDERAL INCOME TAXATION OF U.S. SOURCE INTEREST NOT ATTRIBUTABLE TO A PERMANENT ESTABLISHMENT IN THE UNITED STATES, AND (B) IT IS NOT PURCHASING THIS NOTE IN ORDER TO REDUCE ITS U.S. FEDERAL INCOME TAX LIABILITY PURSUANT TO A TAX AVOIDANCE PLAN.

EACH HOLDER AND EACH BENEFICIAL OWNER OF THIS NOTE, BY ACQUIRING THIS NOTE OR ITS INTEREST IN THIS NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, THIS NOTE FOR AS LONG AS THE ISSUER IS CLASSIFIED AS A PARTNERSHIP FOR U.S. FEDERAL INCOME TAX PURPOSES, AS DEBT OF THE ISSUER FOR U.S. FEDERAL AND, TO THE EXTENT PERMITTED BY LAW, STATE AND LOCAL INCOME AND FRANCHISE TAX PURPOSES AND SHALL TAKE NO ACTION INCONSISTENT WITH SUCH TREATMENT UNLESS REQUIRED BY ANY RELEVANT TAXING AUTHORITY.

Additionally, the Class C Notes, Class D Notes and the Class E Notes will bear a legend substantially to the following effect unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE

PRICE, AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY OF THIS NOTE MAY BE OBTAINED BY WRITING TO BRETT NEUBECK, CITIGROUP GLOBAL MARKETS INC., 390 GREENWICH STREET, NEW YORK, NEW YORK 10013, TELEPHONE NO. 212-723-3188.

The Class E Notes and Income Notes will bear a legend substantially to the following effect unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO (A) A PERSON THAT IS BOTH (1) A "QUALIFIED PURCHASER"<sup>9</sup>, A "KNOWLEDGEABLE EMPLOYEE" WITH RESPECT TO THE ISSUER<sup>9</sup> OR A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY (OTHER THAN A TRUST) EACH SHAREHOLDER, PARTNER, MEMBER OR OTHER EQUITY OWNER OF WHICH IS [EITHER A KNOWLEDGEABLE EMPLOYEE WITH RESPECT TO THE ISSUER OR]<sup>10</sup> A QUALIFIED PURCHASER ([IN EACH CASE,<sup>11</sup>AS DEFINED FOR PURPOSES OF SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT) AND (2) [EITHER (X)]<sup>12</sup> A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN RELIANCE ON THE EXEMPTION FROM SECURITIES ACT REGISTRATION PROVIDED BY SUCH RULE THAT IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25 MILLION IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE DEALER AND IS NOT A PLAN REFERRED TO IN PARAGRAPH (A)(1)(i)(D) OR (A)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (A)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN [OR (Y) AN "ACCREDITED INVESTOR (AS DEFINED IN RULE 501(A) UNDER THE SECURITIES ACT)]<sup>13</sup> OR (B) A PERSON THAT (1) IS A "QUALIFIED PURCHASER" (AS DEFINED FOR PURPOSES OF SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT) AND (2) IS NOT A "U.S. PERSON" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, AND IN EACH CASE IN COMPLIANCE WITH THE CERTIFICATION AND OTHER REQUIREMENTS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY APPLICABLE JURISDICTION.

EACH PURCHASER OR TRANSFEREE OF A [CLASS E]<sup>14</sup>[INCOME]<sup>15</sup> NOTE OR AN INTEREST THEREIN IN THE FORM OF A GLOBAL NOTE WILL BE REQUIRED OR DEEMED TO REPRESENT AND AGREE THAT, FOR SO LONG AS IT HOLDS SUCH NOTE OR AN INTEREST THEREIN, IT IS NOT, AND IS NOT ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR OR A CONTROLLING PERSON, UNLESS SUCH PURCHASER OR TRANSFEREE HAS OBTAINED THE PRIOR WRITTEN CONSENT OF THE ISSUER AND

<sup>9</sup> Insert in the case of Income Notes only.

<sup>10</sup> Insert in the case of Income Notes only.

<sup>11</sup> Insert in the case of Income Notes only.

<sup>12</sup> Insert in the case of Income Notes only.

<sup>13</sup> Insert in the case of Income Notes only.

<sup>14</sup> Insert in the case of Class E Notes only.

<sup>15</sup> Insert in the case of Income Notes only.

REPRESENTS AND WARRANTS THAT ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"). "BENEFIT PLAN INVESTOR" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY. "CONTROLLING PERSON" MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN "AFFILIATE" OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. "CONTROL" WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. EACH SUCH PURCHASER OR TRANSFEREE WILL BE REQUIRED OR DEEMED TO REPRESENT AND WARRANT THAT, IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH NOTE OR AN INTEREST THEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER AND THE COLLATERAL MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER'S ASSETS) TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (ANY SUCH LAW OR REGULATION, A "SIMILAR LAW"), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE OR INTEREST THEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (ANY SUCH LAW OR REGULATION, AN "OTHER PLAN LAW").

EACH PURCHASER OR TRANSFEREE OF [CLASS E]<sup>16</sup>[INCOME]<sup>17</sup> NOTES REPRESENTED BY A CERTIFICATED [CLASS E]<sup>18</sup>[INCOME]<sup>19</sup> NOTE WILL BE REQUIRED TO REPRESENT AND WARRANT IN WRITING TO THE TRUSTEE (1) WHETHER OR NOT, FOR SO LONG AS IT HOLDS SUCH INCOME NOTE OR AN INTEREST THEREIN, IT IS, OR IS ACTING ON

<sup>16</sup> Insert in the case of Class E Notes only.

<sup>17</sup> Insert in the case of Income Notes only.

<sup>18</sup> Insert in the case of Class E Notes only.

<sup>19</sup> Insert in the case of Income Notes only.

BEHALF OF, A BENEFIT PLAN INVESTOR, (2) WHETHER OR NOT, FOR SO LONG AS IT HOLDS SUCH INCOME NOTE OR AN INTEREST THEREIN, IT IS A CONTROLLING PERSON AND (3) THAT, IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH NOTE OR AN INTEREST THEREIN, WILL NOT BE SUBJECT TO ANY SIMILAR LAW, (II) ITS ACQUISITION, DISPOSITION AND HOLDING OF SUCH NOTE WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF AN OTHER PLAN LAW.

THE ISSUER HAS THE RIGHT, UNDER THE INDENTURE, TO COMPEL ANY BENEFICIAL OWNER OF A NOTE WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION REPRESENTATION OR A BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW REPRESENTATION THAT IS SUBSEQUENTLY SHOWN TO BE FALSE OR MISLEADING OR WHOSE OWNERSHIP CAUSES A VIOLATION OF THE 25% LIMITATION TO SELL ITS INTEREST IN SUCH NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

THE ISSUER HAS THE RIGHT, UNDER THE INDENTURE, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A NOTE THAT IS NOT EITHER (A) A PERSON THAT IS BOTH (1) A QUALIFIED PURCHASER[, A KNOWLEDGEABLE EMPLOYEE WITH RESPECT TO THE ISSUER]<sup>20</sup> OR A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY (OTHER THAN A TRUST) EACH SHAREHOLDER, PARTNER, MEMBER OR OTHER EQUITY OWNER OF WHICH IS [EITHER A KNOWLEDGEABLE EMPLOYEE WITH RESPECT TO THE ISSUER OR]<sup>21</sup> A QUALIFIED PURCHASER AND (2) A QUALIFIED INSTITUTIONAL BUYER OR [AN ACCREDITED INVESTOR OR]<sup>22</sup> (B) BOTH (1) A QUALIFIED PURCHASER AND (2) A NON-U.S. PERSON THAT IS PURCHASING SUCH BENEFICIAL INTEREST IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S, OR IN EITHER CASE, THAT HAS AN EXEMPTION AVAILABLE UNDER THE SECURITIES ACT AND THE INVESTMENT COMPANY ACT, TO SELL ITS INTEREST IN SUCH NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

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

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE.]<sup>23</sup>

<sup>20</sup> Insert in the case of Income Notes only.

<sup>21</sup> Insert in the case of Income Notes only.

<sup>22</sup> Insert in the case of Income Notes only.

<sup>23</sup> Insert in the case of Global Notes only.

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO HEREIN.

[PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE TRUSTEE.]<sup>24</sup>

[DISTRIBUTIONS OF PRINCIPAL PROCEEDS AND INTEREST PROCEEDS TO THE HOLDER OF THE INCOME NOTES REPRESENTED HEREBY ARE SUBORDINATED TO THE PAYMENT ON EACH PAYMENT DATE OF PRINCIPAL OF AND INTEREST ON THE SECURED NOTES OF THE ISSUER AND THE PAYMENT OF CERTAIN OTHER AMOUNTS, TO THE EXTENT AND AS DESCRIBED IN THE INDENTURE.]<sup>25</sup>

THE FAILURE TO PROVIDE THE ISSUER, THE TRUSTEE AND ANY PAYING AGENT WITH THE PROPERLY COMPLETED AND SIGNED TAX CERTIFICATIONS (GENERALLY, IN THE CASE OF U.S. FEDERAL INCOME TAX, AN INTERNAL REVENUE SERVICE FORM W-9 (OR APPLICABLE SUCCESSOR FORM) IN THE CASE OF A PERSON THAT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE OR THE APPROPRIATE INTERNAL REVENUE SERVICE FORM W-8 (OR APPLICABLE SUCCESSOR FORM) IN THE CASE OF A PERSON THAT IS NOT A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE) OR THE FAILURE TO MEET ITS NOTEHOLDER REPORTING OBLIGATIONS MAY RESULT IN WITHHOLDING FROM PAYMENTS IN RESPECT OF SUCH NOTE, INCLUDING U.S. FEDERAL WITHHOLDING OR BACK-UP WITHHOLDING.

EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST IN THIS NOTE THAT IS A "UNITED STATES PERSON" (AS DEFINED IN SECTION 7701(a)(30) OF THE CODE) OR A "UNITED STATES OWNED FOREIGN ENTITY" (AS DEFINED IN SECTION 1471(d)(3) OF THE CODE) WILL MAKE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT (I) IT WILL PROVIDE TO THE ISSUER AND THE TRUSTEE ITS NAME, ADDRESS, U.S. TAXPAYER IDENTIFICATION NUMBER, IF IT IS A UNITED STATES OWNED FOREIGN ENTITY, THE NAME, ADDRESS AND TAXPAYER IDENTIFICATION NUMBER OF EACH OF ITS "SUBSTANTIAL UNITED STATES OWNERS" (AS DEFINED IN SECTION 1473(2) OF THE CODE) AND ANY OTHER INFORMATION THAT THE ISSUER OR THE HOLDER REQUESTS AND (II) IT WILL UPDATE ANY SUCH INFORMATION PROVIDED IN CLAUSE (I) PROMPTLY UPON LEARNING THAT ANY SUCH INFORMATION PREVIOUSLY PROVIDED HAS BECOME OBSOLETE OR INCORRECT OR IS OTHERWISE REQUIRED. IN ADDITION, EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR ANY INTEREST IN THIS NOTE WILL MAKE, OR BY ACQUIRING THIS NOTE OR ANY INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT IT WILL PROVIDE TO THE ISSUER AND THE TRUSTEE (X) ANY INFORMATION AS IS

<sup>24</sup> Insert in the case of Class E Notes only.

<sup>25</sup> Insert in the case of Income Notes only.

NECESSARY (IN THE SOLE DETERMINATION OF THE ISSUER OR THE TRUSTEE, AS APPLICABLE) FOR THE ISSUER AND THE TRUSTEE TO DETERMINE WHETHER SUCH HOLDER OR BENEFICIAL OWNER IS A UNITED STATES PERSON OR A UNITED STATES OWNED FOREIGN ENTITY, AND (Y) ANY ADDITIONAL INFORMATION THAT THE ISSUER OR ITS AGENT REQUESTS IN CONNECTION WITH SECTIONS 1471-1474 OF THE CODE. EACH SUCH HOLDER AND BENEFICIAL OWNER WILL AGREE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE BE DEEMED TO AGREE, THAT THE ISSUER MAY PROVIDE SUCH INFORMATION AND ANY OTHER INFORMATION REGARDING ITS INVESTMENT IN THIS NOTE TO THE U.S. INTERNAL REVENUE SERVICE. THE ISSUER HAS THE RIGHT, UNDER THE INDENTURE, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A NOTE THAT FAILS TO COMPLY WITH THE FOREGOING REQUIREMENTS TO SELL ITS INTEREST IN SUCH NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST IN THIS NOTE THAT IS NOT A "UNITED STATES PERSON" (AS DEFINED IN SECTION 7701(a)(30) OF THE CODE) WILL MAKE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, A REPRESENTATION TO THE EFFECT THAT (A) EITHER (I) IT IS NOT A BANK EXTENDING CREDIT PURSUANT TO A LOAN AGREEMENT ENTERED INTO IN THE ORDINARY COURSE OF ITS TRADE OR BUSINESS (WITHIN THE MEANING OF SECTION 881(c)(3)(A) OF THE CODE), OR (II) IT IS A PERSON THAT IS ELIGIBLE FOR BENEFITS UNDER AN INCOME TAX TREATY WITH THE UNITED STATES THAT ELIMINATES U.S. FEDERAL INCOME TAXATION OF U.S. SOURCE INTEREST NOT ATTRIBUTABLE TO A PERMANENT ESTABLISHMENT IN THE UNITED STATES, AND (B) IT IS NOT PURCHASING THIS NOTE IN ORDER TO REDUCE ITS U.S. FEDERAL INCOME TAX LIABILITY PURSUANT TO A TAX AVOIDANCE PLAN.

[EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST IN THIS NOTE (A) WILL MAKE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, A REPRESENTATION THAT IT IS NOT AN AFFECTED BANK AND (B) WILL AGREE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE WILL BE DEEMED TO AGREE, THAT NO TRANSFER OF THIS NOTE OR AN INTEREST HEREIN TO AN AFFECTED BANK WILL BE EFFECTIVE AND NEITHER THE TRUSTEE NOR THE REGISTRAR WILL RECOGNIZE ANY SUCH TRANSFER. AN "AFFECTED BANK" MEANS A "BANK" FOR PURPOSES OF SECTION 881 OF THE CODE OR AN ENTITY AFFILIATED WITH SUCH A BANK THAT IS NEITHER (X) A UNITED STATES PERSON (WITHIN THE MEANING OF SECTION 7701(a)(30) OF THE CODE) NOR (Y) ENTITLED TO THE BENEFITS OF AN INCOME TAX TREATY WITH THE UNITED STATES UNDER WHICH WITHHOLDING TAXES ON INTEREST PAYMENTS MADE BY OBLIGORS RESIDENT IN THE UNITED STATES TO SUCH BANK ARE REDUCED TO 0%.]<sup>26</sup>

EACH HOLDER AND EACH BENEFICIAL OWNER OF THIS NOTE, BY ACQUIRING THIS NOTE OR ITS INTEREST IN THIS NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, THIS NOTE FOR AS LONG AS THE ISSUER IS CLASSIFIED AS A

<sup>26</sup> Insert in the case of the Income Notes only.



PARTNERSHIP FOR U.S. FEDERAL INCOME TAX PURPOSES, AS [DEBT]<sup>27</sup> [EQUITY]<sup>28</sup> OF THE ISSUER FOR U.S. FEDERAL AND, TO THE EXTENT PERMITTED BY LAW, STATE AND LOCAL INCOME AND FRANCHISE TAX PURPOSES AND SHALL TAKE NO ACTION INCONSISTENT WITH SUCH TREATMENT UNLESS REQUIRED BY ANY RELEVANT TAXING AUTHORITY.

[THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY OF THIS NOTE MAY BE OBTAINED BY WRITING TO BRETT NEUBECK, CITIGROUP GLOBAL MARKETS INC., 390 GREENWICH STREET, NEW YORK, NEW YORK 10013, TELEPHONE NO. 212-723-3188.]<sup>29</sup>

The Combination Notes will bear a legend substantially to the following effect unless the Issuer determines otherwise in compliance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO A PERSON THAT IS (1) A "QUALIFIED PURCHASER" OR A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY (OTHER THAN A TRUST) EACH SHAREHOLDER, PARTNER, MEMBER OR OTHER EQUITY OWNER OF WHICH IS A QUALIFIED PURCHASER (AS DEFINED FOR PURPOSES OF SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT), (2) A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN RELIANCE ON THE EXEMPTION FROM SECURITIES ACT REGISTRATION PROVIDED BY SUCH RULE THAT IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25 MILLION IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED PERSONS OF THE DEALER AND IS NOT A PLAN REFERRED TO IN PARAGRAPH (A)(1)(i)(D) OR (A)(1)(i)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (A)(1)(i)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF THE PLAN AND (3) A "UNITED STATES PERSON" (AS DEFINED IN SECTION 7701(a)(30) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND IN EACH CASE IN COMPLIANCE WITH THE CERTIFICATION AND OTHER REQUIREMENTS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY APPLICABLE JURISDICTION.

EACH PURCHASER OR TRANSFEREE OF A COMBINATION NOTE OR AN INTEREST THEREIN IN THE FORM OF A GLOBAL NOTE WILL BE REQUIRED OR DEEMED TO REPRESENT AND AGREE THAT, FOR SO LONG AS IT HOLDS SUCH NOTE OR AN INTEREST THEREIN, IT IS NOT, AND IS NOT ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR OR A CONTROLLING PERSON, UNLESS SUCH PURCHASER OR TRANSFEREE HAS OBTAINED THE PRIOR WRITTEN CONSENT OF THE ISSUER AND REPRESENTS AND WARRANTS THAT ITS ACQUISITION, HOLDING AND

<sup>27</sup> Insert in the case of the Class E Notes only.

<sup>28</sup> Insert in the case of the Income Notes only.

<sup>29</sup> Insert in the case of the Class E Notes only.

DISPOSITION OF SUCH NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR SECTION 4975 OF THE CODE. "BENEFIT PLAN INVESTOR" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY. "CONTROLLING PERSON" MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN "AFFILIATE" OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. "CONTROL" WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON. EACH SUCH PURCHASER OR TRANSFEREE WILL BE REQUIRED OR DEEMED TO REPRESENT AND WARRANT THAT, IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH NOTE OR AN INTEREST THEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE INVESTOR IN ANY NOTE (OR INTEREST THEREIN) BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER AND THE COLLATERAL MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER'S ASSETS) TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (ANY SUCH LAW OR REGULATION, A "SIMILAR LAW"), AND (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE OR INTEREST THEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (ANY SUCH LAW OR REGULATION, AN "OTHER PLAN LAW").

EACH PURCHASER OR TRANSFEREE OF COMBINATION NOTES REPRESENTED BY A RULE 144A CERTIFICATED COMBINATION NOTE WILL BE REQUIRED TO REPRESENT AND WARRANT IN WRITING TO THE TRUSTEE (1) WHETHER OR NOT, FOR SO LONG AS IT HOLDS SUCH INCOME NOTE OR AN INTEREST THEREIN, IT IS, OR IS ACTING ON BEHALF OF, A BENEFIT PLAN INVESTOR, (2) WHETHER OR NOT, FOR SO LONG AS IT HOLDS SUCH INCOME NOTE OR AN INTEREST THEREIN, IT IS A CONTROLLING PERSON AND (3) THAT IF IT IS A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH NOTE OR AN INTEREST THEREIN, WILL NOT BE,

SUBJECT TO ANY SIMILAR LAW, AND (II) ITS ACQUISITION, HOLDING, AND DISPOSITION OF SUCH NOTE WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY OTHER PLAN LAW.

THE ISSUER HAS THE RIGHT, UNDER THE INDENTURE, TO COMPEL ANY BENEFICIAL OWNER OF A NOTE WHO HAS MADE OR HAS BEEN DEEMED TO MAKE A PROHIBITED TRANSACTION REPRESENTATION OR A BENEFIT PLAN INVESTOR, CONTROLLING PERSON, SIMILAR LAW OR OTHER PLAN LAW REPRESENTATION THAT IS SUBSEQUENTLY SHOWN TO BE FALSE OR MISLEADING OR WHOSE OWNERSHIP CAUSES A VIOLATION OF THE 25% LIMITATION TO SELL ITS INTEREST IN SUCH NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

THE ISSUER HAS THE RIGHT, UNDER THE INDENTURE, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A COMBINATION NOTE THAT IS NOT BOTH (A) A PERSON THAT IS BOTH (1) A QUALIFIED PURCHASER OR A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY (OTHER THAN A TRUST) EACH SHAREHOLDER, PARTNER, MEMBER OR OTHER EQUITY OWNER OF WHICH IS A QUALIFIED PURCHASER AND (2) A QUALIFIED INSTITUTIONAL BUYER, OR IN EITHER CASE, THAT HAS AN EXEMPTION AVAILABLE UNDER THE SECURITIES ACT AND THE INVESTMENT COMPANY ACT, AND (B) A "UNITED STATES PERSON" (AS DEFINED IN SECTION 7701(a)(30) OF THE CODE) TO SELL ITS INTEREST IN SUCH NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

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

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE.]<sup>30</sup>

TRANSFERS OF THIS NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO HEREIN.

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

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<sup>30</sup> Insert in the case of Global Notes only.

THE FAILURE TO PROVIDE THE ISSUER, THE TRUSTEE AND ANY PAYING AGENT WITH THE PROPERLY COMPLETED AND SIGNED TAX CERTIFICATIONS (GENERALLY, IN THE CASE OF U.S. FEDERAL INCOME TAX, AN INTERNAL REVENUE SERVICE FORM W-9 (OR APPLICABLE SUCCESSOR FORM)) OR THE FAILURE TO MEET ITS NOTEHOLDER REPORTING OBLIGATIONS MAY RESULT IN WITHHOLDING FROM PAYMENTS IN RESPECT OF SUCH NOTE, INCLUDING U.S. FEDERAL WITHHOLDING OR BACK-UP WITHHOLDING.

EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST IN THIS NOTE THAT IS A "UNITED STATES PERSON" (AS DEFINED IN SECTION 7701(a)(30) OF THE CODE) OR A "UNITED STATES OWNED FOREIGN ENTITY" (AS DEFINED IN SECTION 1471(d)(3) OF THE CODE) WILL MAKE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT (I) IT WILL PROVIDE TO THE ISSUER AND THE TRUSTEE ITS NAME, ADDRESS, U.S. TAXPAYER IDENTIFICATION NUMBER, IF IT IS A UNITED STATES OWNED FOREIGN ENTITY, THE NAME, ADDRESS AND TAXPAYER IDENTIFICATION NUMBER OF EACH OF ITS "SUBSTANTIAL UNITED STATES OWNERS" (AS DEFINED IN SECTION 1473(2) OF THE CODE) AND ANY OTHER INFORMATION THAT THE ISSUER OR THE HOLDER REQUESTS AND (II) IT WILL UPDATE ANY SUCH INFORMATION PROVIDED IN CLAUSE (I) PROMPTLY UPON LEARNING THAT ANY SUCH INFORMATION PREVIOUSLY PROVIDED HAS BECOME OBSOLETE OR INCORRECT OR IS OTHERWISE REQUIRED. IN ADDITION, EACH HOLDER AND BENEFICIAL OWNER OF THIS NOTE OR ANY INTEREST IN THIS NOTE WILL MAKE, OR BY ACQUIRING THIS NOTE OR ANY INTEREST IN THIS NOTE WILL BE DEEMED TO MAKE, REPRESENTATIONS TO THE EFFECT THAT IT WILL PROVIDE TO THE ISSUER AND THE TRUSTEE (X) ANY INFORMATION AS IS NECESSARY (IN THE SOLE DETERMINATION OF THE ISSUER OR THE TRUSTEE, AS APPLICABLE) FOR THE ISSUER AND THE TRUSTEE TO DETERMINE WHETHER SUCH HOLDER OR BENEFICIAL OWNER IS A UNITED STATES PERSON OR A UNITED STATES OWNED FOREIGN ENTITY, AND (Y) ANY ADDITIONAL INFORMATION THAT THE ISSUER OR ITS AGENT REQUESTS IN CONNECTION WITH SECTIONS 1471-1474 OF THE CODE. EACH SUCH HOLDER AND BENEFICIAL OWNER WILL AGREE, OR BY ACQUIRING THIS NOTE OR AN INTEREST IN THIS NOTE BE DEEMED TO AGREE, THAT THE ISSUER MAY PROVIDE SUCH INFORMATION AND ANY OTHER INFORMATION REGARDING ITS INVESTMENT IN THIS NOTE TO THE U.S. INTERNAL REVENUE SERVICE. THE ISSUER HAS THE RIGHT, UNDER THE INDENTURE, TO COMPEL ANY BENEFICIAL OWNER OF AN INTEREST IN A NOTE THAT FAILS TO COMPLY WITH THE FOREGOING REQUIREMENTS TO SELL ITS INTEREST IN SUCH NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

EACH HOLDER AND EACH BENEFICIAL OWNER OF THIS NOTE, BY ACQUIRING THIS NOTE OR ITS INTEREST IN THIS NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, THIS NOTE AS DIRECT OWNERSHIP OF THE CLASS C NOTE COMPONENT, THE CLASS D NOTE COMPONENT, THE CLASS E NOTE COMPONENT, THE INCOME NOTE COMPONENT AND THE UNDERLYING SPECIFIED SECURITY COMPONENT, IN EACH CASE, FOR U.S. FEDERAL AND, TO THE EXTENT PERMITTED BY LAW, STATE AND LOCAL

INCOME AND FRANCHISE TAX PURPOSES AND SHALL TAKE NO ACTION INCONSISTENT WITH SUCH TREATMENT UNLESS REQUIRED BY ANY RELEVANT TAXING AUTHORITY.

THE CLASS C NOTE COMPONENT, CLASS D NOTE COMPONENT AND CLASS E NOTE COMPONENT OF THIS NOTE HAVE EACH BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY OF THIS NOTE MAY BE OBTAINED BY WRITING TO BRETT NEUBECK, CITIGROUP GLOBAL MARKETS INC., 390 GREENWICH STREET, NEW YORK, NEW YORK 10013, TELEPHONE NO. 212-723-3188.

#### **Non-Permitted Holder/Non-Permitted ERISA Holder**

If (v) (i) any U.S. person that is not both a Qualified Institutional Buyer and a Qualified Purchaser or (ii) a non-U.S. person that (A) is not both a Qualified Institutional Buyer and a Qualified Purchaser purchasing such beneficial interest pursuant to Rule 144A and (B) either (I) is not a Qualified Purchaser (or a corporation, partnership, limited liability company or other entity (other than a trust), each shareholder, partner, member or other equity owner of which is a Qualified Purchaser) or (II) is not purchasing such beneficial interest in an offshore transaction pursuant to Regulation S, and in each case, that does not have an exemption available under the Securities Act and the Investment Company Act shall become the holder or beneficial owner of an interest in any Secured Note, (w) any person that (i) is not both a Qualified Institutional Buyer and a Qualified Purchaser or (ii) is not a "United States person" as defined in Section 7701(a)(3) of the Code shall become the holder or beneficial owner of an interest in any Combination Note, (x) (i) any U.S. person that is not both (A) a Qualified Institutional Buyer or an Accredited Investor and (B) a Qualified Purchaser or a Knowledgeable Employee with respect to the Issuer (or a corporation, partnership, limited liability company or other entity (other than a trust) each shareholder, partner, member or other equity owner of which is either a Qualified Purchaser or a Knowledgeable Employee with respect to the Issuer) or (ii) a non-U.S. person that (A) is not both (1) a Qualified Institutional Buyer or an Accredited Investor and (2) a Qualified Purchaser or a Knowledgeable Employee with respect to the Issuer (or a corporation, partnership, limited liability company or other entity (other than a trust) each shareholder, partner, member or other equity owner of which is either a Qualified Purchaser or a Knowledgeable Employee with respect to the Issuer) purchasing such beneficial interest pursuant to Rule 144A and (B) either (I) is not a Qualified Purchaser (or a corporation, partnership, limited liability company or other entity (other than a trust), each shareholder, partner, member or other equity owner of which is a Qualified Purchaser) or (II) is not purchasing such beneficial interest in an offshore transaction pursuant to Regulation S, and in each case, that does not have an exemption available under the Securities Act and the Investment Company Act shall become the holder or beneficial owner of an Income Note or (y) any holder of Notes shall fail to comply with the Noteholder Reporting Obligations or (z) solely by reason of a Change in Law, the continued legal or beneficial ownership of any Note by any holder imposes any material burden, including a Specified Material Burden, on the Issuer, and the Collateral Manager gives notice thereof to the Trustee, such holder shall be a "*Non-Permitted Holder*").

If the Issuer (or the Collateral Manager on behalf of the Issuer) discovers that such holder is a Non-Permitted Holder, the Issuer shall promptly send notice to such Non-Permitted Holder demanding that such Non-Permitted Holder transfer its interest to a person that is not a Non-Permitted Holder within 30 days after the date of such notice; *provided* that no such transfer may be made if the transferee would be a Non-Permitted Holder. If such Non-Permitted Holder fails to so transfer its Notes, the Issuer or the Collateral Manager acting for the Issuer shall have the right, without further notice to the Non-Permitted Holder, to cause such Notes or interest in such Notes to be sold to a purchaser selected by the Issuer that is not a Non-Permitted Holder on such terms as the Issuer may choose. The Issuer or the Collateral Manager acting on behalf of the Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Notes and selling such Notes to the highest such bidder, *provided* that the Collateral Manager, its Affiliates and accounts, funds, clients or portfolios established and controlled by the Collateral Manager shall be entitled to bid in any such sale. In the event that more than one potential purchaser submits the same bid, the Issuer or the Collateral Manager may select a purchaser from among such bidders by any means determined by it in its sole discretion. The holder of such Notes or interest therein, the Non-Permitted Holder and each other person in the chain of title from the holder

to the Non-Permitted Holder, by its acceptance of an interest in the Notes agrees to cooperate with the Issuer and the Trustee, as applicable, to effect such sales or transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the Non-Permitted Holder. The terms and conditions of any sale shall be commercially reasonable and otherwise shall be determined in the sole discretion of the Issuer, and none of the Issuer, the Trustee or the Collateral Manager shall be liable to any person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion.

If any person shall become the beneficial owner of a Note who has made or is deemed to have made a prohibited transaction representation or a Benefit Plan Investor, Controlling Person, Similar Law or Other Plan Law representation that is subsequently shown to be false or misleading or whose ownership otherwise causes a violation of the 25% Limitation, such person shall be a "*Non-Permitted ERISA Holder*". If the Issuer (or the Collateral Manager on behalf of the Issuer) discovers that such holder is a Non-Permitted ERISA Holder, the Issuer shall promptly send notice to such Non-Permitted ERISA Holder demanding that such Non-Permitted ERISA Holder transfer its interest to a person that is not a Non-Permitted ERISA Holder within 20 days after the date of such notice. If such Non-Permitted ERISA Holder fails to so transfer its Notes, the Issuer shall have the right, without further notice to the Non-Permitted ERISA Holder, to cause such Non-Permitted ERISA Holder's interest in such Notes to be sold to a purchaser selected by the Issuer that is not a Non-Permitted ERISA Holder on such terms as the Issuer may choose. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Notes and sell such Notes to the highest such bidder. The holder of such Notes or interest therein, the Non-Permitted ERISA Holder and each other person in the chain of title from the holder to the Non-Permitted ERISA Holder, by its acceptance of an interest in the Notes, agrees to cooperate with the Issuer to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the Non-Permitted ERISA Holder. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale, shall be remitted to the Non-Permitted ERISA Holder. The terms and conditions of any sale under this paragraph shall be commercially reasonable and otherwise shall be determined in the sole discretion of the Issuer, and none of the Issuer, the Trustee or the Collateral Manager shall be liable to any person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion.

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## LISTING AND GENERAL INFORMATION

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1. Application has been made to the Irish Stock Exchange for the Notes (other than the Residual Combination Notes) to be admitted to the Official List and trading on its regulated market. The Offering Circular has been approved by the Central Bank, as competent authority under the Prospectus Directive. The Central Bank only approves this Offering Circular as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to the Notes (other than the Residual Combination Notes) which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. There can be no assurance that such listing will be maintained. It is expected that the total expenses related to admission to trading will be approximately €11,540, which includes an up-front payment of the Irish Stock Exchange's annual fee in the amount of €2000 for the first year of listing. The annual fees of the Irish Stock Exchange for subsequent years will not be paid up-front.
2. For the life of the Offering Circular, copies of the Certificate of Formation and Issuer LP Agreement, the Indenture, the Collateral Management Agreement, the Collateral Administration Agreement and the Paying Agency Agreement for Ireland will be available in electronic form for inspection at the principal office of the Issuer and the offices of the Trustee at 601 Travis Street, 16<sup>th</sup> Floor, Houston, Texas 77002, Attention: Mercer Field CLO LP, and copies thereof may be obtained upon request.
3. Copies of the Certificate of Formation and Issuer LP Agreement, the Board Resolutions of the Issuer authorizing the issuance of the Notes, the Indenture, the Collateral Management Agreement, and the Collateral Administration Agreement will be available for inspection during the term of the Notes at the office of the Trustee.
4. Since incorporation or formation, as applicable, and until the Original Distribution Date, the Issuer had not commenced trading, established any accounts or declared any dividends, except for the transactions described herein. The Issuer does not have any loan capital (including term loans) outstanding or created but unissued, or any outstanding mortgages, charges, or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptance credits, hire purchase agreements, guarantee or other contingent liabilities, other than the Notes described herein.
5. The Issuer is not, and has not since incorporation or formation been, involved in any litigation, governmental proceedings or arbitration proceedings relating to claims in amounts which may have or had a significant effect on the Issuer nor, so far as the Issuer is aware, is any such litigation, governmental proceedings or arbitration involving it pending or threatened.
6. The issuance by the Issuer of the Notes was authorized by Board Resolutions of the Issuer on or about the Closing Date.
7. The Issuer is not required by Delaware law, and the Issuer does not intend, to publish annual reports and accounts, nor has it done so as of the date hereof. The Indenture, however, requires the Issuer to provide the Trustee with written confirmation, on an annual basis, that to the best of its knowledge following review of the activities of the prior year, no Event of Default has occurred and in continuing or, if one has, specifying the same. The Issuer does not intend to provide to the public post-issuance transaction information regarding the securities to be admitted to trading or the performance of the underlying collateral.
8. As of the date hereof, the Rating Agencies are not established in the European Union and are not registered in accordance with Regulation (EC) No. 1060/2009.
9. No website mentioned in this Offering Circular forms part of the document.

9. The Notes sold in offshore transactions in reliance on Regulation S under the Securities Act and represented by the Regulation S Global Notes have been accepted for clearance through Clearstream and Euroclear. The Notes sold to persons that are Qualified Institutional Buyers and Qualified Purchasers in reliance on Rule 144A under the Securities Act and represented by Rule 144A Global Notes have been accepted for clearance through DTC. The CUSIP Numbers, Common Codes and International Securities Identification Numbers (ISIN) for the Notes are as follows:

**Rule 144A Global**

	<b>CUSIP</b>	<b>ISIN</b>
Class A Notes .....	58805W AA2	US58805WAA27
Class B Notes .....	58805WAE4	US58805WAE49
Class C Notes .....	58805W AG9	US58805WAG96
Class D Notes .....	58805W AJ3	US58805WAJ36
Class E Notes .....	58805WAL8	US58805WAL81
Income Notes .....	58805W AN4	US58805WAN48
Exchangeable Combination Notes .....	58805W AQ7	US58805WAQ78
Residual Combination Notes .....	58805W AS3	US58805WAS35

**Regulation S Global**

	<b>Common Code</b>	<b>CUSIP</b>	<b>ISIN</b>
Class A Notes .....	086979322	U58785 AA1	USU58785AA18
Class B Notes .....	086979349	U58785 AC7	USU58785AC73
Class C Notes .....	086979357	U58785 AD5	USU58785AD56
Class D Notes .....	086979365	U58785 AE3	USU58785AE30
Class E Notes .....	086979373	U58785AF0	USU58785AF05
Income Notes .....	086979403	U58785 AG8	USU58785AG87

**Accredited Investor**

	<b>CUSIP</b>	<b>ISIN</b>
Income Notes .....	58805W AP9	US58805WAP95



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## **LEGAL MATTERS**

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Certain legal matters with respect to the Notes will be passed upon for the Issuer and the Initial Purchaser and Placement Agent by Freshfields Bruckhaus Deringer US LLP. Certain legal matters with respect to the Collateral Manager will be passed upon by Sidley Austin LLP. No separate counsel has been appointed to represent purchasers of any of the Notes.

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## GLOSSARY OF THE DEFINED TERMS

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"5180 Income Notes" means the Income Notes issued by 5180 CLO LP on November 18, 2011.

"Accounts" means (i) the Payment Account, (ii) the Collection Account, (iii) the Ramp-Up Account, (iv) the Revolver/Delayed Drawdown Funding Account, (v) the Expense Reserve Account, (vi) the Custodial Account, (vii) Reinvestment Amount Account and (viii) the LC Reserve Account.

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

"Additional Issuance Amount" means the aggregate principal amount of all Additional Notes issued (whether in one or more issuances) under the Indenture pursuant to the provisions described under "Description of the Notes—The Indenture—Additional Issuance" in the period from (but excluding) the Closing Date to (and including) the Effective Date.

"Additional Notes" means any additional note issuance under the Indenture pursuant to the provisions described under "Description of the Notes—The Indenture—Additional Issuance".

"Adjusted Collateral Principal Amount" means, as of any date of determination:

- (a) the Aggregate Principal Balance of the Collateral Obligations (other (i) than Defaulted Obligations, Deferring Securities and Discount Obligations and (ii) Current Pay Obligations whose Market Value is determined pursuant to paragraph (iii) of the definition thereof); *plus*
- (b) without duplication, the amounts on deposit in the Collection Account, the Reinvestment Amount Account and the Ramp-Up Account (including Eligible Investments therein) representing Principal Proceeds; *plus*
- (c) the S&P Collateral Value of (i) all Defaulted Obligations and Deferring Securities and (ii) Current Pay Obligations whose Market Value is determined pursuant to paragraph (iii) of the definition thereof; *plus*
- (d) the aggregate, for each Discount Obligation, of the purchase price thereof, excluding accrued interest, expressed as a percentage of par and multiplied by the outstanding Principal Balance thereof, for such Discount Obligation; *minus*
- (e) the Excess CCC Adjustment Amount;

*provided* that (i) with respect to any Collateral Obligation that satisfies more than one of the definitions of Defaulted Obligation, Deferring Security, Discount Obligation or any asset that falls into the Excess CCC Adjustment Amount, such Collateral Obligation shall, for the purposes of this definition, be treated as belonging to the category of Collateral Obligations that results in the lowest Adjusted Collateral Principal Amount on any date of determination, and (ii) with respect to any Deferring Security which, by its terms, requires the payment of cash interest at a per annum rate equal to (or greater than) LIBOR plus 3.00% (in the case of a Floating Rate Obligation) or a per annum rate equal to (or greater than) 5.00% (in the case of a Fixed Rate Obligation), such obligation will be deemed not to be a Deferring Security for purposes of calculating the Adjusted Collateral Principal Amount.

"Adjusted Purchase Price" means, with respect to any Collateral Obligation at any time, (i) the amount (excluding accrued interest, if any) originally paid by the Issuer for such Collateral Obligation (determined by the Collateral Manager after taking into account discounts and, to the extent permitted due to a Change in Law, syndication and other up-front fees received by the Issuer, and after taking into account premiums and fees paid by the Issuer, in connection with such purchase) plus (ii) the amount of each additional advance made by the Issuer under such Collateral Obligation prior to such time minus (iii) all Principal Proceeds (including, without limitation, Sale Proceeds constituting Principal Proceeds) received by the Issuer with respect to such Collateral Obligation prior to such time; *provided* that with respect to determining the amount originally paid by the Issuer for a Collateral Obligation under clause (i), if such Collateral Obligation was purchased in multiple transactions at varying prices, the amount originally paid by the Issuer for such Collateral Obligation shall be the average (mean) of the amounts

paid for such Collateral Obligation, determined by the Collateral Manager as described above, weighted on the basis of the par or principal amounts purchased on their respective purchase dates.

"*Administrative Expense Cap*" means an amount equal on any Payment Date (when taken together with any Administrative Expenses paid during the related Interest Accrual Period), to the sum of (a) the greater of (x) U.S.\$100,000 *per annum* and (y) 0.02% *per annum* (prorated for the related Interest Accrual Period on the basis of the actual number of days elapsed during such period and a year of 360 days) of the Fee Basis Amount on the related Determination Date and (b) U.S.\$200,000 *per annum* (prorated for the related Interest Accrual Period on the basis of the actual number of days elapsed during such period and a year of 360 days) or, with respect to this clause (b), if an Event of Default has occurred and is continuing, such higher amount as may be agreed from time to time between the Trustee, a Majority of the Controlling Class and a Majority of the Income Notes; *provided* that (1) in respect of any Payment Date after the third Payment Date following the Closing Date, if the aggregate amount of Administrative Expenses paid pursuant to clause (A) under "Overview of Terms—Application of Interest Proceeds", clause (A) under "Overview of Terms—Application of Principal Proceeds" and clause (A) of the Enforcement Event Priority of Payments described under "Description of the Notes—Priority of Payments" (including any excess applied in accordance with this proviso) on the three immediately preceding Payment Dates and during the related Collection Periods is less than the stated Administrative Expense Cap (without regard to any excess applied in accordance with this proviso) in the aggregate for such three preceding Payment Dates, then the excess may be applied to the Administrative Expense Cap with respect to the then-current Payment Date; and (2) in respect of the third Payment Date following the Closing Date, such excess amount shall be calculated based on the Payment Dates preceding such Payment Date.

"*Administrative Expenses*" means fees, expenses (including indemnities) and other amounts due or accrued with respect to any Payment Date (including, with respect to any Payment Date, any such amounts that were due and not paid on any prior Payment Date in accordance with the Priority of Payments) and payable (subject to the payment of any expenses related to any Blocker Subsidiary to the extent payable by the Issuer) in the following order by the Issuer:

*first*, to the Trustee pursuant to the Indenture,

*second*, to the Collateral Administrator pursuant to the Collateral Administration Agreement,

*third*, to the Custodial Receipts Custodian for any Custodial Receipts Indemnities,

*fourth*, on a *pro rata* basis, the following amounts (excluding indemnities other than as set forth in subclause (iv) below) to the following parties:

- (i) the Independent accountants, agents (other than the Collateral Manager) and counsel of the Issuer for fees and expenses;
- (ii) the Rating Agencies for fees and expenses (including any annual fee, amendment fees and surveillance fees) in connection with any rating and ongoing surveillance of the Secured Notes and Combination Notes or in connection with any rating and ongoing surveillance requested by the Issuer from time to time of (or provision of credit estimates in respect of) any Collateral Obligations;
- (iii) the Collateral Manager under the Indenture and the Collateral Management Agreement, including without limitation reasonable expenses of the Collateral Manager (including fees for its accountants, agents and counsel) incurred in connection with the purchase or sale of any Collateral Obligations, any other expenses incurred in connection with the Collateral Obligations and certain amounts payable pursuant to the Collateral Management Agreement but excluding the Collateral Management Fee;
- (iv) the Advisory Committee Members for fees, expenses and indemnities to which they may be entitled under any Advisory Committee Member Agreements; and
- (v) any other person in respect of any other fees or expenses relating to the transactions contemplated or authorized by the Indenture and the documents delivered pursuant to or in connection with the transactions contemplated by the Indenture and any amendment or other modification of any such

documentation (including any such amounts incurred in connection with the issuance of Additional Notes and any Reinvestment Period Extension, any transaction fees and any legal and other fees and expenses incurred in connection with the purchase or sale of any Collateral Obligations and any other expenses incurred in connection with the Collateral Obligations and any amounts due in respect of the listing of the Notes on any stock exchange or trading system), in each case unless expressly prohibited under this Indenture; and

*fifth*, on a *pro rata* basis, indemnities payable to any Person pursuant to any Transaction Document;

*provided*, that (x) amounts due in respect of actions taken on or before the Closing Date shall not be payable as Administrative Expenses but shall be payable only from the Expense Reserve Account pursuant to the Indenture and (y) for the avoidance of doubt, amounts that are expressly payable to any person under the Priority of Payments in respect of an amount that is stated to be payable as an amount other than as Administrative Expenses (including, without limitation, interest and principal in respect of the Secured Notes, distributions on the Income Notes and amounts payable in respect of the Combination Notes) shall not constitute Administrative Expenses.

"*Affiliate*" means, with respect to a specified person, (a) any other person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such specified person or (b) any other person who is a director, officer, employee or general partner (i) of such specified person, (ii) of any subsidiary or parent company of such specified person or (iii) of any person described in clause (a) of this sentence. For the purposes of this definition, control of a person means the power, direct or indirect, (x) to vote more than 50% of the securities having ordinary voting power for the election of directors of such person or (y) to direct or cause the direction of the management and policies of such person whether by contract or otherwise.

"*Affiliated Person*" means a Person that is an affiliate of the Collateral Manager (including, for this purpose, an employee, partner or director thereof) or that owns a direct or indirect interest in any such Person.

"*Aggregate Outstanding Amount*" means with respect to any of (a) the Notes (other than the Combination Notes) as of any date, the aggregate unpaid principal amount of such Notes Outstanding on such date and (b) the Combination Notes, as of any date, the Exchangeable Combination Note Balance or the Residual Combination Note Balance, as applicable, of such Notes Outstanding on such date.

"*Aggregate Principal Balance*" means, when used with respect to all or a portion of the Collateral Obligations or the Assets, the sum of the Principal Balances of all or of such portion of the Collateral Obligations or Assets, respectively.

"*Applicable Advance Rate*" means, for each Collateral Obligation and for the applicable number of Business Days between the certification date for a sale or participation as described in "Description of the Notes—Optional Redemption and Tax Redemption—Redemption Procedures" and the expected date of such sale or participation, the percentage specified below:

	Same Day	1-2 Days	3-5 Days	6-15 Days
Senior Secured Loans with a Market Value of:				
90% or more .....	100%	93%	92%	88%
below 90% .....	100%	80%	73%	60%
Other Collateral Obligations with a S&P Rating of at				
least "B-" and a Market Value of 90% or more .....	100%	89%	85%	75%
All other Collateral Obligations .....	100%	75%	65%	45%

"*Approved Index List*" means the nationally recognized indices specified in a schedule to the Indenture, as amended from time to time by the Collateral Manager with prior notice of any amendment to each Rating Agency and a copy of any such amended Approved Index List to the Collateral Administrator.

"*Asset-backed Commercial Paper*" means commercial paper or other short-term obligations of a program that primarily issues externally rated commercial paper backed by assets or exposures held in a bankruptcy-remote, special purpose entity.

"*Available Funds*" means, with respect to any Payment Date, the amount of any positive balance (of cash and Eligible Investments) in the Collection Account as of the Determination Date relating to such Payment Date.

"*Bank*" means The Bank of New York Mellon Trust Company, National Association, a limited purpose national banking association with trust powers organized under the laws of the United States (or any successor thereto as Trustee under the Indenture), in its individual capacity, and not in its capacity as Trustee.

"*Bankruptcy Law*" means the federal Bankruptcy Code, Title 11 of the United States Code, as amended from time to time.

"*Blocker Subsidiary*" means an entity treated as a corporation for U.S. federal income tax purposes, 100% of the equity interests in which are owned directly or indirectly by the Issuer.

"*Board Resolution*" means a resolution of the general partner of the Issuer.

"*Bridge Loan*" means any loan or other obligation that (x) is incurred in connection with a merger, acquisition, consolidation, or sale of all or substantially all of the assets of a person or similar transaction and (y) by its terms, is required to be repaid within one year of the incurrence thereof with proceeds from additional borrowings or other refinancings (it being understood that any such loan or obligation that has a nominal maturity date of one year or less from the incurrence thereof but has a term-out or other provision whereby (automatically or at the sole option of the obligor thereof) the maturity of the indebtedness thereunder may be extended to a later date is not a Bridge Loan).

"*Business Day*" means any day other than (i) a Saturday or a Sunday or (ii) a day on which commercial banks are authorized or required by applicable law, regulation or executive order to close in New York, New York, Houston, Texas or in the city in which the corporate trust office of the Trustee is located or, for any final payment of principal, in the relevant place of presentation.

"*Calculation Agent*" means the calculation agent appointed by the Issuer, initially the Trustee, for purposes of determining LIBOR for each Interest Accrual Period.

"*Cashflow Excess Amount*" means, with respect to any Collection Period, the amount, if any, by which (a) the aggregate amount of all Interest Proceeds received in Cash by the Issuer during such Collection Period exceeds (b) the sum of (i) the product of (x) the average daily Aggregate Principal Balance of all Fixed Rate Obligations during such Collection Period multiplied by (y) the principal-weighted (based on such Aggregate Principal Balance) daily average of the stated coupons on all Fixed Rate Obligations (with respect to any Deferrable Security, excluding any portion of such coupon with respect to which current cash interest is not being paid) during such Collection Period multiplied by (z) 0.25 plus (ii) the product of (x) the average daily Aggregate Principal Balance of all Floating Rate Obligations during such Collection Period multiplied by (y) the principal-weighted average (based on such Aggregate Principal Balance) daily average of the stated interest rate spread plus the applicable floating rate index on all Floating Rate Obligations (with respect to any Deferrable Security, excluding any portion of such interest rate spread with respect to which current cash interest is not being paid) during such Collection Period multiplied by (z) the actual number of days during such Collection Period divided by 360.

"*CCC Collateral Obligation*" means the CCC/Fitch Collateral Obligations and/or the CCC/S&P Collateral Obligations, as the context requires.

"*CCC/Fitch Collateral Obligation*" means a Collateral Obligation (other than a Defaulted Obligation or a Deferring Security) with a publicly available Fitch issuer default rating of "CCC+" or lower.

"*CCC/S&P Collateral Obligation*" means a Collateral Obligation (other than a Defaulted Obligation or a Deferring Security) with an S&P Rating of "CCC+" or lower.

"*CCC Excess*" means the amount equal to the great of (i) the excess of the Principal Balance of all CCC/Fitch Collateral Obligations over an amount equal to 7.5% of the Collateral Principal Amount as of the current Determination Date and (ii) the excess of the Principal Balance of all CCC/S&P Collateral Obligations over an amount equal to 7.5% of the Collateral Principal Amount as of the current Determination Date, *provided* that, in determining which of the CCC Collateral Obligations shall be included in the CCC Excess, the CCC Collateral

Obligations with the lowest Market Value (assuming that such Market Value is expressed as a percentage of the Principal Balance of such Collateral Obligations as of such Determination Date) shall be deemed to constitute such CCC Excess.

"*Change in Law*" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law or regulation (or in the application or official interpretation of any law or regulation, whether pursuant to regulation, judicial decision or otherwise) that occurs after the Closing Date. For this purpose, a rule of a self-regulatory authority shall be deemed to be a regulation.

"*Citigroup*" means Citigroup Global Markets Inc.

"*Citigroup Companies*" means Citigroup and its Affiliates (including Citibank, N.A. and its Affiliates).

"*Class*" means, in the case of (x) the Secured Notes, all of the Secured Notes having the same Interest Rate, Stated Maturity and designation, (y) the Income Notes, all of the Income Notes and (z) any new class of notes issued pursuant to the Indenture, such class.

"*Class A/B Coverage Tests*" means the Overcollateralization Ratio Test and the Interest Coverage Test, each as applied with respect to the Class A Notes and the Class B Notes (in the aggregate and not separately by Class).

"*Class A Notes*" means the Class A Senior Secured Floating Rate Notes issued pursuant to the Indenture.

"*Class B Notes*" means the Class B Senior Secured Floating Rate Notes issued pursuant to the Indenture.

"*Class Break-even Default Rate*" means, with respect to any Class or Classes of Secured Notes, the maximum percentage of defaults, at any time, that the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, determined through application of the applicable S&P CDO Monitor chosen by the Collateral Manager in accordance with the definition of "S&P CDO Monitor" that is applicable to the portfolio of Collateral Obligations, which, after giving effect to S&P's assumptions on recoveries, defaults and timing and to the Priority of Payments, will result in sufficient funds remaining for the payment of such Class or Classes of Secured Notes, as applicable, in full, in accordance with the terms of the Indenture. After the Effective Date, it is expected that S&P will provide the Collateral Manager with the Class Break-even Default Rates for each S&P CDO Monitor based upon the Weighted Average Floating Spread and the Weighted Average S&P Recovery Rate to be associated with such S&P CDO Monitor as selected by the Collateral Manager from the definitions of "Minimum Weighted Average Coupon" and "Minimum Floating Spread" or any other Weighted Average S&P Recovery Rate selected by the Collateral Manager from time to time.

"*Class C Coverage Tests*" means the Overcollateralization Ratio Test and the Interest Coverage Test, each as applied with respect to the Class C Notes.

"*Class C Deferred Interest*" means, with respect to the Class C Notes, so long as any more senior Classes of Secured Notes are Outstanding, any payment of interest due on the Class C Notes which is not available to be paid in accordance with the Priority of Payments on any Payment Date.

"*Class C Note Component Percentage*" means a percentage equal to (a) prior to the issuance of Residual Combination Notes (if any), the proportion (expressed as a percentage) that the Aggregate Outstanding Amount of the Class C Notes represented by the Class C Note Component on the Closing Date bears to the Aggregate Outstanding Amount of the Class C Notes as a whole (including the Class C Note Component) on the Closing Date, decreased proportionately to the extent that any Exchangeable Combination Notes are exchanged for Components pursuant to the provisions of the Indenture described under "—Form, Denomination, Registration and Transfer of the Notes—Exchange of Combination Notes for Underlying Components", and (b) upon the issuance of Residual Combination Notes (if any), the proportion (expressed as a percentage) that the Aggregate Outstanding Amount of the Class C Notes represented by the Class C Note Component on the date of such issuance bears to the Aggregate Outstanding Amount of the Class C Notes as a whole (including the Class C Note Component) on such date, in each case determined immediately after giving effect to such issuance, and thereafter decreased proportionately to the extent that any Residual Combination Notes are exchanged for Components pursuant to the provisions of the

Indenture described under "—Form, Denomination, Registration and Transfer of the Notes—Exchange of Combination Notes for Underlying Components".

"*Class C Notes*" means the Class C Mezzanine Secured Deferrable Fixed Rate Notes issued pursuant to the Indenture.

"*Class D Coverage Tests*" means the Overcollateralization Ratio Test and the Interest Coverage Test, each as applied with respect to the Class D Notes.

"*Class D Deferred Interest*" means, with respect to the Class D Notes, so long as any more senior Classes of Secured Notes are Outstanding, any payment of interest due on the Class D Notes which is not available to be paid in accordance with the Priority of Payments on any Payment Date.

"*Class D Note Component Percentage*" means a percentage equal to (a) prior to the issuance of Residual Combination Notes (if any), the proportion (expressed as a percentage) that the Aggregate Outstanding Amount of the Class D Notes represented by the Class D Note Component on the Closing Date bears to the Aggregate Outstanding Amount of the Class D Notes as a whole (including the Class D Note Component) on the Closing Date, decreased proportionately to the extent that any Exchangeable Combination Notes are exchanged for Components pursuant to the provisions of the Indenture described under "—Form, Denomination, Registration and Transfer of the Notes—Exchange of Combination Notes for Underlying Components", and (b) upon the issuance of Residual Combination Notes (if any), the proportion (expressed as a percentage) that the Aggregate Outstanding Amount of the Class D Notes represented by the Class D Note Component on the date of such issuance bears to the Aggregate Outstanding Amount of the Class D Notes as a whole (including the Class D Note Component) on such date, in each case determined immediately after giving effect to such issuance, and thereafter decreased proportionately to the extent that any Residual Combination Notes are exchanged for Components pursuant to the provisions of the Indenture described under "—Form, Denomination, Registration and Transfer of the Notes—Exchange of Combination Notes for Underlying Components".

"*Class D Notes*" means the Class D Mezzanine Secured Deferrable Fixed Rate Notes issued pursuant to the Indenture.

"*Class Default Differential*" means, with respect to any Class of Secured Notes at any time, the rate calculated by subtracting the Class Scenario Default Rate at such time for such Class of Secured Notes, as applicable, from the Class Break-even Default Rate for such Class of Secured Notes at such time.

"*Class E Coverage Tests*" means the Overcollateralization Ratio Test and the Interest Coverage Test, each as applied with respect to the Class E Notes.

"*Class E Deferred Interest*" means, with respect to the Class E Notes, so long as any more senior Classes of Secured Notes are Outstanding, any payment of interest due on the Class E Notes which is not available to be paid in accordance with the Priority of Payments on any Payment Date.

"*Class E Note Component Percentage*" means a percentage equal to (a) prior to the issuance of Residual Combination Notes (if any), the proportion (expressed as a percentage) that the Aggregate Outstanding Amount of the Class E Notes represented by the Class E Note Component on the Closing Date bears to the Aggregate Outstanding Amount of the Class E Notes as a whole (including the Class E Note Component) on the Closing Date, decreased proportionately to the extent that any Exchangeable Combination Notes are exchanged for Components pursuant to the provisions of the Indenture described under "—Form, Denomination, Registration and Transfer of the Notes—Exchange of Combination Notes for Underlying Components", and (b) upon the issuance of Residual Combination Notes (if any), the proportion (expressed as a percentage) that the Aggregate Outstanding Amount of the Class E Notes represented by the Class E Note Component on the date of such issuance bears to the Aggregate Outstanding Amount of the Class E Notes as a whole (including the Class E Note Component) on such date, in each case determined immediately after giving effect to such issuance, and thereafter decreased proportionately to the extent that any Residual Combination Notes are exchanged for Components pursuant to the provisions of the Indenture described under "—Form, Denomination, Registration and Transfer of the Notes—Exchange of Combination Notes for Underlying Components".

"*Class E Notes*" means the Class E Mezzanine Secured Deferrable Fixed Rate Notes issued pursuant to the Indenture.

"*Class Scenario Default Rate*" means, with respect to any Class of Secured Notes, at any time, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with S&P's initial rating of such Class of Secured Notes, determined by application by the Collateral Manager of the S&P CDO Monitor at such time.

"*Closing Date*" means December 20, 2012.

"*Code*" means the United States Internal Revenue Code of 1986, as amended, and, unless the context requires otherwise, the Treasury regulations promulgated thereunder.

"*Collateral Interest Amount*" means, as of any date of determination, without duplication, the aggregate amount of Interest Proceeds that has been received or that in the Collateral Manager's judgment is expected to be received, in each case during the Collection Period in which such date of determination occurs (or after such Collection Period but on or prior to the related Payment Date if such Interest Proceeds would be treated as Interest Proceeds with respect to such Collection Period); *provided* that the "Collateral Interest Amount" shall exclude Interest Proceeds expected to be received from Defaulted Obligations and Deferring Securities but shall include Interest Proceeds actually received from Defaulted Obligations and Deferring Securities.

"*Collateral Management Agreement*" means an agreement dated as of the Closing Date between the Issuer and the Collateral Manager relating to the management of the Collateral Obligations and the other Assets by the Collateral Manager on behalf of the Issuer, as amended from time to time in accordance with the terms hereof and thereof.

"*Collateral Management Fee Waived Amount*" means the amount of any Collateral Management Fee the receipt of which is waived by the Collateral Manager as provided in the Indenture and the Collateral Management Agreement.

"*Collateral Manager*" means Guggenheim Partners Investment Management, LLC, a Delaware limited liability company, until a successor Person shall have become the Collateral Manager pursuant to the provisions of the Collateral Management Agreement, and thereafter "Collateral Manager" shall mean such successor Person.

"*Collateral Manager Notes*" means, as of any date of determination, any Notes owned by the Person that is the Collateral Manager as of such date of determination, an Affiliate thereof, or any account, fund, client or portfolio established and controlled by the Person that is the Collateral Manager as of such date of determination or an Affiliate thereof or for which the Person that is the Collateral Manager as of such date of determination or an Affiliate thereof acts as the investment adviser or with respect to which the Person that is the Collateral Manager as of such date of determination or an Affiliate thereof exercises discretionary authority.

"*Collateral Principal Amount*" means, as of any date of determination, the sum of (a) the Aggregate Principal Balance of the Collateral Obligations (other than Defaulted Obligations) and (b) without duplication, the amounts on deposit in any Account (including Eligible Investments therein but excluding amounts on deposit in the Revolver/Delayed Drawdown Funding Account to the extent of the unfunded funding obligations under all Revolving Collateral Obligations and Delayed Draw Collateral Obligations included in the Assets on such date) representing Principal Proceeds.

"*Collection Period*" means (i) with respect to the first Payment Date, the period commencing on the Closing Date and ending at the close of business on the seventh Business Day prior to the first Payment Date; and (ii) with respect to any other Payment Date, the period commencing on the day immediately following the prior Collection Period and ending (a) in the case of the final Collection Period preceding the latest Stated Maturity of any Class of Secured Notes, on the day of such Stated Maturity, (b) in the case of the final Collection Period preceding an Optional Redemption or Tax Redemption in whole of the Secured Notes, on the Redemption Date and (c) in any other case, at the close of business on the seventh Business Day prior to such Payment Date.



"*Combination Notes Custodial Receipts*" means the Custodial Receipts referred to in the Custodial Receipts Custody Agreement that evidence the Combination Notes.

"*Components*" means the Class C Note Component, the Class D Note Component, the Class E Note Component, the Income Note Component and the Underlying Specified Security Component.

"*Controlling Class*" means the Class A Notes so long as any Class A Notes are Outstanding; then the Class B Notes so long as any Class B Notes are Outstanding; then the Class C Notes so long as any Class C Notes are Outstanding; then the Class D Notes as long as any Class D Notes are Outstanding; then the Class E Notes as long as any Class E Note are Outstanding; and then the Income Notes.

"*Controlling Person*" means a person (other than a Benefit Plan Investor) who has discretionary authority or control with respect to the assets of an entity (such as the Issuer) or any person who provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of any such person. For these purposes, an "affiliate" of a person includes any person, directly or indirectly through one or more intermediaries, controlling, controlled by or under common control with the person, and "control" with respect to a person other than an individual means the power to exercise a controlling influence over the management or policies of such person.

"*Cov-Lite Loan*" means a Loan that is not subject to financial covenants; *provided* that, for all purposes other than the determination of the S&P Recovery Rate, a Loan shall not constitute a Cov-Lite Loan if (a) the Underlying Instruments require the obligor thereunder to comply with one or more Maintenance Covenants (regardless of whether compliance with one or more Incurrence Covenants is otherwise required by the Underlying Instruments) or (b) the Underlying Instruments contain a cross-default provision to, or is *pari passu* with, another loan of the underlying obligor forming part of the same loan facility that requires the underlying obligor to comply with one or more financial covenants or Maintenance Covenants.

"*Credit Improved Criteria*" means the criteria that will be met if with respect to any Collateral Obligation:

- (A) in the case of any Floating Rate Obligation, the Market Value is 100.5% or more of the Adjusted Purchase Price therefor or the instrument has decreased its spread over a London interbank offered rate index (or any other reference index) by 0.25% or more since the date on which such Collateral Obligation was purchased;
- (B) in the case of any Fixed Rate Obligation, the Market Value is 103% or more of the Adjusted Purchase Price; or
- (C) the change in price (expressed as a percentage) of such Collateral Obligation during the period from the date on which it was acquired by the Issuer to the date of determination either is more positive, or less negative, as the case may be, than the percentage change in the average price of any index specified on the Approved Index List *plus* (1) 0.25% or more in the case of a Collateral Obligation with a spread (prior to such change in price) less than or equal to 4.00% or (2) 0.50% or more in the case of a Collateral Obligation with a spread (prior to such change in price) greater than 4.00%, each over the same period.

"*Credit Improved Obligation*" means any Collateral Obligation which, in the Collateral Manager's reasonable commercial judgment, has significantly improved in credit quality after it was acquired by the Issuer; *provided* that during a Restricted Trading Period, a Collateral Obligation will qualify as a Credit Improved Obligation only if (i) it has been upgraded by Fitch, Moody's or S&P at least one rating sub-category or has been placed and remains on a credit watch with positive implication by Fitch, Moody's or S&P since it was acquired by the Issuer, (ii) the Credit Improved Criteria are satisfied with respect to such Collateral Obligation or (iii) a Majority of the Controlling Class votes to treat such Collateral Obligation as a Credit Improved Obligation.

"*Credit Risk Criteria*" means the criteria that will be met if with respect to any Collateral Obligation, the change in price (expressed as a percentage) of such Collateral Obligation during the period from the date on which it was acquired by the Issuer to the date of determination either is more negative, or less positive, as the case may be, than the percentage change in the average price of any index specified on the Approved Index List *minus* (1) 0.25% or more in the case of a Collateral Obligation with a spread (prior to such change in price) less than or equal to 4.00%

or (2) 0.50% or more in the case of a Collateral Obligation with a spread (prior to such change in price) greater than 4.00%, each over the same period.

*"Credit Risk Obligation"* means any Collateral Obligation that, in the Collateral Manager's reasonable commercial judgment, has a significant risk of declining in credit quality or price; *provided* that, during a Restricted Trading Period, a Collateral Obligation will qualify as a Credit Risk Obligation for purposes of sales of Collateral Obligations only if, (i) such Collateral Obligation has been downgraded by Fitch, Moody's or S&P at least one rating sub-category or has been placed and remains on a credit watch with negative implication by Fitch, Moody's or S&P since it was acquired by the Issuer or (ii) the Credit Risk Criteria are satisfied with respect to such Collateral Obligation.

*"Current Pay Obligation"* means any Collateral Obligation (other than a DIP Collateral Obligation) that would otherwise be treated as a Defaulted Obligation but as to which no payments are due and payable that are unpaid and with respect to which the Collateral Manager has certified to the Trustee (with a copy to the Collateral Administrator) in writing that it believes, in its reasonable business judgment, that:

- (a) the issuer or obligor of such Collateral Obligation will continue to make scheduled payments of interest and (if applicable) commitment fee thereon and will pay the principal thereof by maturity or as otherwise contractually due;
- (b) if the issuer or obligor is subject to a bankruptcy proceeding, it has been the subject of an order of a bankruptcy court that permits it to make all scheduled payments of principal, interest, fees and other amounts owing on such Collateral Obligation and all such payments due thereunder have been paid in cash when due; and
- (c) such Collateral Obligation has a Market Value of at least 80% of its par value.

*"Current Portfolio"* means, at any time, the portfolio of Collateral Obligations, Cash and Eligible Investments, representing Principal Proceeds (determined in accordance with certain assumptions included in the Indenture), then held by the Issuer.

*"Custodial Receipts"* means the Combination Notes Custodial Receipts and the Income Notes Custodial Receipts individually or in the aggregate as the context would require.

*"Custodial Receipts Custodial Expenses"* means fees, expenses and other amounts (excluding Custodial Receipts Indemnities) due or accrued with respect to any Payment Date (including, with respect to any Payment Date, any such amounts that were due and not paid on any prior Payment Date in accordance with the Priority of Payments) and payable by the Issuer to the Custodial Receipts Custodian pursuant to a Custodial Receipts Custody Agreement.

*"Custodial Receipts Custodian"* means The Bank of New York Mellon Trust Company, National Association, as custodian, together with its permitted successors and assigns as custodian under each Custodial Receipts Custody Agreement.

*"Custodial Receipts Custody Agreement"* means each Custodial Receipts Custody Agreement, dated as of the Closing Date, between the Custodial Receipts Custodian and the Issuer, as underlying issuer, as such agreement may be amended, modified and supplemented from time to time.

*"Custodial Receipts Custodial Expenses Cap"* means an amount equal on any Payment Date (when taken together with any Custodial Receipts Custodial Expenses paid during the related Interest Accrual Period), to U.S.\$ 36,000 per annum (prorated for the related Interest Accrual Period on the basis of the actual number of days elapsed during such period and a year of 360 days); *provided* that (1) in respect of any Payment Date after the third Payment Date following the Closing Date, if the aggregate amount of Custodial Receipts Custodial Expenses paid pursuant to clause (F)(1) of "Overview of Terms—Priority of Payments—Application of Interest Proceeds", clause (A) of "Overview of Terms—Priority of Payments—Application of Principal Proceeds" and clause (G)(1) of the Enforcement Event Priority of Payments described under "Description of the Notes—Priority of Payments" (including any excess applied in accordance with this proviso) on the three immediately preceding Payment Dates

and during the related Collection Periods is less than the stated Custodial Receipts Custodial Expenses Cap (without regard to any excess applied in accordance with this proviso) in the aggregate for such three preceding Payment Dates, then the excess may be applied to the Custodial Receipts Custodial Expenses Cap with respect to the then-current Payment Date; and (2) in respect of the third Payment Date following the Closing Date, such excess amount shall be calculated based on the Payment Dates preceding such Payment Date.

"*Custodial Receipts Indemnities* " means indemnity payments due or accrued with respect to any Payment Date (including, with respect to any Payment Date, any such amounts that were due and not paid on any prior Payment Date (solely to the extent that the failure to pay such amounts was not due to the operation of the Administrative Expense Cap on such prior Payment Date) in accordance with the Priority of Payments) and payable by the Issuer to the Custodial Receipts Custodian pursuant to a Custodial Receipts Custody Agreement.

"*Defaulted Obligation*" means any Collateral Obligation included in the Assets as to which:

- (a) a default as to the payment when due of principal and/or interest has occurred and is continuing with respect to such Collateral Obligation (without regard to any grace period applicable thereto, or waiver or forbearance thereof) and, in the case of a default that in the Collateral Manager's judgment, as certified to the Trustee in writing, is not due to credit-related causes, after the passage of five Business Days or seven calendar days, whichever is greater, but in no case beyond the passage of any grace period applicable thereto;
- (b) (x) a default as to the payment when due of principal and/or interest has occurred and is continuing on another debt obligation of the same issuer which is senior or *pari passu* in right of payment to such Collateral Obligation (without regard to any grace period applicable thereto, or waiver or forbearance thereof) and, in the case of a default that in the Collateral Manager's judgment, as certified to the Trustee in writing, is not due to credit-related causes, after the passage of five Business Days or seven calendar days, whichever is greater, but in no case beyond the passage of any grace period applicable thereto and (y) both the Collateral Obligation and such other debt obligation are full recourse obligations of the applicable issuer or secured by the same collateral;
- (c) the issuer or others have instituted proceedings to have the issuer adjudicated as bankrupt or insolvent or placed into receivership and such proceedings have not been stayed or dismissed or such issuer has filed for protection under Chapter 11 of the United States Bankruptcy Code;
- (d) such Collateral Obligation has a publicly available Fitch issuer default rating of "D" or "RD" or such Collateral Obligation has an S&P Rating of "CC" or lower or "SD" or, in either case, had such rating before such rating was withdrawn;
- (e) (x) such Collateral Obligation is *pari passu* in right of payment as to the payment of principal and/or interest to another debt obligation of the same issuer which has an S&P Rating of "CC" or lower or "SD" or a publicly available Fitch issuer default rating of "D" or lower or, in either case, had such rating before such rating was withdrawn and (y) both the Collateral Obligation and such other debt obligation are full recourse obligations of the applicable issuer or secured by the same collateral;
- (f) a default with respect to which the Collateral Manager has received notice or has knowledge that a default has occurred under the Underlying Instruments and any applicable grace period has expired and the holders of such Collateral Obligation have accelerated the repayment of the Collateral Obligation in the manner provided in the Underlying Instrument (but only until such acceleration has been rescinded);
- (g) the Collateral Manager has in its reasonable commercial judgment otherwise declared such debt obligation to be a "Defaulted Obligation"; or
- (h) such Collateral Obligation is a Participation Interest with respect to which (x) the Selling Institution has defaulted in the performance of any of its payment obligations under the related participation agreement for a period of time exceeding the applicable Participation Interest Cure Period, but only until such default has been cured through the payment of all past due payment obligations (provided that such Participation Interest Cure Period shall only be available if the Collateral Manager has certified to the Trustee in writing

that, to the knowledge of the Collateral Manager, which knowledge is not based solely on information received from the applicable Selling Institution, such default is not due to credit-related causes) or (y) the Selling Institution has an S&P Rating of "CC" or lower or "SD" or had such rating before such rating was withdrawn;

*provided* that (x) a Collateral Obligation shall not constitute a Defaulted Obligation if such Collateral Obligation (or, in the case of a Participation Interest other than a Synthetic Letter of Credit, the underlying Loan) is a Current Pay Obligation (*provided* that the Aggregate Principal Balance of Current Pay Obligations exceeding 7.5% of the Collateral Principal Amount will be treated as Defaulted Obligations) and (y) a Collateral Obligation shall not constitute a Defaulted Obligation if such Collateral Obligation (or, in the case of a Participation Interest, the underlying Loan) is a DIP Collateral Obligation (other than a DIP Collateral Obligation that has an S&P Rating of "CC" or lower).

Each obligation (other than Synthetic Letters of Credit) received in connection with a Distressed Exchange that (a) would be a Collateral Obligation but for the fact that it is a Defaulted Obligation or (b) would satisfy the proviso in the definition "Distressed Exchange" but for the fact that it exceeds the percentage limit therein, shall in each case be deemed to be a Defaulted Obligation. Each other obligation (including any Synthetic Letter of Credit) received in connection with a Distressed Exchange shall be deemed to be an Equity Security.

If a Collateral Obligation included in the Assets would be deemed a Current Pay Obligation but for the applicable percentage limitation in clause (x) of the proviso to the first sentence of this definition, then the Current Pay Obligations with the lowest Market Value (assuming that such Market Value is expressed as a percentage of the Principal Balance of such Current Pay Obligations as of the date of determination) shall be deemed Defaulted Obligations. Each such Defaulted Obligation will be treated as a Defaulted Obligation for all purposes until such time as the Aggregate Principal Balance of Current Pay Obligations would not exceed, on a pro forma basis including such Defaulted Obligation, the applicable percentage of the Collateral Principal Amount.

"*Deferrable Security*" means a Collateral Obligation (including any Permitted Deferrable Security) that by its terms permits the deferral or capitalization of unpaid interest.

"*Deferred Interest*" means, with respect to the Class C Notes, Class C Deferred Interest, with respect to the Class D Notes, Class D Deferred Interest and with respect to the Class E Notes, Class E Deferred Interest.

"*Deferring Security*" means a Deferrable Security (x) that is deferring the payment of interest due thereon and has been so deferring the payment of interest due thereon for the shorter of two consecutive accrual periods under its Underlying Instrument and one year and (y) with respect to which the deferred interest has not, as of the date of determination, been paid in cash. Notwithstanding the foregoing definition, the Collateral Manager may declare any Deferrable Security to be a Deferring Security if, in the Collateral Manager's commercially reasonable judgment, the credit quality of the issuer of such asset has significantly deteriorated such that there is a reasonable expectation that such Deferrable Security will defer interest on the next scheduled and future payment dates.

"*Delayed Drawdown Collateral Obligation*" means any Collateral Obligation that (a) requires the Issuer to make one or more future advances to the borrower under the underlying instruments relating thereto, (b) specifies a maximum amount that can be borrowed on one or more fixed borrowing dates, (c) does not bear interest at a fixed rate and (d) does not permit the re-borrowing of any amount previously repaid by the borrower thereunder; but any such Collateral Obligation will be a Delayed Drawdown Collateral Obligation only until all commitments by the Issuer to make advances to the borrower expire or are terminated or are reduced to zero.

"*Designated Trustee*" means any of the following institutions or any Affiliate thereof: Citibank, N.A., Wells Fargo Bank, N.A. and U.S. Bank National Association.

"*Determination Date*" means the last day of each Collection Period.

"*DIP Collateral Obligation*" means a loan made to a debtor-in-possession pursuant to Section 364 of the U.S. Bankruptcy Code having the priority allowed by either Section 364(c) or 364(d) of the U.S. Bankruptcy Code and fully secured by senior liens.

"Discount Obligation" means any Collateral Obligation that was purchased for less than (a) 85.0% of its Principal Balance, if such Collateral Obligation has an S&P Rating lower than "B-", or (b) 80.0% of its Principal Balance, if such Collateral Obligation has an S&P Rating of "B-" or higher; *provided that*:

- (x) such Collateral Obligation shall cease to be a Discount Obligation when the Market Value of such Collateral Obligation equals or exceeds 90% of the par amount of such Collateral Obligation on each day during any period of 30 consecutive days since the acquisition by the Issuer of such Collateral Obligation;
- (y) any Collateral Obligation that would otherwise be considered a Discount Obligation will not be considered to be a Discount Obligation if such purchased Collateral Obligation (A) is purchased with the Sale Proceeds of a Collateral Obligation that was not a Discount Obligation at the time of its purchase, (B) is purchased or committed to be purchased within five Business Days of such sale, (C) is purchased at a purchase price (expressed as a percentage of the par amount of such Collateral Obligation) equal to or greater than the sale price of the sold Collateral Obligation, (D) is purchased at a purchase price (expressed as a percentage of the par amount of such Collateral Obligation) not less than 65% and (E) has a S&P Rating equal to or greater than the S&P Rating of the sold Collateral Obligation; and
- (z) the preceding clause (y) shall not apply to the purchase of a Collateral Obligation if, as determined by the Collateral Manager at the time of such acquisition, such application would result in (A) more than 5% of the Collateral Principal Amount consisting of Collateral Obligations to which such clause (y) has been applied (or more than 2.5% of the Collateral Principal Amount consisting of Collateral Obligations to which such clause (y) has been applied if the purchase price of the Collateral Obligation is less than 75% of the Principal Balance thereof) or (B) the Aggregate Principal Balance of all Collateral Obligations to which such clause (y) has been applied since the Closing Date exceeding 10% of the Reinvestment Target Par Balance (disregarding for this purpose clause (i) of the definition thereof).

The following provisions shall apply to any Collateral Obligation that is acquired in multiple portions ("*Portions*") at varying prices if the acquisition of any individual Portion, standing alone, would be the acquisition of a Discount Obligation (or would be a potential acquisition of a Discount Obligation, depending on the operation of the proviso to the preceding sentence):

- (i) For purposes of identifying Collateral Obligations as Discount Obligations, each Portion and the transaction in which it is acquired shall be considered separately as if it were a separate Collateral Obligation. For the avoidance of doubt, for such purpose, the purchase prices of the Portions shall not be averaged or otherwise considered together.
- (ii) Accordingly, a Collateral Obligation acquired in multiple Portions may be partly a Discount Obligation (to the extent of the Portions that would be Discount Obligations if they were separate Collateral Obligations) and partly not a Discount Obligation (to the extent of the other Portions).
- (iii) If any such Collateral Obligation is sold in part and not in whole, the Portions shall be deemed to be sold in ascending order of purchase price (lowest purchase price first).

For purposes of this definition, if no S&P Rating can be determined, the publicly available Fitch issuer default rating, if available, shall be used instead.

"Distressed Exchange" means, in connection with any Collateral Obligation, a distressed exchange or other debt restructuring has occurred, as reasonably determined by the Collateral Manager, pursuant to which the issuer or obligor of such Collateral Obligation has issued to the holders of such Collateral Obligation a new security or package of securities or obligations that, in the sole judgment of the Collateral Manager, amounts to (i) a diminished financial obligation or (ii) has the purpose of helping the issuer of such Collateral Obligation avoid imminent default; *provided*, that no Distressed Exchange shall be deemed to have occurred if the securities or obligations received by the Issuer in connection with such exchange or restructuring satisfy the definition of "Collateral Obligation" (except

that the Aggregate Principal Balance of all securities and obligations to which this proviso applies or has applied, measured cumulatively from the Closing Date onward, may not exceed 30% of the Reinvestment Target Par Balance (disregarding for this purpose clause (i) of the definition thereof)). In connection with any judgment made pursuant to clause (ii) of the preceding sentence, a default will not be considered imminent if the distressed exchange or other debt restructuring arises out of or relates to negotiations with the issuer or obligor of such Collateral Obligation that began at least three months prior to the issuance of such new security or package of securities or obligations.

"*Dodd-Frank Act*" means the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203 (2010).

"*Domicile*" or "*Domiciled*" means, with respect to any issuer of, or obligor with respect to, a Collateral Obligation: (a) except as provided in clause (b) below, its country of organization; or (b) if it is organized in a Tax Jurisdiction, each of such jurisdiction and the country in which, in the Collateral Manager's good faith estimate, a substantial portion of its operations are located or from which a substantial portion of its revenue is derived, in each case directly or through subsidiaries (which shall be any jurisdiction and country known at the time of designation by the Collateral Manager to be the location of a substantial portion of the operations or the source of a substantial portion of the revenues, as the case may be, of such issuer or obligor).

"*DTC*" means The Depository Trust Company, its nominees and their respective successors.

"*Effective Date*" means the earlier to occur of (i) May 2, 2013 and (ii) the first date on which the Collateral Manager certifies to the Trustee and the Collateral Administrator that the Target Par Condition has been satisfied.

"*Eligible Investment Required Ratings*" means, (a) "A-1" or better (or, in the absence of a short-term credit rating, "A+" or better) from S&P, (b) in the case of an Eligible Investment having a remaining maturity not in excess of 30 days, having at least one of a short or long-term credit rating from Fitch and rated "F1" or better by Fitch (if it has a short-term credit rating from Fitch) and "AA-" or better by Fitch (if it has a long-term credit rating from Fitch) and (c) in the case of an Eligible Investment having a remaining maturity in excess of 30 days, having at least one of a short or long-term credit rating from Fitch and rated "F1+" or better by Fitch (if it has a short-term credit rating from Fitch) and "AA-" or better by Fitch (if it has a long-term credit rating from Fitch).

"*Eligible Investments*" means either cash or any United States dollar investment that, at the time it is delivered to the Trustee (directly or through an intermediary or bailee), (x) matures not later than the earlier of (A) the date that is 60 days after the date of delivery thereof and (B) the Business Day immediately preceding the Payment Date immediately following the date of delivery thereof, and (y) is one or more of the following obligations or securities:

- (i) direct Registered obligations of, and Registered obligations the timely payment of principal and interest on which is fully and expressly guaranteed by, the United States of America or any agency or instrumentality of the United States of America the obligations of which are expressly backed by the full faith and credit of the United States of America having the Eligible Investment Required Ratings at the time of such investment or contractual commitment providing for such investment;
- (ii) demand and time deposits in, certificates of deposit of, trust accounts with, bankers' acceptances issued by, or federal funds sold by any depository institution or trust company incorporated under the laws of the United States of America (including the Bank) or any state thereof and subject to supervision and examination by federal and/or state banking authorities, in each case payable within 183 days after issuance, so long as the commercial paper and/or the debt obligations of such depository institution or trust company (or, in the case of the principal depository institution in a holding company system, the commercial paper or debt obligations of such holding company) at the time of such investment or contractual commitment providing for such investment have the Eligible Investment Required Ratings;
- (iii) unleveraged repurchase obligations (if treated as debt by the Issuer and the counterparty) with respect to (a) any security described in clause (i) above or (b) any other Registered security issued or guaranteed by an agency or instrumentality of the United States of America, in either case entered into with a depository institution or trust company (acting as principal) described in clause (ii) above or entered into with an entity (acting as principal) with, or whose parent company has (in addition to a

guarantee agreement with such entity, which guarantee agreement complies with S&P's then-current criteria with respect to guarantees), the Eligible Investment Required Ratings;

- (iv) Registered debt securities bearing interest or sold at a discount issued by a corporation formed under the laws of the United States of America or any State thereof that satisfies the Eligible Investment Required Ratings at the time of such investment or contractual commitment providing for such investment;
- (v) commercial paper or other short-term obligations (other than Asset-backed Commercial Paper) with the Eligible Investment Required Ratings and that either bear interest or are sold at a discount from the face amount thereof and have a maturity of not more than 183 days from their date of issuance;
- (vi) a Reinvestment Agreement issued by any bank (if treated as a deposit by such bank), or a Reinvestment Agreement issued by any insurance company or other corporation or entity, in each case with the Eligible Investment Required Ratings; *provided* that (a) the Issuer has notified Fitch and received written confirmation (which may take the form of a press release or other written communication) from S&P (with a copy to the Trustee), that such investment would not cause the then-current rating of the Notes to be reduced or withdrawn or (b) such Reinvestment Agreement may be unwound at the option of the Issuer without penalty; and
- (vii) money market funds that have credit ratings of (a) "AAAm" by S&P, and (b) "AAAmf" by Fitch, to the extent rated by Fitch, or "Aaa-mf" by Moody's, respectively;

*provided* that (1) Eligible Investments purchased with funds in the Collection Account shall be held until maturity except as otherwise specifically provided herein and shall include only such obligations or securities, other than those referred to in clause (vii) above, as mature (or are puttable at par to the issuer thereof) no later than the Business Day prior to the next Payment Date unless such Eligible Investments are issued by the Bank, in which event such Eligible Investments may mature on such Payment Date; and (2) none of the foregoing obligations or securities shall constitute Eligible Investments if (a) such obligation or security has an "f", "r", "p", "pi", "q" or "t" subscript assigned by S&P, (b) all, or substantially all, of the remaining amounts payable thereunder consist of interest and not principal payments, (c) payments with respect to such obligations or securities or proceeds of disposition are subject to withholding taxes (except for any withholding tax imposed under FATCA) by any jurisdiction unless either the payor is required to make "gross-up" payments that cover the full amount of any such withholding tax on an after-tax basis, (d) the acquisition (including the manner of acquisition), ownership, enforcement and disposition of such obligations or securities will cause the Issuer to be treated as engaged in a U.S. trade or business for U.S. federal income tax purposes or otherwise to be subject to tax on a net income basis (including tax collected by withholding under Section 1446 of the Code) in the United States or in any jurisdiction outside its jurisdiction of incorporation, (e) such obligation or security is secured by real property, (f) such obligation or security is purchased at a price greater than 100% of the principal or face amount thereof, (g) such obligation or security is subject of a tender offer, voluntary redemption, exchange offer, conversion or other similar action, (h) as determined in the Collateral Manager's sole judgment, such obligation or security is subject to material non-credit related risks, (i) such obligation is a Structured Finance Obligation or (j) such obligation or security is represented by a certificate of interest in a grantor trust. Eligible Investments may include, without limitation, those investments issued by or made with the Bank or for which the Bank or the Trustee or an Affiliate of the Bank or the Trustee provides services and receives compensation.

"*Equity Security*" means any security that by its terms does not provide for periodic payments of interest at a stated coupon rate and repayment of principal at a stated maturity, any other security that is not eligible for purchase by the Issuer as a Collateral Obligation and any security which the Issuer had initially purchased as part of a unit with a Collateral Obligation and that has been detached from the Collateral Obligation and that is itself not eligible for purchase by the Issuer; it being understood that unless purchased as part of a unit, Equity Securities may not be purchased by the Issuer but may be received by the Issuer in exchange for, or upon conversion of, a Collateral Obligation or a portion thereof in connection with an insolvency, bankruptcy, reorganization, debt restructuring or workout of the issuer thereof.

"*Excess CCC Adjustment Amount*" means, as of any date of determination, an amount equal to the excess, if any, of:

- (a) the Aggregate Principal Balance of all Collateral Obligations included in the CCC Excess; over
- (b) the sum of the Market Values of all Collateral Obligations included in the CCC Excess.

"*Excess Deposit Amount*": means an amount equal to (i) the aggregate issue proceeds of each Class of Notes on the Closing Date plus (ii) the aggregate issue proceeds of any additional issuance on or prior to the Effective Date of new Additional Notes *minus* (iii) the sum of the costs of purchasing Collateral Obligations during the period from the Closing Date to and including the Effective Date; *provided* that the Excess Deposit Amount shall not exceed the lesser of (A) the amount available in the Ramp-Up Account at the time of the withdrawal and (B) U.S.\$10,000,000.

"*Exchange Act*" means the United States Securities Exchange Act of 1934, as amended.

"*Extended Weighted Average Life*" means, on any date of determination, (a) the number of years (rounded to the nearest one hundredth thereof) during the period from such date of determination to December 25, 2020 plus (b) the number of years in the applicable Reinvestment Period Extension.

"*Fee Basis Amount*" means, as of any date of determination, the sum of (a) the Collateral Principal Amount, (b) the Aggregate Principal Balance of all Defaulted Obligations and (c) the aggregate amount of all Principal Financed Accrued Interest.

"*Financial Sponsor*" means any Person, whose principal business activity (directly or through Affiliates or funds or other accounts managed by such Person or an Affiliate) is acquiring, holding and selling investments (including controlling interests) in otherwise unrelated companies that each are distinct legal entities with separate management, books and records and bank accounts, whose operations are not integrated one with another and whose financial condition and creditworthiness are independent of the other companies so owned by such Person.

"*First Lien Last Out Loan*" means any assignment of or Participation Interest in a Loan that: (a) is not (and cannot by its terms become) subordinate in right of payment to any other obligation of the obligor of the Loan (other than (i) with respect to trade claims, capitalized leases or similar obligations and (ii) subordination in right of payment solely to one or more Senior Secured Loans of the obligor of the Loan that becomes effective solely upon the occurrence of a default or event of default by the obligor of the Loan); (b) is secured by a valid perfected security interest or lien in, to or on specified collateral securing the obligor's obligations under the Loan that, prior to the occurrence of a default or event of default by the obligor of the Loan, is a first-priority security interest or lien; (c) the value of the collateral securing the Loan at the time of purchase together with other attributes of the obligor (including its general financial condition, ability to generate cash flow available for debt service and other demands for that cash flow) and of the Loan is adequate (in the commercially reasonable judgment of the Collateral Manager and assuming that there will be no occurrence of a default or event of default by the obligor of the Loan) to repay the Loan in accordance with its terms and to repay all other Loans of equal seniority secured by a first lien or security interest in the same collateral and (d) is not secured solely or primarily by common stock or other equity interests; provided that the limitation set forth in this clause (d) shall not apply with respect to a Loan made to a parent entity that is secured solely or primarily by the stock of one or more of the subsidiaries of such parent entity to the extent that the granting by any such subsidiary of a lien on its own property would violate law or regulations applicable to such subsidiary (whether the obligation secured is such Loan or any other similar type of indebtedness owing to third parties).

"*Fitch*" means Fitch Inc., Fitch Ratings, Ltd. and their subsidiaries and any successor or successors thereto.

"*Fixed Rate Obligation*" means any Collateral Obligation that bears a fixed rate of interest.

"*Floating Rate Obligation*" means any Collateral Obligation that bears a floating rate of interest.

"*Flow-Through Investment Vehicle*" means (a) any entity (i) that would be an investment company but for the exception in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act and the amount of whose investment in the Notes (including in all Classes of the Notes) exceeds 40% of its total assets (determined on a consolidated



basis with its subsidiaries), (ii) as to which any Person owning any equity or similar interest in the entity has the ability to control any investment decision of such entity or to determine, on an investment-by-investment basis, the amount of such Person's contribution to any investment made by such entity, (iii) that was organized or reorganized for the specific purpose of acquiring a Note or (iv) as to which any Person owning an equity or similar interest in which was specifically solicited to make additional capital or similar contributions for the purpose of enabling such entity to purchase a Note or (b) any contractual arrangement relating only to one or more Notes issued under the Indenture pursuant to which a custodian or other securities intermediary agrees to create transferable beneficial interests in such Notes, whether in global or certificated form.

"*Group I Country*" means The Netherlands, Australia, New Zealand and the United Kingdom.

"*Group II Country*" means Germany, Sweden and Switzerland.

"*Group III Country*" means Austria, Belgium, Denmark, Finland, France, Iceland, Liechtenstein, Luxembourg and Norway.

"*Holder*" means a beneficial owner of any Note.

"*Income Note Component Percentage*": A percentage equal to (a) prior to the issuance of Residual Combination Notes (if any), the proportion (expressed as a percentage) that the principal amount of the Income Notes represented by the Income Note Component on the Closing Date bears to the principal amount of the Income Notes as a whole (including the Income Note Component) on the Closing Date, decreased proportionately to the extent that any Exchangeable Combination Notes are exchanged for Components pursuant to the provisions of the Indenture described under "—Form, Denomination, Registration and Transfer of the Notes—Exchange of Combination Notes for Underlying Components", and (b) upon the issuance of Residual Combination Notes (if any), the proportion (expressed as a percentage) that the principal amount of the Income Notes represented by the Income Note Component on the date of such issuance bears to the principal amount of the Income Notes as a whole (including the Income Note Component) on such date, in each case determined immediately after giving effect to such issuance, and thereafter decreased proportionately to the extent that any Residual Combination Notes are exchanged for Components pursuant to the provisions of the Indenture described under "—Form, Denomination, Registration and Transfer of the Notes—Exchange of Combination Notes for Underlying Components".

"*Income Note Specified Reclassification*" means the issuance, reissuance, establishment, reestablishment or reclassification of the Income Notes in multiple classes or series (classes), with separate CUSIPs obtained by the Issuer per class or series, as follows:

- (i) An Income Note Specified Reclassification shall be effected by the Issuer at the option and at the direction of the Collateral Manager (with a copy to the Trustee) if at any time Income Notes are held both by holders thereof that are CM Holders and by holders thereof that are not CM Holders. "CM Holders" means holders that are (A) the Collateral Manager or an Affiliate of the Collateral Manager or (B) a fund or an account managed or advised by the Collateral Manager or an Affiliate of the Collateral Manager.
- (ii) After giving effect to the Income Note Specified Reclassification, Income Notes will have been issued in two classes.
  - (A) One class (the "ICMF Class") will have the following terms:
    - (I) Income Notes of the ICMF Class will be held solely by one or more of the CM Holders, as directed by the Collateral Manager.
    - (II) Income Notes of the ICMF Class will represent in the aggregate solely the entitlement to all payments of the Incentive Collateral Management Fee and the Deferred Incentive Collateral Management Fee ("*ICMF Amounts*") to which the Collateral Manager would otherwise be entitled pursuant to the Priority of Payments and the Collateral Management Agreement.

Without limiting the specificity of the foregoing, the Income Notes of the ICMF Class will not represent any entitlement to any payments of Regular Amounts (as defined below).

- (III) If any holder of an Income Note of the ICMF Class ceases to be a CM Holder (as a result of a change in management of the Issuer or a change in management or advisory functions of such holder), such holder shall surrender all Income Notes of the ICMF Class held by it to the Registrar for cancellation.
  - (IV) If at any time all holders of the Income Notes of the ICMF Class are not funds or accounts managed or advised by the Collateral Manager or an Affiliate of the Collateral Manager (as a result of a change in management of the Issuer or a change in management or advisory functions of all such holders), the Income Notes of the ICMF Class shall cease to represent any entitlement to ICMF Amounts (including any such amounts previously accrued) and may be cancelled by the Issuer.
- (B) The other class (the "Regular Class") will have the following terms:
- (I) The Income Notes of the Regular Class will be held by the CM Holders and all other holders.
  - (II) The Income Notes of the Regular Class will represent in the aggregate the entitlement to all payments of Regular Amounts. "Regular Amounts" means all payments to which the holders of Income Notes are entitled as provided in the Indenture (including pursuant to the Priority of Payments and the Enforcement Event Priority of Payments).
  - (III) Each CM Holder will hold the amount of Income Notes of the Regular Class that corresponds to such CM Holder's holding of Income Notes before giving effect to the Income Note Specified Reclassification but after giving effect to any transfer to any other holder. Stated otherwise, the aggregate economic entitlement of such CM Holder to Regular Amounts shall not change as a result of the Income Note Specified Reclassification.

"*Income Notes Custodial Receipts*" means the Custodial Receipts referred to in the Custodial Receipts Custody Agreement that pertain to the specified principal amount of Income Notes and the specified principal amount of 5180 Income Notes.

"*Income Notes Internal Rate of Return*" means, with respect to each Payment Date, the rate of return that would result in a net present value of zero, assuming (i) an aggregate purchase price of \$138,630,000 for the Income Notes as the initial negative cash flow on the Closing Date and all distributions to Holders of Income Notes after the Closing Date as positive cash flows (but excluding any payments of ICMF Amounts (as defined in the definition of "Income Note Specified Reclassification") to a CM Holder (as defined in such definition), (ii) the initial date for the calculation as the Closing Date and (iii) the number of days to each subsequent Payment Date from the Closing Date being calculated on the basis of a 360-day year and the actual number of days elapsed; *provided* that all Reinvestment Amounts with respect to the Income Notes shall be deemed to have been distributed to the relevant Reinvesting Holder(s) through the applicable Payment Date for purposes of calculating the Income Notes Internal Rate of Return (whether or not any relevant Reinvesting Holder continues to hold the applicable Income Notes).

"*Incurrence Covenant*" means a covenant by any borrower to comply with one or more financial covenants only upon the occurrence of certain actions of the borrower, including a debt issuance, dividend payment, share purchase, merger, acquisition or divestiture.

"*Indenture*" means the indenture to be dated as of the Closing Date between the Issuer and the Trustee.

"*Independent*" means, 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, or an investment bank 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. "Independent" when

used with respect to any accountant may include an accountant who audits the books of such person if in addition to satisfying the criteria set forth above the accountant is independent with respect to such person within the meaning of Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants.

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.

Any pricing service, certified public accountant or legal counsel that is required to be Independent of another person under the Indenture must satisfy the criteria above with respect to the Issuer, the Collateral Manager and their Affiliates.

"*Information*" has the meaning specified in Annex C hereto.

"*Interest Accrual Period*" means (i) with respect to the initial Payment Date, the period from and including the Closing Date to but excluding such Payment Date; and (ii) with respect to each succeeding Payment Date, the period from and including the immediately preceding Payment Date to but excluding the following Payment Date until the principal of the Secured Notes is paid or made available for payment; *provided* that any notes issued after the Closing Date in accordance with the terms of the Indenture shall accrue interest during the Interest Accrual Period in which such Additional Notes are issued from and including the applicable date of issuance of such Additional Notes to but excluding the last day of such Interest Accrual Period at the applicable Interest Rate.

"*Interest Coverage Ratio*" means, for any designated Class or Classes of Secured Notes, as of any date of determination, the percentage derived from the following equation:  $(A - B) / C$ , where:

A = The Collateral Interest Amount as of such date of determination;

B = Amounts payable (or expected as of the date of determination to be payable) on the following Payment Date as set forth in clauses (A) and (B) under "Overview of Terms—Priority of Payments—Application of Interest Proceeds"; and

C = Interest due and payable on the Secured Notes of such Class or Classes and each Class of Secured Notes that rank senior to or *pari passu* with such Class or Classes (excluding Deferred Interest but including any interest on Deferred Interest with respect to the Class C Notes, the Class D Notes and the Class E Notes) on such Payment Date.

"*Interest Determination Date*" means the second London Banking Day preceding the first day of each Interest Accrual Period.

"*Interest Proceeds*" means, with respect to any Collection Period or Determination Date, without duplication, the sum of:

- (i) all payments of interest and delayed compensation (representing compensation for delayed settlement) received in cash by the Issuer during the related Collection Period on the Collateral Obligations and Eligible Investments, including the accrued interest received in connection with a sale thereof during the related Collection Period, less any such amount that represents Principal Financed Accrued Interest; provided that Interest Proceeds shall not include (x) Sale Proceeds representing accrued interest that are applied during the same Collection Period toward payment for accrued interest in connection with the purchase of a Collateral Obligation and (y) interest received in respect of a Collateral Obligation (including in connection with any Sale thereof), which interest was purchased with Principal Proceeds;
- (ii) all principal and interest payments received by the Issuer during the related Collection Period on Eligible Investments purchased with Interest Proceeds;
- (iii) all amendment and waiver fees, late payment fees and other fees (other than syndication, facility or other up-front fees) received by the Issuer during the related Collection Period, except for those in connection with (a) the lengthening of the maturity of the related Collateral Obligation or (b) the reduction

of the principal amount of the related Collateral Obligation, as determined by the Collateral Manager with notice to the Trustee and the Collateral Administrator;

- (iv) commitment fees and other similar fees received by the Issuer during such Collection Period in respect of Synthetic Letters of Credit, Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations;
- (v) any amounts deposited in the Collection Account from the Expense Reserve Account that are designated as Interest Proceeds in the sole discretion of the Collateral Manager pursuant to the Indenture in respect of the related Determination Date;
- (vi) any funds withdrawn from the LC Reserve Account during the related Collection Period as described under "Security for the Secured Notes—The LC Reserve Account" for application as Interest Proceeds;
- (vii) any Interest Proceeds deposited and retained in the Interest Collection Subaccount from the prior Collection Period in accordance with paragraph (S) of "Overview of Terms – Priority of Payments - Application of Interest Proceeds"; and
- (viii) with respect to any Payment Date during the Reinvestment Period, the excess, if any, of Sale Proceeds received from the sale of a Collateral Obligation over the greater of the Principal Balance and the Adjusted Purchase Price for such Collateral Obligation, to the extent that the Collateral Manager determines to treat such excess amount as Interest Proceeds and gives notice to the Trustee of such determination; *provided* that the Collateral Manager shall only be entitled to determine to treat Sale Proceeds as Interest Proceeds pursuant to this clause if, on the date of such determination, the Trading Gain Condition is satisfied;

*provided* that (w) any amounts received in respect of any Defaulted Obligation will constitute Principal Proceeds (and not Interest Proceeds) until the aggregate of all collections in respect of such Defaulted Obligation since it became a Defaulted Obligation equals the outstanding principal balance of such Collateral Obligation at the time it became a Defaulted Obligation, (x) (A) any amounts received in respect of any Equity Security that was received in exchange for a Defaulted Obligation and is held by a Blocker Subsidiary will constitute Principal Proceeds (and not Interest Proceeds) until the aggregate of all collections in respect of such Equity Security equals the outstanding principal balance of such Defaulted Obligation at the time of such exchange and (B) any amounts received in respect of any other asset held by a Blocker Subsidiary will constitute Principal Proceeds (and not Interest Proceeds) and (y) any amounts deposited in the Collection Account as Principal Proceeds as described in clause (P) under "Overview of Terms—Priority of Payments—Application of Interest Proceeds" due to the failure of the Interest Diversion Test to be satisfied shall not constitute Interest Proceeds and (z) no funds on deposit in the LC Reserve Account will be treated as Interest Proceeds unless and until withdrawn from such account under the provisions of the Indenture described under "Security for the Secured Notes—The Accounts—The LC Reserve Account" for application as Interest Proceeds.

"*Intermediary Rating Condition*" means with respect to any specified Person, a condition that will be satisfied if such Person shall be rated (a) at least "F1" (short-term) and "A" (long-term) by Fitch and (b) at least "A-1" (short-term) and "A" (long-term) by S&P (or otherwise at least "A+" by S&P)

"*Investment Advisers Act*" means the United States Investment Advisers Act of 1940, as amended.

"*Investment Company Act*" means the United States Investment Company Act of 1940, as amended, and, where the context requires, the rules thereunder.

"*Interest Rate Cap*" means any interest rate cap entered into by the Issuer after the Closing Date pursuant to the Indenture.

"*Issuer LP Agreement*" means the Issuer's limited partnership agreement.

"*Knowledgeable Employee*" has the meaning of such term set forth in Rule 3c-5(a)(4) promulgated under the Investment Company Act.

"*LC Commitment Amount*" means, with respect to any Synthetic Letter of Credit, the amount which the Issuer could be required to pay to the Synthetic LC Agent Bank in respect thereof (including, for the avoidance of doubt, any portion thereof which the Issuer has collateralized or deposited into a trust or with the Synthetic LC Agent Bank for the purpose of making such payments).

"*LIBOR*" with respect to the Secured Notes, for any Interest Accrual Period will equal (a) the rate for deposits with a term of three months appearing on the Reuters Screen on the related Interest Determination Date; *provided* that LIBOR for the first Interest Accrual Period will equal the rate determined by interpolating linearly between the rate appearing on the Reuters Screen for deposits with a term of six months and the rate appearing on the Reuters Screen for deposits with a term of seven months or (b) if such rate is unavailable at the time LIBOR is to be determined, LIBOR shall be determined on the basis of the rates at which deposits in U.S. Dollars are offered by four major banks in the London market selected by the Calculation Agent after consultation with the Collateral Manager (the "*Reference Banks*") at approximately 11:00 a.m., London time, on the Interest Determination Date to prime banks in the London interbank market for a period approximately equal to such Interest Accrual Period and an amount approximately equal to the amount of the Aggregate Outstanding Amount of the Secured Notes. The Calculation Agent will request the principal London office of each Reference Bank to provide a quotation of its rate. If at least two such quotations are provided, LIBOR shall be the arithmetic mean of such quotations (rounded upward to the next higher 1/100). If fewer than two quotations are provided as requested, LIBOR with respect to such Interest Accrual Period will be the arithmetic mean of the rates quoted by three major banks in New York, New York selected by the Calculation Agent after consultation with the Collateral Manager at approximately 11:00 a.m., New York Time, on such Interest Determination Date for loans in U.S. Dollars to leading European banks for a term approximately equal to such Interest Accrual Period and an amount approximately equal to the amount of the Secured Notes. If the Calculation Agent is required but is unable to determine a rate in accordance with at least one of the procedures described above, LIBOR will be LIBOR as determined on the previous Interest Determination Date. "*LIBOR*", when used with respect to a Collateral Obligation, means the "libor" or similar rate determined in accordance with the terms of such Collateral Obligation.

"*Loan*" means any obligation for the payment or repayment of money that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement, including, for the avoidance of doubt, letter of credit reimbursement obligations.

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

"*Maintenance Covenant*" means a covenant by any borrower to comply with one or more financial covenants during each reporting period, whether or not such borrower has taken any specified action.

"*Majority*" means (a) with respect to any Class or Classes of Secured Notes, the holders of more than 50% of the Aggregate Outstanding Amount of the Secured Notes of such Class or Classes, (b) with respect to the Income Notes, the holders of more than 50% of the Aggregate Outstanding Amount of the Income Notes and (c) with respect to the Combination Notes, the holders of more than 50% of the Aggregate Outstanding Amount of the Combination Notes.

"*Margin Stock*" means "Margin Stock" as defined under Regulation U issued by the Federal Reserve Board, including any debt security which is by its terms convertible into "Margin Stock".

"*Market Value*" means, as of any date of determination, for a Collateral Obligation (including Defaulted Obligations):

- (i) the price for such Collateral Obligation obtained by the Collateral Manager from Loan Pricing Corporation, Loan X Mark-It Partners, FT Interactive, Bridge Information Systems, KDP or IDC, or any other nationally recognized loan or bond pricing service selected by the Collateral Manager with notice to the Rating Agencies; or

- (ii) if a value cannot be obtained pursuant to the means contemplated by clause (i),
  - (A) the value calculated by the Collateral Manager as the average of the bid prices for such Collateral Obligation from three nationally recognized and licensed broker-dealers active in the trading of such Collateral Obligation that are Independent from each other, Independent from the Issuer and Independent from the Collateral Manager;
  - (B) if a value cannot be obtained pursuant to the means contemplated by clause (A), the value calculated by the Collateral Manager as the lower of the bid prices for such Collateral Obligation from two nationally recognized and licensed broker-dealers active in the trading of such Collateral Obligation that are Independent from each other, Independent from the Issuer and Independent from the Collateral Manager; or
  - (C) if a value cannot be obtained pursuant to the means contemplated by clauses (A) or (B), the bid price obtained by the Collateral Manager for such Collateral Obligation from one nationally recognized and licensed broker-dealer active in the trading of such Collateral Obligation that is Independent from the Issuer and Independent from the Collateral Manager, *provided* that the Aggregate Principal Balance of Collateral Obligations held by the Issuer at any one time with Market Values determined pursuant to this clause (ii)(C) may not exceed 5% of the Collateral Principal Amount; or
- (iii) if a price or such bid described in clause (i) or (ii) is not available, then the Market Value of an asset will be the lower of (x) the higher of (A) such asset's S&P Recovery Rate and (B) 70% of the notional amount of such asset and (y) the price at which the Collateral Manager reasonably believes such asset could be sold in the market within 30 days, as certified by the Collateral Manager to the Trustee and determined by the Collateral Manager consistent with the manner in which it would determine the market value of an asset for purposes of other funds or accounts managed by it; *provided* that, if the Collateral Manager is not a Registered Investment Adviser, the Market Value of any such asset may not be determined in accordance with this clause (iii) for more than 30 consecutive days; or
- (iv) if the Market Value of an asset is not determined in accordance with clause (i), (ii) or (iii) above, then such Market Value shall be deemed to be zero until such determination is made in accordance with clause (i), (ii) or (iii) above;

*provided* that (x) except as otherwise expressly provided in the Indenture (as described herein), the Market Value of any Defaulted Obligation that is not sold or terminated within three years after becoming a Defaulted Obligation shall be deemed to be zero and (y) the Market Value of any Equity Security shall be deemed to be zero.

"*Maturity Amendment*" means, with respect to any Collateral Obligation, any waiver, modification, amendment or variance that would extend the stated maturity date of such Collateral Obligation.

"*Measurement Date*" means (i) any day on which a purchase of a Collateral Obligation occurs, (ii) any Determination Date, (iii) the date as of which the information in any monthly report prepared under the Indenture is calculated, (iv) with five Business Days' prior written notice, any Business Day requested by either Rating Agency and (v) the Effective Date.

"*Minimum Denomination*" means (a) with respect to the Class A Notes, Class B Notes, Class C Notes and Class D Notes, U.S.\$1,000,000 and integral multiples of U.S.\$1.00 in excess thereof, (b) with respect to the Class E Notes and the Income Notes, U.S.\$2,000,000 (except as otherwise disclosed under "Overview of Terms – Principal terms of the Notes") and integral multiples of U.S.\$1.00 in excess thereof and (c) with respect to the Combination Notes, U.S.\$11,000,000 and integral multiples of U.S.\$1.00 in excess thereof.

"*Moody's*" means Moody's Investors Service, Inc. and any successor thereto.

"*Moody's Derived Rating*" has the meaning specified in Annex B hereto.

"*Moody's Rating*" has the meaning specified in Annex B hereto.

"*Moody's Senior Secured Floating Rate Bond*" has the meaning specified in Annex B hereto.

"*Moody's Senior Secured Loan*" means a loan (1) that is not a DIP Collateral Obligation or a loan for which the security interest or lien (or the validity or effectiveness thereof) in substantially all of its collateral attaches, becomes effective, or otherwise "springs" into existence after the origination thereof and (2) either

- (a)
  - (i) that is not (and cannot by its terms become) subordinate in right of payment to any other debt obligation of the obligor of the loan;
  - (ii) (x) that is secured by a valid first priority perfected security interest or lien in, to or on specified collateral securing the obligor's obligations under the loan and (y) with respect to which such specified collateral does not consist entirely of equity securities or common stock; *provided* that any loan that would be considered a Moody's Senior Secured Loan but for clause (y) above shall be considered a Moody's Senior Secured Loan if it is a loan made to a parent entity and as to which the Collateral Manager determines in good faith that the value of the common stock of the subsidiary (or other equity interests in the subsidiary) securing such loan at or about the time of acquisition of such loan by the Issuer has a value that is at least equal to the outstanding principal balance of such loan and the outstanding principal balances of any other obligations of such parent entity that are *pari passu* with such loan, which value may include, among other things, the enterprise value of such subsidiary of such parent entity; and
  - (iii) the value of the collateral securing which, together with other attributes of the obligor (including, without limitation, its general financial condition, ability to generate cash flow available for debt service and other demands for that cash flow), is adequate (in the commercially reasonable judgment of the Collateral Manager) to repay the loan in accordance with its terms and to repay all other loans of equal seniority secured by a first lien or security interest in the same collateral; or
- (b)
  - (i) that is not (and cannot by its terms become) subordinate in right of payment to any other debt obligation of the obligor of the loan, except that such loan can be subordinate with respect to the liquidation of such obligor or the collateral for such loan;
  - (ii) that with respect to such liquidation, is secured by a valid perfected security interest or lien that is not a first priority in, to or on specified collateral securing the obligor's obligations under the loan;
  - (iii) the value of the collateral securing which loan together with other attributes of the obligor (including, without limitation, its general financial condition, ability to generate cash flow available for debt service and other demands for that cash flow) is adequate (in the commercially reasonable judgment of the Collateral Manager) to repay the loan in accordance with its terms and to repay all other loans of equal or higher seniority secured in the same collateral; and
  - (iv) (x) that has a Moody's facility rating and the obligor of such loan has a Moody's corporate family rating and (y) with respect to which such Moody's facility rating is not lower than such Moody's corporate family rating.

"*Non-Emerging Market Obligor*" means an obligor that is Domiciled in any country that has a foreign currency issuer credit rating of at least "AA" by S&P.

"*Non-U.S. Income Noteholder*" means a beneficial owner of an Income Note other than a U.S. Income Noteholder.

"*Non-U.S. Secured Noteholder*" means a beneficial owner of a Secured Note other than a U.S. Secured Noteholder.

"*Note Interest Amount*" means, with respect to any Class of Secured Notes and any Payment Date, the amount of interest for the related Interest Accrual Period payable in respect of each U.S.\$100,000 Outstanding principal amount of such Class of Secured Notes.

"Offer" means a tender offer, voluntary redemption, exchange offer, conversion or other similar action.

"Outstanding" means, with respect to the Secured Notes or the Secured Notes of any specified Class, the Combination Notes or the Income Notes, as of any date of determination, all of the Secured Notes or all of the Secured Notes of such Class or all of the Combination Notes or all of the Income Notes, as the case may be, theretofore authenticated and delivered under the Indenture, except:

- (i) Notes theretofore canceled by the registrar or delivered to the registrar for cancellation in accordance with the terms of the Indenture; *provided* that for purposes of calculating the Coverage Tests, any Notes that have been canceled in a manner other than as permitted under the Indenture, as described under "Description of the Notes—Cancellation; Issuer Prohibited from Acquiring Notes," shall be deemed to be Outstanding;
- (ii) Notes or portions thereof for whose payment or redemption funds in the necessary amount have been theretofore irrevocably deposited with the Trustee or any Paying Agent in trust for the Holders of such Notes pursuant to the Indenture; *provided* that if such Notes or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (iii) Notes that are registered in the Note register on the date the Trustee provides notice to the Issuer pursuant to the Indenture that the Indenture has been discharged;
- (iv) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to the Indenture, unless proof satisfactory to the Trustee is presented that any such Notes are held by a "protected purchaser" (within the meaning of Section 8-303 of the UCC); and
- (v) Notes alleged to have been mutilated, destroyed, lost or stolen for which replacement Notes have been issued as provided in the Indenture; and

*provided*, in each case, that in determining whether the Holders of the requisite Aggregate Outstanding Amount of Secured Notes or of Secured Notes of any specified Class or of Combination Notes or of Income Notes then Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture:

- (a) Notes owned by the Issuer or, solely in the case of a vote in connection with the following matters, Collateral Manager Notes, shall be disregarded and deemed not to be Outstanding (except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes that a trust officer of the Trustee actually knows to be so owned shall be so disregarded): (i) the removal for "Cause" of the Collateral Manager, (ii) the approval of a successor Collateral Manager if the appointment of the Collateral Manager is being terminated pursuant to the Collateral Management Agreement for "Cause", (iii) the assignment by the Collateral Manager of its rights and responsibilities under the Collateral Management Agreement, (iv) the waiver of any Event of Default that resulted primarily from an action taken or not taken by the Collateral Manager, and (v) the waiver of any event constituting "Cause" under the Collateral Management Agreement; and
- (b) Notes so owned that have been pledged in good faith shall be regarded as Outstanding if the pledgee establishes to the reasonable satisfaction of the Trustee, the pledgee's right so to act with respect to such Notes and that the pledgee is not one of the Persons specified above.

"Overcollateralization Ratio" means, with respect to any specified Class or Classes of Secured Notes as of any date of determination, the percentage derived from:

- (a) the Adjusted Collateral Principal Amount on such date; *divided by*



- (b) the Aggregate Outstanding Amount on such date of the Secured Notes of such Class or Classes, each Class of Secured Notes senior to such Class or Classes and each *pari passu* Class or Classes of Secured Notes;

*provided* that, if the Secured Notes of such Class or Classes, such Classes of Secured Notes senior to such Class or Classes or such *pari passu* Class or Classes of Secured Notes include the Class C Notes, the Class D Notes or the Class E Notes, as the case may be, the amount determined pursuant to clause (b) of this definition shall include any Deferred Interest.

"*Owner*" means, with respect to any Person, any direct or indirect shareholder, member, partner or other equity or beneficial owner thereof.

"*Participation Interest*" means a Synthetic Letter of Credit or a participation interest in a Loan.

"*Participation Interest Cure Period*" means, with respect to any Collateral Obligation that is a Participation Interest, the lesser of five Business Days and any applicable grace period set forth under the terms of such Participation Interest.

"*Paying Agent*" means each of any paying agent authorized under the Indenture to pay the principal of or interest on any Secured Notes on behalf of the Issuer.

"*Payment Date*" means the 25<sup>th</sup> day of March, June, September and December of each year (or, if such day is not a Business Day, the next succeeding Business Day), commencing in June 2013, except that the final Payment Date (subject to any earlier redemption or payment of the Secured Notes) shall be June 25, 2035 (or, if such day is not a Business Day, the next succeeding Business Day).

"*Permitted Deferrable Security*" means any Deferrable Security the Underlying Instrument of which carries a current cash pay interest rate of not less than (a) in the case of a Floating Rate Obligation, LIBOR plus 1.00% per annum or (b) in the case of a Fixed Rate Obligation, the zero-coupon swap rate in a fixed/floating interest rate swap with a term equal to five years.

"*Permitted Deferring Security*": Any Deferrable Security (x) that is deferring payment of a portion of interest due thereon and has been so deferring such payment (i) with respect to Collateral Obligations that have an S&P Rating of at least "BBB-", for no longer than the shorter of two consecutive accrual periods and one year, and (ii) with respect to Collateral Obligations that have an S&P Rating of "BB+" or below, for no longer than the shorter of one accrual period and six consecutive months and (y) the Underlying Instrument of which carries a current cash pay interest rate of not less than, and that is currently paying cash interest on the outstanding Principal Balance thereof at, a per annum rate equal to (or greater than) LIBOR plus 3.00% on each related Due Date.

"*Permitted Offer*" means an Offer satisfying each of the following requirements: (i) pursuant to the terms of such Offer, the offeror offers to acquire a debt obligation (including a Collateral Obligation) in exchange for consideration consisting solely of cash in an amount equal to or greater than the full face amount of such debt obligation plus any accrued and unpaid interest thereon, (ii) such Offer is made pursuant to any redemption in accordance with the terms of the related Underlying Instruments and (iii) the Collateral Manager has determined in its reasonable commercial judgment that the offeror has sufficient access to financing to consummate such Offer.

"*Person*" or "*person*" means an individual, corporation (including a business trust), partnership, limited liability company, joint venture, association, joint stock company, statutory trust, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

"*Placement Agency Agreement*" means the agreement to be entered into between the Issuer and Citigroup, as placement agent of the Placed Notes, as amended from time to time.

"*Principal Balance*" means, subject to the assumptions described under "Security for the Secured Notes—Collateral Assumptions", with respect to:

- (a) any Asset other than a Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation, as of any date of determination, the outstanding principal amount of such Asset (excluding any capitalized interest); and
- (b) any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation, as of any date of determination, the outstanding principal amount of such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation (excluding any capitalized interest), plus (except as expressly set forth in the Indenture) any undrawn commitments that have not been irrevocably reduced or withdrawn with respect to such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation;

*provided* that (1) for all purposes the Principal Balance of any Equity Security or interest only strip shall be deemed to be zero and (2) (i) for all purposes other than calculating the Fee Basis Amount, the Principal Balance of any Defaulted Obligation that is not sold or terminated within three years after becoming a Defaulted Obligation shall be deemed to be zero and (ii) for purposes of calculating the Fee Basis Amount, the Principal Balance of any Defaulted Obligation that is not sold or terminated within three years after becoming a Defaulted Obligation shall be deemed to be the Market Value thereof.

"*Principal Financed Accrued Interest*" means the amount of Principal Proceeds, if any, applied towards the purchase of accrued interest on such Collateral Obligation.

"*Principal Proceeds*" means, with respect to any Collection Period or Determination Date, all amounts received by the Issuer during the related Collection Period that do not constitute Interest Proceeds and any other amounts that have been designated as Principal Proceeds pursuant to the terms of the Indenture.

"*Priority Category*" means, with respect to any Collateral Obligation, the applicable category listed in the table under the heading "Priority Category" in clause (b) of Annex C.

"*Priority of Payments*" means the priority of payments set forth under "Description of the Notes—Priority of Payments," including the cross-referenced sections of "Overview of Terms—Priority of Payments" and the Enforcement Event Priority of Payments, as applicable.

"*Proposed Portfolio*" means the portfolio of Collateral Obligations and Eligible Investments resulting from the proposed purchase, sale, maturity or other disposition of a Collateral Obligation or a proposed reinvestment in an additional Collateral Obligation, as the case may be.

"*Purchase Agreement*" means the agreement to be entered into between the Issuer and Citigroup, as initial purchaser of the Secured Notes, the Combination Notes and a portion of the Income Notes that do not constitute the Income Note Component.

"*Qualified Broker/Dealer*" means any of the following or an affiliate thereof: Bank of America/Merrill Lynch; The Bank of Montreal; Barclays Bank plc; BNP Paribas; Citibank, N.A.; Credit Agricole Corporate and Investment Bank; Canadian Imperial Bank of Commerce; Credit Suisse; Deutsche Bank AG; Commerzbank AG; Goldman Sachs & Co.; HSBC Bank; JPMorgan Chase Bank, N.A.; Morgan Stanley & Co.; Natixis; Northern Trust Company; Royal Bank of Canada; The Royal Bank of Scotland plc; Societe Generale; The Toronto-Dominion Bank; UBS AG; U.S. Bank, National Association; Jefferies & Company; and Wells Fargo Bank, National Association, and any other financial institution so designated by the Collateral Manager with notice to the Rating Agencies.

"*Qualified Institutional Buyer*" has the meaning set forth in Rule 144A.

"*Qualified Purchaser*" has the meaning specified in Section 2(a)(51) of the Investment Company Act and Rule 2a51-2 or 2a51-3 under the Investment Company Act.

"*Qualifying Investment Vehicle*" means a Flow-Through Investment Vehicle as to which all of the beneficial owners of any securities issued by the Flow-Through Investment Vehicle have made, and as to which (in accordance with the document pursuant to which the Flow-Through Investment Vehicle was organized or the agreement or other document governing such securities) each such beneficial owner must require any transferee of any such security to make, to the Issuer and the Trustee each of the representations set forth herein and in (a) the final offering circular

with respect to the Notes and a Subscription Agreement or (b) the transfer certificate or purchaser representation letter pursuant to which Notes were transferred to such Flow-Through Investment Vehicle (in each case, with appropriate modifications to reflect the indirect nature of their interests in the Notes).

*"Rating Agency"* means (a) each of (i) Fitch, for so long as any Class of Notes is rated by Fitch and (ii) S&P for so long as any Class of Notes is rated by S&P, or (b) with respect to Assets generally, if at any time Fitch or S&P ceases to provide rating services with respect to debt obligations, any other nationally recognized investment rating agency selected by the Issuer (or the Collateral Manager on behalf of the Issuer). In the event that Fitch ceases to be a Rating Agency, references to rating categories of Fitch in the Indenture shall be deemed instead to be references to the equivalent categories of such other rating agency as of the most recent date on which such other rating agency and Fitch published ratings for the type of obligation in respect of which such alternative rating agency is used; *provided that*, if any S&P Rating is determined by reference to a rating by Fitch, S&P shall be notified of such change. If at any time S&P ceases to be a Rating Agency, references to rating categories of S&P in the Indenture shall be deemed instead to be references to the equivalent categories of such other rating agency as of the most recent date on which such other rating agency and S&P published ratings for the type of obligation in respect of which such alternative rating agency is used. If at any time Moody's ceases to provide rating services with respect to debt obligations, references to rating categories of Moody's in the Indenture shall (subject to the satisfaction of the S&P Rating Condition) be deemed instead to be references to the equivalent categories of any other nationally recognized investment rating agency (other than S&P) selected by the Issuer (or the Collateral Manager on behalf of the Issuer) as of the most recent date on which such other rating agency and Moody's published ratings for the type of obligation in respect of which such alternative rating agency is used.

*"Real Property Secured Asset"* means any asset that is (a) an obligation (i) substantially all of the proceeds of which were used to acquire, improve or protect an interest in real property that, at the origination date of such obligation, is the only security for such obligation (other than Cash and investment securities held pending use of such funds), (ii) as to which the fair market value of the collateral securing such obligation that are interests in real property is at least equal to 80% of the issue price thereof on the issue date therefor, (iii) that is an interest in a real estate mortgage investment conduit under Section 860D of the Code or (iv) that is a stripped bond or stripped coupon described in Treasury Regulation Section 301.7701(i)-1(d)(1)(iii) or (b) an interest in any obligation described in (a) above.

*"Record Date"* means, with respect to the Global Notes, the date one day prior to the applicable Payment Date and, with respect to the Certificated Notes, the date 15 days prior to the applicable Payment Date. In addition, solely with respect to the distribution of the proceeds of the Underlying Specified Security or Income Note Component as described under "Description of the Notes - The Combination Notes - Sale of Underlying Specified Security" and "Description of the Notes - the Combination Notes – Sale of Income Note Component", respectively, the date of distribution of such funds shall be deemed to be a Payment Date for the purpose of establishing the Record Date for such distribution.

*"Redemption Date"* means any Payment Date specified for a redemption of Secured Notes pursuant to the Indenture.

*"Redemption Price"* means, (a) with respect to each Secured Note (x) 100% of the Aggregate Outstanding Amount of such Secured Note, plus (y) accrued and unpaid interest thereon (including any Deferred Interest and interest on any Deferred Interest, in the case of the Class C Notes, the Class D Notes or the Class E Notes) to the Redemption Date plus (z) in the case of a Class A Note or a Class B Note, any applicable Class A Make Whole Amount or Class B Make Whole Amount and (b) for each Income Note, its proportional share (based on the Aggregate Outstanding Amount of the Income Notes) of the amount of the proceeds of the Assets remaining after giving effect to the Optional Redemption or Tax Redemption of the Secured Notes in whole or after all of the Secured Notes have been repaid in full and payment in full of (and/or creation of a reserve for) all expenses (including all Collateral Management Fees, Administrative Expenses and Custodial Receipts Custodial Expenses) of the Issuer; **provided that**, in connection with any Tax Redemption, holders of 100% of the Aggregate Outstanding Amount of any Class of Secured Notes may elect to receive less than 100% of the Redemption Price that would otherwise be payable to the Holders of such Class of Secured Notes.

*"Refinancing Proceeds"* means the cash proceeds from a Refinancing.

"*Registered*" means, in registered form for U.S. federal income tax purposes and issued after July 18, 1984, *provided* that a certificate of interest in a grantor trust shall not be treated as Registered unless each obligation or security held by the trust was issued after that date.

"*Registered Investment Adviser*" means a Person duly registered as an investment adviser in accordance with and pursuant to Section 203 of the Investment Advisers Act.

"*Regulation AB*" means Regulation AB of the SEC (Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1123).

"*Regulation S*" has the meaning set forth in Regulation S under the Securities Act.

"*Regulation S Global Minimum Net Worth Requirement*" means, with respect to any transferee, a requirement that is satisfied if (a) in the case of a natural person, such person has an individual net worth, or a joint net worth with that person's spouse, of at least U.S.\$100,000,000; (b) in the case of a bank, such bank has a combined capital and surplus of at least U.S.\$100,000,000 or (c) in the case of any other entity, such entity has assets that exceed its liabilities by at least U.S.\$100,000,000.

"*Reinvesting Holder*" means a holder of a subclass of the Income Notes identified by a separate CUSIP applicable solely to the Income Notes held by such holder, if a supplemental indenture has been effected to create such a subclass, who in either such case requests, subject to the consent of the Collateral Manager, by written notice to the Trustee (with a copy to the Collateral Manager and the Collateral Administrator), and to which request the Collateral Manager subsequently consents by written notice to the Trustee, that all or a specified portion of amounts that would otherwise be distributed on such Payment Date to such holder (in respect of the related portion of the Income Note Component, in the case of a Combination Noteholder) pursuant to clause (T) or (V) of "—Application of Interest Proceeds" will instead be deposited by the Trustee in the Reinvestment Amount Account.

"*Reinvestment Agreement*" means a guaranteed reinvestment agreement from a bank, insurance company or other corporation or entity having an Eligible Investment Required Rating (that is treated as debt for U.S. federal income tax purposes by such issuer) under which no payments are subject to any withholding tax; *provided* that such agreement provides that it is terminable by the purchaser, without premium or penalty, if the rating assigned to such agreement by either Rating Agency is at any time lower than such agreement's Eligible Investment Required Rating.

"*Reinvestment Amount*" means, with respect to the Income Notes (comprising the related portion of the Income Note Component, in the case of a Combination Noteholder) held by a Reinvesting Holder, any amount that is available to be distributed on any Payment Date during the Reinvestment Period to such Reinvesting Holder in respect of its Income Notes (in respect of the related portion of the Income Note Component, in the case of a Combination Noteholder) pursuant to clause (T) or (V) of "Overview of Terms—Priority of Payments—Application of Interest Proceeds" but is instead deposited in the Reinvestment Amount Account on such Payment Date at the direction of such Reinvesting Holder in accordance with the last paragraph of "Overview of Terms—Priority of Payments—Application of Principal Proceeds". Each Reinvestment Amount shall be deemed to be paid to the applicable Reinvesting Holder on the Payment Date on which it is deposited in the Reinvestment Amount Account at the direction of such Reinvesting Holder, and each Reinvestment Amount will be actually paid to such Reinvesting Holder after such Payment Date, without interest thereon and solely to the extent of Principal Proceeds available therefor as provided in "Overview of Terms—Application of Principal Proceeds" or proceeds in respect of the Assets available therefor as provided in "Description of the Notes—Priority of Payments", as applicable.

"*Reinvestment Period*" means the period from and including the Closing Date to and including the earliest of (i) the payment date occurring in December 2016 or, in the case of a Reinvestment Period Extension, the Reinvestment Period Extended End Date, (ii) the date of the acceleration of the maturity of any Class of Secured Notes pursuant to the Indenture and (iii) the date on which the Collateral Manager reasonably determines and notifies the Issuer, the Rating Agencies and the Trustee that it can no longer reinvest in additional Collateral Obligations in accordance with the Indenture or the Collateral Management Agreement, *provided*, in the case of clause (iii), the Collateral Manager notifies the Issuer, the Trustee (who shall notify the holders of the Secured Notes and Income Notes), Fitch, and the Collateral Administrator thereof in writing at least one Business Day prior to such date.

*"Reinvestment Period Extended End Date"* means, in connection with any Reinvestment Period Extension, any Payment Date selected by the Collateral Manager that is (x) if such Reinvestment Period Extension occurs in conjunction with the issuance of Additional Notes, not later than five years after the date of such issuance and (y) in any other case, not later than five years after the applicable Reinvestment Period Extension Effective Date; *provided* that any Reinvestment Period Extended End Date shall occur no later than the Stated Maturity of the Secured Notes.

*"Reinvestment Period Extension"* means an extension of the Reinvestment Period.

*"Reinvestment Period Extension Effective Date"* means any Payment Date during the Reinvestment Period designated as such by the Issuer in a written notice to the Trustee in accordance with the Indenture.

*"Reinvestment Target Par Balance"* means, as of any date of determination, the Target Par Amount *minus* (i) the aggregate amount, to and including such date, of any reductions in the Aggregate Outstanding Amount of the Secured Notes through the payment of Principal Proceeds plus the aggregate amount, to and including such date, of any distributions of Principal Proceeds to the holders of the Income Notes (in respect of the related portion of the Income Note Component, in the case of a Combination Noteholder) *plus* (ii) the aggregate principal amount of any Additional Notes issued after the Effective Date pursuant to the Indenture after giving effect to such issuance *plus* (iii) the aggregate amount of Deferred Interest accrued to and including such date with respect to the Class C Notes, the Class D Notes and the Class E Notes.

*"Related Obligation"* means an obligation issued by the Collateral Manager, any of its Affiliates that are collateralized debt obligation funds or any other person that is a collateralized debt obligation fund whose investments are primarily managed by the Collateral Manager or any of its Affiliates.

*"Related Person"* means, with respect to any Person, the Owners, directors, officers, employees, managers, agents and professional advisors thereof.

*"Required Interest Diversion Amount"* means, on any Payment Date related to a Determination Date during the Reinvestment Period on which the Interest Diversion Test is not satisfied, the lesser of (x) 50% of Available Funds from the Collateral Interest Amount on such Payment Date after application of such Collateral Interest Amount to the payment of amounts set forth in clauses (A) through (O) under "Overview of Terms—Priority of Payments—Application of Interest Proceeds" and (y) the minimum amount that needs to be added to the Adjusted Collateral Principal Amount in order to cause the Interest Diversion Test to be satisfied.

*"Residual Combination Note Balance "* means an amount equal to: (a) on the date of issuance of Residual Combination Notes (if any), immediately after giving effect to such issuance, the sum of: (i) the Aggregate Outstanding Amount of the Class C Notes comprising the Class C Note Component allocable to, and represented by, the Residual Combination Notes, (ii) the Aggregate Outstanding Amount of the Class D Notes comprising the Class D Note Component allocable to, and represented by, the Residual Combination Notes, (iii) the Aggregate Outstanding Amount of the Class E Notes comprising the Class E Note Component allocable to, and represented by, the Residual Combination Notes, (iv) the Aggregate Outstanding Amount of the Income Notes comprising the Income Note Component allocable to, and represented by, the Residual Combination Notes, and (v) the principal amount of the Underlying Specified Security comprising the Underlying Specified Security Component allocable to, and represented by, the Residual Combination Notes and (b) on any Payment Date, the Residual Combination Note Balance on the immediately preceding Payment Date (or, with respect to the first Payment Date following the date of issuance of Residual Combination Notes, on such date of issuance), after giving effect to all distributions in respect of the Residual Combination Notes on such immediately preceding Payment Date, decreased by the sum of (i) the aggregate amount of all cash distributions in respect of the Residual Combination Notes paid by the Trustee to the Combination Noteholders on such current Payment Date and (ii) the portion of the Residual Combination Note Balance on the immediately preceding Payment Date (or, with respect to the first Payment Date following the date of issuance of Residual Combination Notes, on such date of issuance), after giving effect to all distributions in respect of the Residual Combination Notes on such immediately preceding Payment Date, that relates to any Residual Combination Notes exchanged for Components pursuant to the provisions of the Indenture described under "—Form, Denomination, Registration and Transfer of the Notes—Exchange of Combination Notes for Underlying Components" since such immediately preceding Payment Date (or, in connection with the first Payment Date following the date of issuance of Residual Combination Notes, on such date of issuance).

"*Restricted Trading Period*" means, so long as any Class A Note remains Outstanding, the period during which (a) the S&P rating of the Class A Notes is one or more sub-categories below its rating on the Closing Date or (b) the S&P rating of the Class A Notes has been withdrawn and not reinstated other than at the request of all the Holders of Notes of such Class; *provided*, that such period will not be a Restricted Trading Period (so long as the S&P rating of the Class A Notes has not been further downgraded, withdrawn or put on watch for potential downgrade) upon the direction of the Issuer with the consent of a Majority of the Class A Notes.

"*Reuters Screen*" means Reuters Page LIBOR01 (or such other page that may replace that page on such service for the purpose of displaying comparable rates) as reported by Bloomberg Financial Markets Commodities News as of 11:00 a.m., London time, on the Interest Determination Date.

"*Revolving Collateral Obligation*" means any Collateral Obligation (other than a Delayed Drawdown Collateral Obligation) that is a Loan (including, without limitation, revolving Loans, including funded and unfunded portions of revolving credit lines and letter of credit facilities, unfunded commitments under specific facilities and other similar Loans and investments) that by its terms may require one or more future advances to be made to the borrower by the Issuer and that does not bear interest at a fixed rate; *provided*, that any such Collateral Obligation will be a Revolving Collateral Obligation only until all commitments to make advances to the borrower expire or are terminated or irrevocably reduced to zero.

"*Rule 144A*" has the meaning set forth under the Securities Act.

"*S&P*" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and any successor or successors thereto.

"*S&P CDO Monitor*" means, each dynamic, analytical computer model developed by S&P used to calculate the default frequency in terms of the amount of debt assumed to default as a percentage of the original principal amount of the Collateral Obligations consistent with a specified benchmark rating level based upon certain assumptions (including the applicable Weighted Average S&P Recovery Rate) and S&P's proprietary corporate default studies, as may be amended by S&P from time to time upon notice to the Issuer, the Collateral Administrator and the Trustee. Each S&P CDO Monitor shall be chosen by the Collateral Manager and associated with either (x) a Weighted Average S&P Recovery Rate, together with a Weighted Average Coupon and a Weighted Average Floating Spread selected from Section 2 of Annex C or (y) a Weighted Average S&P Recovery Rate, together with a Weighted Average Coupon and a Weighted Average Floating Spread, confirmed by S&P, *provided* that as of any date of determination the Weighted Average S&P Recovery Rate for each Class of Secured Notes Outstanding equals or exceeds the Weighted Average S&P Recovery Rate for such Class chosen by the Collateral Manager and the Weighted Average Coupon and Weighted Average Floating Spread equals or exceeds the Weighted Average Coupon and the Weighted Average Floating Spread chosen by the Collateral Manager.

"*S&P Collateral Value*" means, with respect to any Defaulted Obligation, Deferring Security or Current Pay Obligation, the lesser of (i) the S&P Recovery Amount of such Defaulted Obligation, Deferring Security or Current Pay Obligation, respectively, as of the relevant Measurement Date and (ii) the Market Value of such Defaulted Obligation, Deferring Security or Current Pay Obligation, respectively, as of the relevant Measurement Date.

"*S&P Rating*" has the meaning specified in Annex C hereto.

"*S&P Rating Condition*" means, with respect to any event or circumstance, a condition that is satisfied if

- (i) S&P provides written confirmation (which may take the form of a press release or other written communication) that the occurrence of that event or circumstance will not cause S&P to downgrade, qualify or withdraw its rating assigned to the Notes; or
- (ii) no Class of Notes then Outstanding is rated by S&P (including the Exchangeable Combination Notes).

See also "Ratings of the Secured Notes and Exchangeable Combination Notes—Inapplicability of Certain References to Rating Agencies."

"*S&P Recovery Amount*" means with respect to any Collateral Obligation, an amount equal to:

- (a) the applicable S&P Recovery Rate; *multiplied by*
- (b) the Principal Balance of such Collateral Obligation.

"*S&P Recovery Rate*" means, with respect to a Collateral Obligation, the recovery rate set forth in Section 1 of Annex C using the initial rating of the most senior Class of Secured Notes Outstanding at the time of determination; *provided* that, (i) for each obligation to which, due to the operation of the proviso to clause (e) of the definition of "Senior Secured Loan" or the proviso to clause (c) of the definition of "Senior Secured Bond", the limitation set forth in such clause does not apply, the S&P Recovery Rate will be determined by S&P on a case by case basis if there is no assigned S&P Recovery Rating and (ii) following a request by the Issuer to S&P for the determination of an S&P Recovery Rate for any obligation referred to in the foregoing clause (i), but prior to the receipt of such S&P Recovery Rate from S&P, the S&P Recovery Rate shall be as determined by the Collateral Manager in a commercially reasonable manner (but, in the case of this clause (ii), not to exceed 45.0%).

"*S&P Recovery Rating*" means, with respect to a Collateral Obligation for which an S&P Recovery Rate is being determined, the "Recovery Rating" assigned by S&P to such Collateral Obligation based upon the following table:

<b>Recovery Rating</b>	<b>Description of Recovery</b>	<b>Recovery Range (%)</b>
1+	High expectation, full recovery	75-95
1	Very high recovery	65-95
2	Substantial recovery	50-85
3	Meaningful recovery	30-65
4	Average recovery	20-45
5	Modest recovery	5-25
6	Negligible recovery	2-10

"*Sale Proceeds*" are all proceeds (excluding accrued interest, if any) received with respect to an Asset or Assets as a result of sales of such Asset or Assets in accordance with the restrictions described in "Security for the Secured Notes—Sales of Collateral Obligations; Additional Collateral Obligations and Investment Criteria; Conversion," less any reasonable expenses incurred by the Collateral Manager, the Collateral Administrator or the Trustee (other than amounts payable as Administrative Expenses and Custodial Receipts Custodial Expenses) in connection with such sales. Sale Proceeds will include Principal Financed Accrued Interest received in respect of such sale.

"*Secured Note Deferred Interest*" means: (i) with respect to the Class C Notes, any payment of interest due on the Class C Notes on any Payment Date to the extent sufficient funds are not available to make such payment in accordance with the Priority of Payments on such Payment Date, but only if one or more senior Classes of Notes are outstanding on such Payment Date; (ii) with respect to the Class D Notes, any payment of interest due on the Class D Notes on any Payment Date to the extent sufficient funds are not available to make such payment in accordance with the Priority of Payments on such Payment Date, but only if one or more senior Classes of Notes are outstanding on such Payment Date; and (iii) with respect to the Class E Notes, any payment of interest due on the Class E Notes on any Payment Date to the extent sufficient funds are not available to make such payment in accordance with the Priority of Payments on such Payment Date, but only if one or more senior Classes of Notes are outstanding on such Payment Date; (ii).

"*Secured Floating Rate Bond*" means any obligation (a) for the payment or repayment of money, (b) that is in the form of, or represented by, a bond, note (other than any note evidencing a Loan), certificated debt security or other debt security, (c) that is not secured solely or primarily by common stock or other equity interests (*provided* that the limitation set forth in this clause (c) shall not apply with respect to a Bond issued by a parent entity that is secured solely or primarily by the stock of one or more of the subsidiaries of such parent entity to the extent that the granting by any such subsidiary of a lien on its own property would violate law or regulations applicable to such subsidiary (whether the obligation secured is such Bond or any other similar type of indebtedness owing to third parties)), (d) that is expressly stated to bear interest based upon a London interbank offered rate for Dollar deposits in Europe or a relevant reference bank's published base rate or prime rate for Dollar-denominated obligations in the United States or the United Kingdom, (e) that does not constitute, and is not secured by, Margin Stock, (f) that, if it is subordinated by its terms, is subordinated only to indebtedness for borrowed money, trade claims, capitalized

leases or other similar obligations and (g) that is secured by a valid first priority perfected security interest or lien in, to or on specified collateral securing the obligor's obligations under such obligation.

*"Secured Noteholder"* With respect to any Secured Note, the Person whose name appears on the Note register as the registered holder of such Secured Note.

*"Secured Notes Financed Obligation"* means any Collateral Obligation that is not an Income Notes Financed Obligation.

*"Secured Parties"* means collectively the holders of the Secured Notes, the Trustee, the Collateral Manager and the Collateral Administrator.

*"Securities Account Control Agreement"* means the Securities Account Control Agreement dated as of the Closing Date between the Issuer, the Trustee and The Bank of New York Mellon Trust Company, National Association, as custodian.

*"Selling Institution"* means the entity obligated to make payments to the Issuer under the terms of a Participation Interest.

*"Senior Secured Bond"* means any obligation (a) for the payment or repayment of money, (b) that is in the form of, or represented by, a bond, note, certificated debt security or other debt security (other than any of the foregoing that evidences a Loan or Participation Interest), (c) that is not secured solely or primarily by common stock or other equity interests (*provided* that the limitation set forth in this clause (c) shall not apply with respect to a Bond issued by a parent entity that is secured solely or primarily by the stock of one or more of the subsidiaries of such parent entity to the extent that the granting by any such subsidiary of a lien on its own property would violate law or regulations applicable to such subsidiary (whether the obligation secured is such Bond or any other similar type of indebtedness owing to third parties)), (d) that is not (and cannot by its terms become) subordinate in right of payment to any other obligation of the obligor of the Bond (other than with respect to trade claims, capitalized leases or other similar obligations), (e) that is secured by a valid first priority perfected security interest or lien in, to or on specified collateral securing the obligor's obligations under such obligation and (f) the value of the collateral securing such Bond at the time of purchaser together with other attributes of the obligor (including its general financial condition, ability to generate cash flow available for debt service and other demands for that cash flow) and of such Bond is adequate (in the commercially reasonable judgment of the Collateral Manager) to repay such Bond in accordance with its terms and to repay all other Bonds of equal seniority secured by a first lien or security interest in the same collateral.

*"Senior Secured Loan"* means any assignment of or Participation Interest in a Loan that: (a) is not (and cannot by its terms become) subordinate in right of payment to any other obligation of the obligor of the Loan (other than with respect to trade claims, capitalized leases or similar obligations); (b) is secured by a valid first-priority perfected security interest or lien in, to or on specified collateral securing the obligor's obligations under the Loan; (c) the value of the collateral securing the Loan at the time of purchase together with other attributes of the obligor (including, without limitation, its general financial condition, ability to generate cash flow available for debt service and other demands for that cash flow) and of the Loan is adequate (in the commercially reasonable judgment of the Collateral Manager) to repay the Loan in accordance with its terms and to repay all other Loans of equal seniority secured by a first lien or security interest in the same collateral; (d) is not a First Lien Last Out Loan; and (e) is not secured solely or primarily by common stock or other equity interests; *provided* that the limitation set forth in this clause (e) shall not apply with respect to a Loan made to a parent entity that is secured solely or primarily by the stock of one or more of the subsidiaries of such parent entity to the extent that the granting by any such subsidiary of a lien on its own property would violate law or regulations applicable to such subsidiary (whether the obligation secured is such Loan or any other similar type of indebtedness owing to third parties).

*"Specified Material Burden"* means (A) the participation by the Issuer in the transactions contemplated by the Indenture shall become unlawful; (B) a material opportunity becomes unavailable to the Issuer; (C) the incurrence by the Issuer of any material expense or (D) the imposition on the Issuer after the Closing Date of any material disclosure requirement if such disclosure would be impracticable or would violate any contractual obligation of the Issuer or any law or regulation.



"*Stated Maturity*" means the Payment Date in June 2035.

"*Step-Down Obligation*" means an obligation or security which by the terms of the related Underlying Instruments provides for a decrease in the per annum interest rate on such obligation or security (other than by reason of any change in the applicable index or benchmark rate used to determine such interest rate) or in the spread over the applicable index or benchmark rate, solely as a function of the passage of time; *provided* that an obligation or security providing for payment of a constant rate of interest at all times after the date of acquisition by the Issuer shall not constitute a Step-Down Obligation.

"*Step-Up Obligation*" means an obligation or security which by the terms of the related Underlying Instruments provides for an increase in the per annum interest rate on such obligation or security (other than by reason of any change in the applicable index or benchmark rate used to determine such interest rate) or in the spread over the applicable index or benchmark rate, solely as a function of the passage of time; *provided* that an obligation or security providing for payment of a constant rate of interest at all times after the date of acquisition by the Issuer shall not constitute a Step-Up Obligation.

"*Structured Finance Obligation*" means (i) any obligation issued by a special purpose vehicle and secured directly by, referenced to, or representing ownership of, a pool of receivables or other financial assets of any obligor, including collateralized debt obligations, mortgage-backed securities and real estate mortgage investment conduits and (ii) any other obligation that entitles holders to receive payments that depend primarily on collection on (x) another specified obligation or (y) an identified pool of obligations or other assets.

"*Subscription Agreements*" means, collectively, the agreements, dated on or prior to the Closing Date, between (a) the Placement Agent or the Initial Purchaser and (b) the respective initial purchasers of the Income Notes.

"*Supermajority*" means (a) with respect to any Class of Secured Notes, the holders of at least 66-2/3% of the Aggregate Outstanding Amount of the Secured Notes of such Class, (b) with respect to the Income Notes, the holders of at least 66-2/3% of the Aggregate Outstanding Amount of the Income Notes and (c) with respect to the Combination Notes, the holders of at least 66-2/3% of the Aggregate Outstanding Amount of the Combination Notes.

"*Synthetic Letter of Credit*" means a facility whereby:

- (i) a fronting bank ("*Synthetic LC Agent Bank*") issues or will issue a letter of credit ("*LC*") for or on behalf of a borrower pursuant to an Underlying Instrument;
- (ii) if the LC is drawn upon, and the borrower does not reimburse the Synthetic LC Agent Bank, the lender/participant is obligated to fund its portion of the facility;
- (iii) the Synthetic LC Agent Bank passes on (in whole or in part) the fees and any other amounts it receives for providing the LC to the lender/participant; and
- (iv) (a) the related Underlying Instruments require the Issuer to fully collateralize the Issuer's obligations to the related Synthetic LC Agent Bank or obligate the Issuer to make a deposit into a trust in an aggregate amount equal to the related LC Commitment Amount, (b) the collateral posted by the Issuer is held by, or the Issuer's deposit is made in, a depository institution meeting the requirement set forth in "Security for the Secured Notes—Account Requirements" and (c) the collateral posted by the Issuer is invested in Eligible Investments.

"*Synthetic Security*" means a security or swap transaction, other than a Participation Interest, that has payments associated with either payments of interest on and/or principal of a reference obligation or the credit performance of a reference obligation.

"*Target Par Amount*" means (a) U.S.\$1,050,000,000 (the Expected Target Par Amount) or (b) in the event that Additional Notes are issued prior to the Effective Date, the sum of (i) the amount specified in clause (a) of this definition plus (ii) the Additional Issuance Amount, if any.

*"Target Par Condition"* means a condition satisfied as of the Effective Date if the Aggregate Principal Balance of Collateral Obligations that are held by the Issuer and that the Issuer has committed to purchase on such date, together with the amount of any proceeds of prepayments, maturities or redemptions of Collateral Obligations purchased by the Issuer prior to such date (other than any such proceeds that have been reinvested in Collateral Obligations by the Issuer on the Effective Date), will equal or exceed the Expected Target Par Amount; *provided* that for purposes of this definition, any Collateral Obligation that becomes a Defaulted Obligation prior to the Effective Date shall be treated as having a Principal Balance equal to its S&P Collateral Value.

*"Tax"* means any tax, levy, impost, duty, charge or assessment of any nature (including interest, penalties and additions thereto) imposed by any governmental taxing authority.

*"Tax Event"* means an event that occurs if:

- (i) (x) any obligor under any Collateral Obligation is or becomes required to deduct or withhold from any payment under such Collateral Obligation to the Issuer for or on account of any Tax for whatever reason (other than withholding tax imposed as a result of the failure by any Holder to comply with its Noteholder Reporting Obligations under the Indenture, so long as the Issuer, within 30 days after the imposition of such withholding tax, exercises its right to demand that such Non-Permitted Holder transfer its interest to a Person that is not a Non-Permitted Holder and, if such Non-Permitted Holder fails to so transfer its Notes, the Issuer exercises its right under the Indenture to sell such Notes or interest therein to a person that is not a Non-Permitted Holder) and such obligor is not required to pay to the Issuer such additional amount as is necessary to ensure that the net amount actually received by the Issuer (free and clear of Taxes, whether assessed against such obligor or the Issuer) will equal the full amount that the Issuer would have received had no such deduction or withholding occurred and (y) the total amount of such deductions or withholdings on the Assets results in a payment by, or charge or tax burden to, the Issuer that results or will result in the withholding of 5% or more of Scheduled Distributions for any Collection Period;
- (ii) any jurisdiction imposes net income, profits or similar Tax on the Issuer in an aggregate amount in any Collection Period in excess of U.S.\$100,000; or
- (iii) the Issuer is or becomes required to withhold any tax on income allocable to any direct or indirect holder of its Income Notes or other equity interests in an aggregate amount in any Collection Period in excess of U.S.\$100,000.

*"Tax Jurisdiction"* means the Bahamas, Bermuda, Luxembourg, the British Virgin Islands, the Cayman Islands, the Channel Islands, Ireland or the Netherlands Antilles.

*"Tax Jurisdiction Obligation"* means with respect to any Collateral Obligation whose issuer or obligor is organized in a Tax Jurisdiction, a Collateral Obligation as to which, in the Collateral Manager's good faith estimate, a substantial portion of the operations of such issuer or obligor are located, or from which a substantial portion of such issuer or obligor's revenue is derived directly or through subsidiaries, in one or more of the United States, Canada, the Group I Countries, the Group II Countries and the Group III Countries, the Bahamas, Bermuda, the British Virgin Islands, the Cayman Islands, the Channel Islands or the Netherlands Antilles.

*"Third Party Credit Exposure"* means, as of any date of determination, the Principal Balance of each Collateral Obligation that consists of a Participation Interest.

"*Third Party Credit Exposure Limits*" means limits that shall be satisfied if the Third Party Credit Exposure with counterparties having the ratings below from S&P do not exceed the percentage of the Collateral Principal Amount specified below:

<u>S&amp;P's credit rating of Selling Institution</u>	<u>Aggregate Percentage Limit</u>	<u>Individual Percentage Limit</u>
AAA	20%	20%
AA+	10%	10%
AA	10%	10%
AA-	10%	10%
A+	5%	5%
A	5%	5%

provided that a Selling Institution having an S&P credit rating of "A" must also have a short-term S&P rating of "A-1"; otherwise, its Aggregate Percentage Limit and Individual Percentage Limit shall be 0%.

"*Trading Gain Condition*" means a condition that is satisfied if the related date of determination occurs on or after the date occurring 12 months after the Effective Date and (a) after giving effect to the release of the relevant Sale Proceeds as Interest Proceeds as described under "Overview of Terms—Priority of Payments—Application of Interest Proceeds" on the related Payment Date, so long as any Class A Note remains Outstanding and is rated by S&P, (i) the S&P rating of the Class A Notes has not been downgraded one or more sub-categories below its initial rating, (ii) the S&P CDO Monitor Test is satisfied and (iii) not more than 7.5% of the Collateral Principal Amount consists of CCC Collateral Obligations and (b) the Overcollateralization Ratio as of the related Determination Date with respect to the Class E Notes is greater than or equal to the actual level thereof as of the Effective Date.

"*Transaction Documents*" means the Indenture, the Issuer LP Agreement, the Collateral Management Agreement, the Collateral Administration Agreement, the Securities Account Control Agreement, the Purchase Agreement, the Placement Agency Agreement and each Custodial Receipts Custody Agreement.

"*Transfer Agent*" means the Person or Persons, which may be the Issuer, authorized by the Issuer to exchange or register the transfer of Notes.

"*Trustee*" means The Bank of New York Mellon Trust Company, National Association, in its capacity as trustee under the Indenture, and any successor thereto in such capacity.

"*U.S. Income Noteholder*" means a beneficial owner of an Income Note that is for U.S. federal income tax purposes (i) a U.S. citizen or an individual resident in the United States, (ii) a corporation or partnership organized or created in or under the laws of the United States, its states or the District of Columbia or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

"*U.S. Secured Noteholder*" means a beneficial owner of a Secured Note that is for U.S. federal income tax purposes (i) a U.S. citizen or an individual resident in the United States, (ii) a corporation or partnership organized or created in or under the laws of the United States, its states or the District of Columbia or (iii) an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

"*UCC*" means the Uniform Commercial Code as in effect in the State of New York or, if different, the political subdivision of the United States that governs the perfection of the relevant security interest.

"*Underlying Instrument*" means the indenture or other agreement pursuant to which an Asset or the Underlying Specified Security has been issued or created and each other agreement that governs the terms of or secures the obligations represented by such Asset or such Underlying Specified Security, as the case may be, or of which the holders of such Asset or such Underlying Specified Security, as the case may be, are the beneficiaries.

"*Unscheduled Principal Payments*" means all Principal Proceeds received in respect of Collateral Obligations from optional or nonscheduled mandatory redemptions or amortizations, exchange offers, tender offers or other payments made at the option of the issuer thereof or that are otherwise not scheduled to be made.

*"Zero Coupon Bond"* means any (a) stripped bond or (b) other debt security that by its terms (i) does not bear interest for all or part of the remaining period that it is outstanding, (ii) provides for periodic payments of interest in cash less frequently than semi-annually or (iii) pays interest only at its stated maturity.

## INDEX OF DEFINED TERMS

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**FORM OF PURCHASER REPRESENTATION LETTER FOR  
CERTIFICATED NOTES (OTHER THAN RULE 144A CERTIFICATED COMBINATION NOTES)**

[DATE]

The Bank of New York Mellon Trust Company, National Association, as Trustee  
Structured Finance Transfer Team  
2001 Bryan St 9th Floor  
Dallas, TX 75201

Re: Mercer Field CLO LP (the "*Issuer*"); [Class A Notes]<sup>31</sup>[Class B Notes]<sup>32</sup>[Class C Notes]<sup>33</sup>[Class D Notes]<sup>34</sup> [Class E Notes]<sup>35</sup> [Income Notes]<sup>36</sup>

Reference is hereby made to the Indenture, dated as of December 20, 2012, between the Issuer and The Bank of New York Mellon Trust Company, National Association, as Trustee (the "*Indenture*"). **Capitalized terms not defined in this Certificate shall have the meanings ascribed to them in the final offering circular of the Issuer or the Indenture.**

This letter relates to U.S.\$\_\_\_\_\_ Aggregate Outstanding Amount of [Class A]<sup>37</sup>[Class B]<sup>38</sup>[Class C]<sup>39</sup>[Class D]<sup>40</sup>[Class E]<sup>41</sup>[Income]<sup>42</sup> Notes (the "*Notes*"), to effect the transfer of the Notes in the form of one or more Certificated Notes to \_\_\_\_\_ (the "*Transferee*").

In connection with such request, and in respect of such Notes, the Transferee does hereby certify that the Notes are being transferred (i) in accordance with the transfer restrictions set forth in the Indenture and (ii) pursuant to an exemption from registration under the United States Securities Act of 1933, as amended (the "*Securities Act*") and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In addition, the Transferee hereby represents, warrants and covenants for the benefit of the Issuer that it is:

(a) (PLEASE CHECK ONLY ONE)

\_\_\_\_\_ a "qualified institutional buyer" as defined in Rule 144A under the United States Securities Act of 1933, as amended (the "*Securities Act*"), who is also a Qualified Purchaser or an entity owned exclusively by Qualified Purchasers and is acquiring the Notes in reliance on the exemption from Securities Act registration provided by Rule 144A thereunder;

[\_\_\_\_\_ an "accredited investor" as defined in Rule 501(a) under the Securities Act who is also a Knowledgeable Employee with respect to the Issuer or an entity owned exclusively by Qualified Purchasers or Knowledgeable Employees with respect to the Issuer;]<sup>43</sup>

<sup>31</sup> Insert in the case of a transfer of Class A Notes.

<sup>32</sup> Insert in the case of a transfer of Class B Notes.

<sup>33</sup> Insert in the case of a transfer of Class C Notes.

<sup>34</sup> Insert in the case of a transfer of Class D Notes.

<sup>35</sup> Insert in the case of a transfer of Class E Notes.

<sup>36</sup> Insert in the case of a transfer of Income Notes.

<sup>37</sup> Insert in the case of a transfer of Class A Notes.

<sup>38</sup> Insert in the case of a transfer of Class B Notes.

<sup>39</sup> Insert in the case of a transfer of Class C Notes.

<sup>40</sup> Insert in the case of a transfer of Class D Notes.

<sup>41</sup> Insert in the case of a transfer of Class E Notes.

<sup>42</sup> Insert in the case of a transfer of Income Notes.

<sup>43</sup> Insert in the case of a transfer of Income Notes.

\_\_\_\_\_ a Qualified Purchaser (or an entity owned exclusively by Qualified Purchasers) that is not a "U.S. person" as defined in Regulation S and is acquiring the Notes in an offshore transaction (as defined in Regulation S) in reliance on the exemption from registration provided by Regulation S; and

- (b) acquiring the Notes for its own account (and not for the account of any other person) in a minimum denomination of [U.S.\$1,000,000]<sup>44</sup>[U.S.\$2,000,000]<sup>45</sup> and in integral multiples of U.S.\$1.00 in excess thereof.

The Transferee further represents, warrants and covenants for the benefit of the Issuer as follows:

1. It understands that the Notes have not been and will not be registered under the Securities Act, and, if in the future it decides to offer, resell, pledge or otherwise transfer the Notes, such Notes may be offered, resold, pledged or otherwise transferred only in accordance with the provisions of the Indenture and the legends on such Notes, including the requirement for written certifications. In particular, it understands that the Notes may be transferred only to (i) a person that is (a) a "qualified purchaser" (as defined in the Investment Company Act of 1940, as amended (the "*Investment Company Act*"))[, (b) a "Knowledgeable Employee", as defined in Rule 3c-5 promulgated under the Investment Company Act, with respect to the Issuer]<sup>46</sup> or [(b)][(c)] a corporation, partnership, limited liability company or other entity (other than a trust) each shareholder, partner, member or other equity owner of which is a "qualified purchaser" [or Knowledgeable Employee with respect to the Issuer]<sup>47</sup> and in the case of [(a) and (b)][(a), (b) and (c)] above that is [either (x)]<sup>48</sup> a "qualified institutional buyer" as defined in Rule 144A under the Securities Act who purchases such Notes in reliance on the exemption from Securities Act registration provided by Rule 144A thereunder or [(y) an "accredited investor" as defined in Rule 501(a) under the Securities Act or]<sup>49</sup> (ii) a person that is not a "U.S. person" as defined in Regulation S under the Securities Act and that is also a "qualified purchaser" or an entity owned exclusively by "qualified purchasers" and that is acquiring the Notes in an offshore transaction (as defined in Regulation S thereunder) in reliance on the exemption from registration provided by Regulation S thereunder. It acknowledges that no representation is made as to the availability of any exemption under the Securities Act or any state securities laws for resale of the Notes. It understands that the Issuer has not been registered under the Investment Company Act, and that the Issuer is exempt from registration as such by virtue of Section 3(c)(7) of the Investment Company Act. It understands and acknowledges that the Issuer has the right, under the Indenture, to compel any beneficial owner of an interest in the Notes that fails to comply with the foregoing requirements to sell its interest in such Notes, or may sell such interest on behalf of such owner.
2. In connection with its purchase of the Notes: (i) none of the Issuer, the Initial Purchaser, the Placement Agent, the Collateral Manager, the Trustee, the Collateral Administrator or any of their respective affiliates is acting as a fiduciary or financial or investment adviser for it; (ii) it is not relying (for purposes of making any investment decision or otherwise) upon any written or oral advice, counsel or representations of the Issuer, the Initial Purchaser, the Placement Agent, the Collateral Manager, the Trustee, the Collateral Administrator or any of their respective affiliates other than any statements in the final offering circular for such Notes; (iii) it has read and understands the final offering circular for such Notes (including, without limitation, the descriptions therein of the structure of the transaction in which the Notes are being issued and the risks to purchasers of the Notes); (iv) it has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary, and has made its own investment decisions (including decisions regarding the suitability of any investment in the Notes) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer, the Initial Purchaser, the Placement Agent, the Collateral Manager, the Trustee, the Collateral Administrator or any of their respective affiliates; (v) it will hold and transfer at least the minimum denomination of such Notes; (vi) it is not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle); and (vii) it is a sophisticated investor

<sup>44</sup> Insert in the case of Class A Notes, Class B Notes, Class C Notes and Class D Notes.

<sup>45</sup> Insert in the case of Class E Notes and Income Notes.

<sup>46</sup> Insert in the case of a transfer of Income Notes.

<sup>47</sup> Insert in the case of a transfer of Income Notes.

<sup>48</sup> Insert in the case of a transfer of Income Notes.

<sup>49</sup> Insert in the case of a transfer of Income Notes.

and is purchasing the Notes with a full understanding of all of the terms, conditions and risks thereof, and it is capable of assuming and willing to assume those risks.

3. (i) It is either (x) a Person that is (A) a "qualified purchaser" for purposes of Section 3(c)(7) of the Investment Company Act[, (B) a "Knowledgeable Employee" with respect to the Issuer for purposes of Rule 3c-5 of the Investment Company Act,]<sup>50</sup> or [(B)][(C)] a corporation, partnership, limited liability company or other entity (other than a trust) each shareholder, partner, member or other equity owner of which either is a Qualified Purchaser [or is a Knowledgeable Employee with respect to the Issuer]<sup>51</sup> and in the case of [(A) and (B)][(A), (B) and (C)] above that is [either (1)]<sup>52</sup> a "qualified institutional buyer" as defined in Rule 144A under the Securities Act who purchases such Notes in reliance on the exemption from Securities Act registration provided by Rule 144A thereunder [or (2) an "accredited investor" as defined in Rule 501(a) under the Securities Act]<sup>53</sup> or (y) a person that is not a "U.S. person" as defined in Regulation S under the Securities Act and that is also a "qualified purchaser" for purposes of Section 3(c)(7) of the Investment Company Act or an entity owned exclusively by "qualified purchasers" and is acquiring the Notes in an offshore transaction (as defined in Regulation S thereunder) in reliance on the exemption from registration provided by Regulation S thereunder, (ii) it is acquiring the Notes as principal solely for its own account for investment and not with a view to the resale, distribution or other disposition thereof in violation of the Securities Act; (iii) it is not a (A) partnership, (B) common trust fund, or (C) special trust, pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants may designate the particular investments to be made; (iv) it agrees that it shall not hold any Notes for the benefit of any other person, that it shall at all times be the sole beneficial owner thereof for purposes of the Investment Company Act and all other purposes and that it shall not sell participation interests in the Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Notes; (v) it is acquiring its interest in the Notes for its own account; and (vi) it will hold and transfer at least the minimum denomination of the Notes and provide notice of the relevant transfer restrictions to subsequent transferees.
4. It agrees and acknowledges that no transfer of [Class E Notes]<sup>54</sup>[Income Notes]<sup>55</sup> or an interest therein to a Benefit Plan Investor or Controlling Person will be permitted unless the transferee has obtained the prior written consent of the Issuer and represents and warrants that its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*") or Section 4975 of the Internal Revenue Code of 1986, as amended (the "*Code*"). It further agrees and acknowledges that the Issuer has the right, under the Indenture, to compel any beneficial owner of a [Class E Note]<sup>56</sup>[Income Note]<sup>57</sup> who has made or has been deemed to make a Benefit Plan Investor, Similar Law or Other Plan Law representation that is subsequently shown to be false or misleading to sell its interest in the Notes, or may sell such interest on behalf of such owner. It further agrees and acknowledges that no transfer of a [Class E Note]<sup>58</sup>[Income Note]<sup>59</sup> to an Affected Bank will be effective and the Trustee will not recognize any such transfer, unless such transfer is specifically authorized by the Issuer in writing; *provided*, that the Issuer shall authorize any such transfer if (x) such transfer would not cause an Affected Bank, directly or in conjunction with its affiliates, to own more than 33-1/3% of the aggregate outstanding principal amount of the [Class E Note]<sup>60</sup>[Income Note]<sup>61</sup> or (y) the transferor is an Affected Bank previously approved by the Issuer.]<sup>62</sup>
5. If it is purchasing an Income Note (or interest therein), it acknowledges and agrees that no Income Note (or interest therein) may be acquired or owned by any Person that is classified for U.S. federal income tax purposes

<sup>50</sup> Insert in the case of a transfer of Income Notes.

<sup>51</sup> Insert in the case of a transfer of Income Notes.

<sup>52</sup> Insert in the case of a transfer of Income Notes.

<sup>53</sup> Insert in the case of a transfer of Income Notes.

<sup>54</sup> Insert in the case of a transfer of Class E Notes.

<sup>55</sup> Insert in the case of a transfer of Income Notes.

<sup>56</sup> Insert in the case of a transfer of Class E Notes.

<sup>57</sup> Insert in the case of a transfer of Income Notes.

<sup>58</sup> Insert in the case of a transfer of Class E Notes.

<sup>59</sup> Insert in the case of a transfer of Income Notes.

<sup>60</sup> Insert in the case of a transfer of Class E Notes.

<sup>61</sup> Insert in the case of a transfer of Income Notes.

<sup>62</sup> Insert in the case of a transfer of Class E Notes and Income Notes.

as a partnership, subchapter S corporation or grantor trust unless (i) (A) none of the direct or indirect beneficial owners of any interest in such Person have or ever will have more than 40% of the value of its interest in such Person attributable to the interest of such Person in any Income Note or other interest (direct or indirect) in the Issuer, and (B) it is not and will not be a principal purpose of the arrangement involving the investment of such Person in any Income Note to permit any partnership to satisfy the 100 partner limitation of Treas. Reg. § 1.7704-1(h)(1)(ii), (ii) such Person obtains an Opinion of Counsel that such transfer will not cause the Issuer to be treated as a publicly traded partnership taxable as a corporation or (iii) (A) such Person is an Affiliate of the Collateral Manager, and (B) it is not and will not be a principal purpose of the arrangement involving the investment of such Person in any Income Note to permit any partnership to satisfy the 100 partner limitation of Treas. Reg. § 1.7704-1(h)(1)(ii).

6. It is \_\_\_\_\_ (check if applicable) a "United States person" within the meaning of Section 7701(a)(30) of the Code, and a properly completed and signed Internal Revenue Service Form W-9 (or applicable successor form) is attached hereto; or \_\_\_\_\_ (check if applicable) not a "United States person" within the meaning of Section 7701(a)(30) of the Code, and a properly completed and signed applicable Internal Revenue Service Form W-8 (or applicable successor form) is attached hereto. It understands and acknowledges that failure to provide the Issuer or the Trustee with the applicable tax certifications or the failure to meet its Noteholder Reporting Obligations may result in withholding or back-up withholding from payments to it in respect of the Notes.
7. [If it is not a "United States person" (as defined in Section 7701(a)(30) of the Code), it hereby represents that it is not purchasing the Notes in order to reduce its U.S. federal income tax liability pursuant to a tax avoidance plan.]<sup>63</sup>[If it is not a "United States person" (as defined in Section 7701(a)(30) of the Code), it hereby represents that (i) either (A) it is not a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business (within the meaning of Section 881(c)(3)(A) of the Code), or (B) it is a person that is eligible for benefits under an income tax treaty with the United States that eliminates U.S. federal income taxation of U.S. source interest not attributable to a permanent establishment in the United States, and (ii) it is not purchasing the Notes in order to reduce its U.S. federal income tax liability pursuant to a tax avoidance plan.]<sup>64</sup>
8. It hereby agrees to provide the Issuer and Trustee (i) any information as is necessary (in the sole determination of the Issuer or the Trustee, as applicable) for the Issuer and the Trustee to determine whether it is a United States person as defined in Section 7701(a)(30) of the Code (a "*United States person*") or a United States owned foreign entity as described in Section 1471(d)(3) of the Code (a "*United States owned foreign entity*") and (ii) any additional information that the Issuer or its agent requests in connection with Sections 1471-1474 of the Code. If it is a United States person or a United States owned foreign entity, it also hereby agrees to (x) provide the Issuer and Trustee its name, address, U.S. taxpayer identification number, if it is a United States owned foreign entity, the name, address and taxpayer identification number of each of its "substantial United States owners" (as defined in Section 1473(2) of the Code) and any other information requested by the Issuer or its agent upon request and (y) update any such information provided in clause (x) promptly upon learning that any such information previously provided has become obsolete or incorrect or is otherwise required. It understands and acknowledges that the Issuer may provide such information and any other information concerning its investment in the Notes to the U.S. Internal Revenue Service. It understands and acknowledges that the Issuer has the right, under the Indenture, to compel any beneficial owner of an interest in the Notes that fails to comply with the foregoing requirements to sell its interest in such Notes, or may sell such interest on behalf of such owner.
9. It agrees not to seek to commence in respect of the Issuer or any Blocker Subsidiary, or cause the Issuer or any Blocker Subsidiary to commence, a bankruptcy proceeding before a year and a day has elapsed since the payment in full to the holders of the Notes (and any other debt obligations of the Issuer that have been rated upon issuance by any rating agency at the request of the Issuer) issued pursuant to the Indenture or, if longer, the applicable preference period then in effect.

<sup>63</sup> Insert in the case of a transfer of Income Notes.

<sup>64</sup> Insert other than in the case of a transfer of Income Notes.

10. To the extent required by the Issuer, as determined by the Issuer or the Collateral Manager on behalf of the Issuer, the Issuer may, upon notice to the Trustee, impose additional transfer restrictions on the Notes to comply with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "*USA Patriot Act*") and other similar laws or regulations, including, without limitation, requiring each transferee of a Note to make representations to the Issuer in connection with such compliance.
11. It understands and acknowledges that if the Issuer determines that solely by reason of a Change in Law, the continued legal or beneficial ownership of any Note by any holder imposes, and the Collateral Manager gives notice thereof to the Trustee, any material burden, including a Specified Material Burden, on the Issuer, the Issuer has the right, under the Indenture, to compel such holder to sell its interest in such Note, or may sell such interest on behalf of such owner.
12. It hereby certifies that (check one):
- \_\_\_ upon acquisition by the Investor of the Notes, the Notes will constitute Collateral Manager Notes; or
- \_\_\_ upon acquisition by the Investor of the Notes, the Notes will not constitute Collateral Manager Notes.
13. It will treat the Notes [as debt]<sup>65</sup>[as equity]<sup>66</sup> of the Issuer for U.S. federal and, to the extent permitted by law, state and local income and franchise tax purposes, it will report all income (or loss) in accordance with such treatment and it will take no action inconsistent with such treatment unless otherwise required by a relevant taxing authority.
14. It understands that the Issuer, the Trustee and Citigroup will rely upon the accuracy and truth of the foregoing representations, and it hereby consents to such reliance.

[The remainder of this page has been intentionally left blank.]

Name of Purchaser:

Dated:

\_\_\_\_\_  
By:

Name:

Title:

Outstanding principal amount of [Class A Notes]<sup>67</sup>[Class B Notes]<sup>68</sup>[Class C Notes]<sup>69</sup>[Class D Notes]<sup>70</sup>[Class E Notes]<sup>71</sup>[Income Notes]<sup>72</sup>: U.S.\$\_\_\_\_\_

Taxpayer identification number:

Address for notices:

Wire transfer information for payments:

<sup>65</sup> Insert in the case of transfer of a Class A Note, Class B Note, Class C Note, Class D Note or Class E Note.

<sup>66</sup> Insert in the case of transfer of an Income Note.

<sup>67</sup> Insert in the case of a transfer of Class A Notes.

<sup>68</sup> Insert in the case of a transfer of Class B Notes.

<sup>69</sup> Insert in the case of a transfer of Class C Notes.

<sup>70</sup> Insert in the case of a transfer of Class D Notes.

<sup>71</sup> Insert in the case of a transfer of Class E Notes.

<sup>72</sup> Insert in the case of a transfer of Income Notes.

Bank:

Address:

Bank ABA#:

Account #:

Telephone:

FAO:

Facsimile:

Attention:

Attention:

Denominations of certificates (if more than one):

Registered name:

cc: Mercer Field CLO LP  
c/o Puglisi & Associates  
850 Library Avenue, Suite 204  
Newark, Delaware 19711

**FORM OF PURCHASER REPRESENTATION LETTER FOR  
RULE 144A CERTIFICATED COMBINATION NOTES**

[DATE]

The Bank of New York Mellon Trust Company, National Association, as Trustee  
Structured Finance Transfer Team  
2001 Bryan St 9th Floor  
Dallas, TX 75201

Re: Mercer Field CLO LP (the "*Issuer*"); Combination Notes

Reference is hereby made to the Indenture, dated as of December 20, 2012, between the Issuer and The Bank of New York Mellon Trust Company, National Association, as Trustee (the "*Indenture*"). **Capitalized terms not defined in this Certificate shall have the meanings ascribed to them in the final offering circular of the Issuer or the Indenture.**

This letter relates to U.S.\$\_\_\_\_\_ Aggregate Outstanding Amount of Combination Notes (the "*Notes*"), to effect the transfer of the Notes in the form of one or more Rule 144A Certificated Combination Notes to \_\_\_\_\_ (the "*Transferee*").

In connection with such request, and in respect of such Notes, the Transferee does hereby certify that the Notes are being transferred (i) in accordance with the transfer restrictions set forth in the Indenture and (ii) pursuant to an exemption from registration under the United States Securities Act of 1933, as amended (the "*Securities Act*") and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In addition, the Transferee hereby represents, warrants and covenants for the benefit of the Issuer that it is:

- (a) a "qualified institutional buyer" as defined in Rule 144A under the United States Securities Act of 1933, as amended (the "*Securities Act*"), who is also a Qualified Purchaser or an entity owned exclusively by Qualified Purchasers and is acquiring the Notes in reliance on the exemption from Securities Act registration provided by Rule 144A thereunder; and
- (b) acquiring the Notes for its own account (and not for the account of any other person) in a minimum denomination of U.S.\$2,000,000 and in integral multiples of U.S.\$1.00 in excess thereof.

The Transferee further represents, warrants and covenants for the benefit of the Issuer as follows:

1. It understands that the Notes have not been and will not be registered under the Securities Act, and, if in the future it decides to offer, resell, pledge or otherwise transfer the Notes, such Notes may be offered, resold, pledged or otherwise transferred only in accordance with the provisions of the Indenture and the legends on such Notes, including the requirement for written certifications. In particular, it understands that the Notes may be transferred only to a person that is (a) a "qualified purchaser" (as defined in the Investment Company Act of 1940, as amended (the "*Investment Company Act*")), or a corporation, partnership, limited liability company or other entity (other than a trust) each shareholder, partner, member or other equity owner of which is a "qualified purchaser", (b) a "qualified institutional buyer" as defined in Rule 144A under the Securities Act who purchases such Notes in reliance on the exemption from Securities Act registration provided by Rule 144A thereunder and (c) a "United States person" as defined in Section 7701(a)(30) of the United States Internal Revenue Code of 1986, as amended (the "*Code*"). It acknowledges that no representation is made as to the availability of any exemption under the Securities Act or any state securities laws for resale of the Notes. It understands that the Issuer has not been registered under the Investment Company Act, and that the Issuer is exempt from registration as such by virtue of Section 3(c)(7) of the Investment Company Act. It understands and acknowledges that the Issuer has the right, under the Indenture, to compel any beneficial owner of an



interest in the Notes that fails to comply with the foregoing requirements to sell its interest in such Notes, or may sell such interest on behalf of such owner.

2. In connection with its purchase of the Notes: (i) none of the Issuer, the Initial Purchaser, the Placement Agent, the Collateral Manager, the Trustee, the Collateral Administrator or any of their respective affiliates is acting as a fiduciary or financial or investment adviser for it; (ii) it is not relying (for purposes of making any investment decision or otherwise) upon any written or oral advice, counsel or representations of the Issuer, the Initial Purchaser, the Placement Agent, the Collateral Manager, the Trustee, the Collateral Administrator or any of their respective affiliates other than any statements in the final offering circular for such Notes; (iii) it has read and understands the final offering circular for such Notes (including, without limitation, the descriptions therein of the structure of the transaction in which the Notes are being issued and the risks to purchasers of the Notes); (iv) it has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary, and has made its own investment decisions (including decisions regarding the suitability of any investment in the Notes) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer, the Initial Purchaser, the Placement Agent, the Collateral Manager, the Trustee, the Collateral Administrator or any of their respective affiliates; (v) it will hold and transfer at least the minimum denomination of such Notes; (vi) it is not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle); and (vii) it is a "United States person" as defined in Section 7701(a)(3) of the Code.
3. (i) It is a Person that is (A) a "qualified purchaser" for purposes of Section 3(c)(7) of the Investment Company Act or a corporation, partnership, limited liability company or other entity (other than a trust) each shareholder, partner, member or other equity owner of which either is a Qualified Purchaser, (B) a "qualified institutional buyer" as defined in Rule 144A under the Securities Act who purchases such Notes in reliance on the exemption from Securities Act registration provided by Rule 144A thereunder and (C) a "United States person" (as defined in Section 7701(a)(30) of the Code, (ii) it is acquiring the Notes as principal solely for its own account for investment and not with a view to the resale, distribution or other disposition thereof in violation of the Securities Act; (iii) it is not a (A) partnership, (B) common trust fund, or (C) special trust, pension, profit sharing or other retirement trust fund or plan in which the partners, beneficiaries or participants may designate the particular investments to be made; (iv) it agrees that it shall not hold any Notes for the benefit of any other person, that it shall at all times be the sole beneficial owner thereof for purposes of the Investment Company Act and all other purposes and that it shall not sell participation interests in the Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Notes; (v) it is acquiring its interest in the Notes for its own account; and (vi) it will hold and transfer at least the minimum denomination of the Notes and provide notice of the relevant transfer restrictions to subsequent transferees.
4. It agrees and acknowledges that no transfer of Combination Notes or an interest therein to a Benefit Plan Investor or Controlling Person will be permitted unless the transferee has obtained the prior written consent of the Issuer and represents and warrants that its acquisition, holding and disposition of such Notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*") or Section 4975 of the Internal Revenue Code of 1986 (the "*Code*"). It further agrees and acknowledges that the Issuer has the right, under the Indenture, to compel any beneficial owner of a Combination Note who has made or has been deemed to make a Benefit Plan Investor, Similar Law or Other Plan Law representation that is subsequently shown to be false or misleading to sell its interest in the Notes, or may sell such interest on behalf of such owner.
5. It acknowledges and agrees that no Combination Note (or interest therein) may be acquired or owned by any Person that is classified for U.S. federal income tax purposes as a partnership, subchapter S corporation or grantor trust unless (i) (A) none of the direct or indirect beneficial owners of any interest in such Person have or ever will have more than 40% of the value of its interest in such Person attributable to the interest of such Person in any Combination Note or other interest (direct or indirect) in the Issuer, and (B) it is not and will not be a principal purpose of the arrangement involving the investment of such Person in any Combination Note to permit any partnership to satisfy the 100 partner limitation of Treas. Reg. § 1.7704-1(h)(1)(ii), (ii) such Person obtains an Opinion of Counsel that such transfer will not cause the Issuer to be treated as a publicly traded partnership taxable as a corporation or (iii) (A) such Person is an Affiliate of the Collateral Manager, and (B) it

is not and will not be a principal purpose of the arrangement involving the investment of such Person in any Combination Note to permit any partnership to satisfy the 100 partner limitation of Treas. Reg. § 1.7704-1(h)(1)(ii).

6. A properly completed and signed Internal Revenue Service Form W-9 (or applicable successor form) is attached hereto.
7. It hereby agrees to provide the Issuer and Trustee any information as is necessary (in the sole determination of the Issuer or the Trustee, as applicable) for the Issuer and the Trustee to determine whether it is a United States person as defined in Section 7701(a)(30) of the Code (a "*United States person*") or a United States owned foreign entity as described in Section 1471(d)(3) of the Code (a "*United States owned foreign entity*") and (ii) any additional information that the Issuer or its agent requests in connection with Sections 1471-1474 of the Code. It also hereby agrees to (x) provide the Issuer and Trustee its name, address, U.S. taxpayer identification number, if it is a United States owned foreign entity, the name, address and taxpayer identification number of each of its "substantial United States owners" (as defined in Section 1473(2) of the Code) and any other information requested by the Issuer or its agent upon request and (y) update any such information provided in clause (x) promptly upon learning that any such information previously provided has become obsolete or incorrect or is otherwise required. It understands and acknowledges that the Issuer may provide such information and any other information concerning its investment in the Notes to the U.S. Internal Revenue Service. It understands and acknowledges that the Issuer has the right, under the Indenture, to compel any beneficial owner of an interest in the Notes that fails to comply with the foregoing requirements to sell its interest in such Notes, or may sell such interest on behalf of such owner.
8. It agrees not to seek to commence in respect of the Issuer or any Blocker Subsidiary, or cause the Issuer or any Blocker Subsidiary to commence, a bankruptcy proceeding before a year and a day has elapsed since the payment in full to the holders of the Notes (and any other debt obligations of the Issuer that have been rated upon issuance by any rating agency at the request of the Issuer) issued pursuant to the Indenture or, if longer, the applicable preference period then in effect.
9. To the extent required by the Issuer, as determined by the Issuer or the Collateral Manager on behalf of the Issuer, the Issuer may, upon notice to the Trustee, impose additional transfer restrictions on the Notes to comply with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "*USA Patriot Act*") and other similar laws or regulations, including, without limitation, requiring each transferee of a Note to make representations to the Issuer in connection with such compliance.
10. It understands and acknowledges that if the Issuer determines that solely by reason of a Change in Law, the continued legal or beneficial ownership of any Note by any holder imposes, and the Collateral Manager gives notice thereof to the Trustee, any material burden, including a Specified Material Burden, on the Issuer, the Issuer has the right, under the Indenture, to compel such holder to sell its interest in such Note, or may sell such interest on behalf of such owner.
11. It hereby certifies that (check one):  
  
    \_\_\_ upon acquisition by the Investor of the Notes, the Notes will constitute Collateral Manager Notes; or  
  
    \_\_\_ upon acquisition by the Investor of the Notes, the Notes will not constitute Collateral Manager Notes.
12. It will treat the Notes as direct ownership of the Class C Note Component, the Class D Note Component, the Class E Note Component, the Income Note Component and the Underlying Specified Security Component, in each case, for U.S. Federal and, to the extent permitted by law, state and local income and franchise tax purposes, it will report all income (or loss) in accordance with such treatment and it will take no action inconsistent with such treatment unless otherwise required by a relevant taxing authority.
13. It understands that the Issuer, the Trustee and Citigroup will rely upon the accuracy and truth of the foregoing representations, and it hereby consents to such reliance.

[The remainder of this page has been intentionally left blank.]

Name of Purchaser:  
Dated:

---

By:  
Name:  
Title:

Outstanding principal amount of Combination Notes: U.S.\$\_\_\_\_\_

Taxpayer identification number:

Address for notices:

Wire transfer information for payments:

Bank:

Address:

Bank ABA#:

Account #:

Telephone:

FAO:

Facsimile:

Attention:

Attention:

Denominations of certificates (if more than one):  
Registered name:

cc: Mercer Field CLO LP  
c/o Puglisi & Associates  
850 Library Avenue, Suite 204  
Newark, Delaware 19711

## FORM OF ERISA AND AFFECTED BANK CERTIFICATE

The purpose of this Certificate (this "*Certificate*") is, among other things, to (i) endeavor to ensure that less than 25% of the value of each of the Class E Notes and of the Income Notes issued by Mercer Field CLO LP (the "*Issuer*") is held by "Benefit Plan Investors" as contemplated and defined under Section 3(42) of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*") and the U.S. Department of Labor's regulations set forth at 29 C.F.R. Section 2510.3-101 as modified by Section 3(42) of ERISA (the "*Plan Asset Regulations*") so that the Issuer will not be subject to the U.S. federal employee benefits provisions contained in Section 406 of ERISA and Section 4975 of the Internal Revenue Code of 1986 (the "*Code*"), (ii) endeavor to ensure that no Affected Bank, directly or in conjunction with its affiliates, owns more than 33-1/3% of any Class of Notes, (iii) obtain from you certain representations and agreements and (iv) provide you with certain related information with respect to your acquisition, holding or disposition of the Class E Notes, Income Notes or Combination Notes (as applicable). **By signing this Certificate, you agree to be bound by its terms.**

**Please be aware that the information contained in this Certificate is not intended to constitute advice and the examples given below are not intended to be, and are not, comprehensive. You should contact your own counsel if you have any questions in completing this Certificate. Capitalized terms not defined in this Certificate shall have the meanings ascribed to them in the final offering circular of the Issuer and the Indenture.**

Please review the information in this Certificate and check ANY of the following boxes 1, 2, 3, 4, 7 and 10 that apply to you in the spaces provided.

**If any of boxes 1, 2, 3, 4, 7 and 10 is not checked, you are agreeing that the applicable Section does not, and will not, apply to you. If you intend to purchase interests in Class E Notes represented by Regulation S Global Notes, in Income Notes represented by Regulation S Global Notes or in Combination Notes, you must check Box 4 and you must not check Box 1, 2, 3 or 7; otherwise you will not be permitted to purchase such interests unless you have obtained the prior written consent of the Issuer and you check Box 5. The items with no spaces provided apply to all investors.**

1. ☐ **Employee Benefit Plans Subject to ERISA or the Code.** We, or the entity on whose behalf we are acting, are an "employee benefit plan" within the meaning of Section 3(3) of ERISA that is subject to the fiduciary responsibility provisions of Section 406 of ERISA or a "plan" within the meaning of Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code.

**Examples:** (i) tax qualified retirement plans such as pension, profit sharing and Section 401(k) plans, (ii) welfare benefit plans such as accident, life and medical plans, (iii) individual retirement accounts or "IRAs" and "Keogh" plans and (iv) certain tax-qualified educational and savings trusts.

2. ☐ **Entity Holding Plan Assets by Reason of Plan Asset Regulations.** We, or the entity on whose behalf we are acting, are an entity or fund whose underlying assets include "plan assets" by reason of a Benefit Plan Investor's investment in such entity.

**Examples:** (i) an insurance company separate account, (ii) a bank collective trust fund and (iii) a hedge fund or other private investment vehicle where 25% or more of the value of any class of its equity is held by Benefit Plan Investors.

If you check Box 2, please indicate the maximum percentage of the entity or fund that will constitute "plan assets" for purposes of Title I of ERISA or Section 4975 of the Code: \_\_\_\_%.

An entity or fund that cannot provide the foregoing percentage hereby acknowledges that for purposes of determining whether Benefit Plan Investors own less than 25% of the value of the Class E Notes, of the Income

Notes or of the Combination Notes issued by the Issuer, 100% of the assets of the entity or fund will be treated as "plan assets."

ERISA and the regulations promulgated thereunder are technical. Accordingly, if you have any question regarding whether you may be an entity described in this Section 2, you should consult with your counsel.

3. ☐ **Insurance Company General Account.** We, or the entity on whose behalf we are acting, are an insurance company purchasing the Class E Notes, the Income Notes or the Combination Notes (as indicated below) (the "*Subject Securities*") with funds from our or their general account (*i.e.*, the insurance company's corporate investment portfolio), whose assets, in whole or in part, constitute "plan assets" for purposes of the Plan Asset Regulations.

If you check Box 3, please indicate the maximum percentage of the insurance company general account that will constitute "plan assets" for purposes of conducting the 25% test under the Plan Asset Regulations: \_\_\_\_%. IF YOU DO NOT INCLUDE ANY PERCENTAGE IN THE BLANK SPACE, YOU WILL BE COUNTED AS IF YOU FILLED IN 100% IN THE BLANK SPACE.

4. ☐ **None of Sections (1) Through (3) Above Apply.** We, or the entity on whose behalf we are acting, are a person that does not fall into any of the categories described in Sections (1) through (3) above.
5. **No Prohibited Transaction.** If we checked any of the boxes in Sections (1) through (3) above, we represent, warrant and agree that our acquisition, holding and disposition of the Subject Securities do not and will not constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.
6. **Not Subject to Similar Law and No Violation of Other Plan Law.** If we are a governmental, church, non-U.S. or other plan, we represent, warrant and agree that (a) we are not subject to any federal, state, local non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Note (or interest therein) by virtue of its interest and thereby subject the Issuer and the Collateral Manager (or other persons responsible for the investment and operation of the Issuer's assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, and (b) our acquisition, holding and disposition of the Subject Securities do not and will not constitute or result in a non-exempt violation of any law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code.
7. ☐ **Controlling Person.** We are, or we are acting on behalf of any of: (i) the Trustee, (ii) the Collateral Manager, (iii) any person that has discretionary authority or control with respect to the assets of the Issuer, (iv) any person who provides investment advice for a fee (direct or indirect) with respect to such assets or (v) any "affiliate" of any of the above persons. "Affiliate" shall have the meaning set forth in the Plan Asset Regulations. Any of the persons described in the first sentence of this Section (7) is referred to in this Certificate as a "Controlling Person."

**Note:** We understand that, for purposes of determining whether Benefit Plan Investors hold less than 25% of the value of the Class E Notes or the Income Notes, the value of any Class E Notes and Income Notes held by Controlling Persons (other than Benefit Plan Investors) are required to be disregarded.

8. **Compelled Disposition.** We acknowledge and agree that:
- (i) if any representation that we made hereunder is subsequently shown to be false or misleading or our beneficial ownership otherwise causes a violation of the 25% Limitation, the Issuer shall, promptly after such discovery (or upon notice from the Trustee if the Trustee makes the discovery (who, in each case, agree to notify the Issuer of such discovery, if any)), send notice to us demanding that we transfer our interest to a person that is not a Non-Permitted ERISA Holder within 20 days after the date of such notice;

- (ii) if we fail to transfer our Subject Securities, the Issuer shall have the right, without further notice to us, to cause our Subject Securities or our interest in the Subject Securities to be sold, to a purchaser selected by the Issuer that is not a Non-Permitted ERISA Holder on such terms as the Issuer may choose;
  - (iii) the Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Subject Securities and selling such securities to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion;
  - (iv) by our acceptance of an interest in the Subject Securities, we agree to cooperate with the Issuer to effect such transfers;
  - (v) the proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to us; and
  - (vi) the terms and conditions of any sale under this sub-section shall be determined in the sole discretion of the Issuer, and the Issuer shall not be liable to us as a result of any such sale or the exercise of such discretion.
9. **Required Notification and Agreement.** We hereby agree that we (a) will inform the Trustee of any proposed transfer by us of all or a specified portion of the Subject Securities and (b) will not initiate any such transfer after we have been informed by the Issuer or either of the Trustee in writing that such transfer would cause the 25% Limitation to be exceeded. We hereby agree and acknowledge that after the Trustee effects any permitted transfer of Subject Securities owned by us to a Benefit Plan Investor or a Controlling Person or receives notice of any such permitted change of status, the Trustee shall include such Subject Securities in future calculations of the 25% Limitation unless subsequently notified that such Subject Securities (or such portion), as applicable, would no longer be deemed to be held by Benefit Plan Investors or Controlling Persons.
10. ☐ **Affected Bank.** We, or the entity on whose behalf we are acting, are a "bank" for purposes of Section 881 of the Code or an entity affiliated with such a bank that is neither (x) a United States person (within the meaning of Section 7701(a)(30) of the Code) nor (y) entitled to the benefits of an income tax treaty with the United States under which withholding taxes on interest payments made by obligors resident in the United States to such bank are reduced to 0%.
- Note:** We understand that, if we checked the box in Section 10, the Trustee will not register the transfer of Subject Securities to us unless such transfer is specifically authorized by the Issuer in writing; *provided* that the Issuer shall authorize any such transfer if (x) such transfer would not cause an Affected Bank, directly or in conjunction with its affiliates, to own more than 33-1/3% of any Class of Notes or (y) the transferor of the Subject Securities to it is an Affected Bank previously approved by the Issuer.
11. **Continuing Representation; Reliance.** We acknowledge and agree that the representations contained in this Certificate shall be deemed made on each day from the date we make such representations through and including the date on which we dispose of our interests in the Subject Securities. We understand and agree that the information supplied in this Certificate will be used and relied upon by the Issuer and the Trustee to determine that (i) Benefit Plan Investors own or hold less than 25% of the value of the Class E Notes and of the Income Notes upon any subsequent transfer of the Subject Securities in accordance with the Indenture and (ii) no Affected Bank, directly or in conjunction with its affiliates, owns or holds more than 33-1/3% of the Class E Notes or the Income Notes Outstanding at any time.
12. **Further Acknowledgement and Agreement.** We acknowledge and agree that (i) all of the assurances contained in this Certificate are for the benefit of the Issuer, the Trustee and the Collateral Manager as third party beneficiaries hereof, (ii) copies of this Certificate and any information contained herein may be provided to the Issuer, the Trustee, the Collateral Manager, affiliates of any of the foregoing parties and to each of the foregoing parties' respective counsel for purposes of making the determinations described above and (iii) any acquisition or transfer of the Subject Securities by us that is not in accordance with the provisions of this Certificate shall be null and void from the beginning, and of no legal effect.

[The remainder of this page has been intentionally left blank.]



13. **Future Transfer Requirements.**

**Transferee Letter and its Delivery.** We acknowledge and agree that we may not transfer any Subject Securities to any person unless the Trustee has received a certificate substantially in the form of this Certificate. Any attempt to transfer in violation of this section will be null and void from the beginning, and of no legal effect.

**Note:** Unless you are notified otherwise, the name and address of the Trustee is as follows:

The Bank of New York Mellon Trust Company, National Association, as Trustee  
Structured Finance Transfer Team  
2001 Bryan St 9th Floor  
Dallas, TX 75201

**IN WITNESS WHEREOF**, the undersigned has duly executed and delivered this Certificate.

\_\_\_\_\_ [Insert Purchaser's Name]

By:

Name:

Title:

Dated:

This Certificate relates to \_\_\_\_\_ [Class E Notes ][Income Notes][Combination Notes]

## MOODY'S RATING DEFINITIONS

"*Moody's Rating*" means, with respect to any Collateral Obligation, as of any date of determination, the rating determined in accordance with the following methodology:

- (i) With respect to a Collateral Obligation that (A) is publicly rated by Moody's, such public rating, or (B) is not publicly rated by Moody's but for which a rating or rating estimate has been assigned by Moody's upon the request of the Issuer or the Collateral Manager, such rating or, in the case of a rating estimate, the applicable rating estimate for such obligation;
- (ii) With respect to a Collateral Obligation that is a Moody's Senior Secured Floating Rate Bond, Moody's Senior Secured Loan or Participation Interest in a Moody's Senior Secured Loan, if not determined pursuant to clause (i) above, if the obligor of such Collateral Obligation has a corporate family rating by Moody's, then such corporate family rating;
- (iii) With respect to a Collateral Obligation, if not determined pursuant to clause (i) or (ii) above, if the obligor of such Collateral Obligation has one or more senior unsecured obligations publicly rated by Moody's, then the Moody's public rating on any such obligation (or, if such Collateral Obligation is a Moody's Senior Secured Loan, the Moody's rating that is one subcategory higher than the Moody's public rating on any such senior unsecured obligation) as selected by the Collateral Manager in its sole discretion; and
- (iv) With respect to a Collateral Obligation, if not determined pursuant to clause (i), (ii) or (iii) above, the Moody's Derived Rating.

For purposes of calculating a Moody's Rating, each applicable rating on credit watch by Moody's with positive or negative implication at the time of calculation will be treated as having been upgraded or downgraded by one rating subcategory, as the case may be.

"*Moody's Senior Secured Floating Rate Bond*" means, a Secured Floating Rate Bond that (x) has a Moody's facility rating and the obligor of such bond has a Moody's corporate family rating and (y) such Moody's facility rating is not lower than such Moody's corporate family rating.

"*Moody's Derived Rating*" means, with respect to a Collateral Obligation whose Moody's Rating cannot be determined pursuant to clause (i), (ii) or (iii) of the definition thereof, the Moody's Derived Rating for purposes of clause (iv) of the definition of Moody's Rating shall be determined as set forth below:

- (i) With respect to any DIP Collateral Obligation, one subcategory below the facility rating (whether public or private) of such DIP Collateral Obligation or Current Pay Obligation, as applicable, rated by Moody's.
- (ii) If not determined pursuant to clause (i) above, if the obligor of such Collateral Obligation has a long-term issuer rating by Moody's, then such long-term issuer rating.
- (iii) If not determined pursuant to clause (i) or (ii) above, if another obligation of the obligor is rated by Moody's, then by adjusting the rating of the related Moody's rated obligations of the related obligor by the number of rating sub-categories according to the table below:

<b>Obligation Category of Rated Obligation</b>	<b>Rating of Rated Obligation</b>	<b>Number of Subcategories Relative to Rated Obligation Rating</b>
Senior secured obligation	greater than or equal to B2	-1
Senior secured obligation	less than B2	-2
Subordinated obligation	greater than or equal to B3	+1
Subordinated obligation	less than B3	0

(iv) If not determined pursuant to clause (i), (ii) or (iii) above, if the obligor of such Collateral Obligation has a corporate family rating by Moody's, then one subcategory below such corporate family rating;

(v) If not determined pursuant to clause (i), (ii), (iii) or (iv) above, then by using any one of the methods provided below:

(A) (1) pursuant to the table below:

<b>Type of Collateral Obligation</b>	<b>S&amp;P Rating (Public and Monitored)</b>	<b>Collateral Obligation Rated by S&amp;P</b>	<b>Number of Subcategories Relative to Moody's Equivalent of S&amp;P Rating</b>
Not Structured Finance Obligation	>BBB-	Not a Loan or Participation Interest in Loan	-1
Not Structured Finance Obligation	<BB+	Not a Loan or Participation Interest in Loan	-2
Not Structured Finance Obligation		Loan or Participation Interest in Loan	-2

(2) if such Collateral Obligation is not rated by S&P but another security or obligation of the obligor has a public and monitored rating by S&P (a "parallel security"), then the rating of such parallel security will at the election of the Collateral Manager be determined in accordance with the table set forth in subclause (v)(A)(1) above, and the Moody's Derived Rating, for purposes of clause (iv) of the definition of Moody's Rating of such Collateral Obligation will be determined in accordance with the methodology set forth in clause (iii) above (for such purposes treating the parallel security as if it were rated by Moody's at the rating determined pursuant to this subclause (v)(A)(2)); or

(3) if such Collateral Obligation is a DIP Collateral Obligation, no Moody's Derived Rating may be determined based on a rating by S&P or any other rating agency;

(B) if such Collateral Obligation is not rated by Moody's or S&P and no other security or obligation of the issuer of such Collateral Obligation is rated by Moody's or S&P, and if Moody's has been requested by the Issuer, the Collateral Manager or the issuer of such Collateral Obligation to assign a rating or rating estimate with respect to such Collateral Obligation but such rating or rating estimate has not been received, pending receipt of such estimate, the Moody's Derived Rating, for purposes of clause (iv) of the definition of Moody's Rating and Moody's Default Probability Rating (as applicable), of such Collateral Obligation shall be (x) "B3" if the Collateral Manager certifies to the Trustee and the Collateral Administrator that the Collateral Manager believes that such estimate will be at least "B3" and if the Aggregate Principal Balance of Collateral Obligations determined pursuant to this clause (B) does not exceed 5% of the Collateral Principal Amount of all Collateral Obligations or (y) otherwise, "Caa1".

For purposes of calculating a Moody's Derived Rating, each applicable rating on credit watch by Moody's with positive or negative implication at the time of calculation will be treated as having been upgraded or downgraded by one rating subcategory, as the case may be.

**S&P RATING DEFINITION AND RECOVERY RATE TABLES<sup>73</sup>**

"*Information*" means S&P's "Credit Estimate Information Requirements" dated April 2011 and any other available information S&P reasonably requests in order to produce a credit estimate for a particular asset.

"*S&P Rating*" means, with respect to any Collateral Obligation, as of any date of determination, the rating determined in accordance with the following methodology:

- (i) (a) if there is an issuer credit rating of the issuer of such Collateral Obligation by S&P as published by S&P, or the guarantor which unconditionally and irrevocably guarantees such Collateral Obligation pursuant to a form of guaranty approved by S&P for use in connection with this transaction, then the S&P Rating shall be such rating (regardless of whether there is a published rating by S&P on the Collateral Obligations of such issuer held by the Issuer, *provided* that private ratings (that is, ratings provided at the request of the obligor) subject to surveillance may be used for purposes of this definition if the related obligor has consented to the disclosure thereof and a copy of such consent has been provided by or on behalf of the Issuer to S&P) or (b) if there is no issuer credit rating of the issuer by S&P but (1) there is a senior secured rating on any obligation or security of the issuer, then the S&P Rating of such Collateral Obligation shall be one sub-category below such rating; (2) if clause (1) above does not apply, but there is a senior unsecured rating on any obligation or security of the issuer, the S&P Rating of such Collateral Obligation shall equal such rating; and (3) if neither clause (1) nor clause (2) above applies, but there is a subordinated rating on any obligation or security of the issuer, then the S&P Rating of such Collateral Obligation shall be one sub-category above such rating if such rating is higher than "BB+", and shall be two sub-categories above such rating if such rating is "BB+" or lower;
- (ii) with respect to any Collateral Obligation that is a DIP Collateral Obligation, the S&P Rating thereof shall be the credit rating assigned to such issue by S&P;
- (iii) if there is not a rating by S&P on the issuer or on an obligation of the issuer, then the S&P Rating may be determined pursuant to clauses (a) through (c) below:
  - (a) if an obligation of the issuer is not a DIP Collateral Obligation and is publicly rated by Moody's, then the S&P Rating will be determined in accordance with the methodologies for establishing the Moody's Rating set forth above except that the S&P Rating of such obligation will be (1) one sub-category below the S&P equivalent of the Moody's Rating if such Moody's Rating is "Baa3" or higher and (2) two sub-categories below the S&P equivalent of the Moody's Rating if such Moody's Rating is "Ba1" or lower;
  - (b) the S&P Rating may be based on a credit estimate provided by S&P, and in connection therewith, the Issuer, the Collateral Manager on behalf of the Issuer or the issuer of such Collateral Obligation shall, prior to or within 30 days after the acquisition of such Collateral Obligation, apply (and concurrently submit all available Information in respect of such application) to S&P for a credit estimate which shall be its S&P Rating; *provided* that, if such Information is submitted within such 30-day period, then, pending receipt from S&P of such estimate, such Collateral Obligation shall have an S&P Rating as determined by the Collateral Manager in its sole discretion if the Collateral Manager certifies to the Trustee and the Collateral Administrator that it believes that such S&P Rating determined by the Collateral Manager is commercially reasonable and will be at least equal to such rating; *provided further*, that if such Information is not submitted within such 30-day period, then, pending receipt from S&P of such estimate, the Collateral Obligation shall have (1) the S&P Rating as determined by the Collateral Manager for a period of up to 90 days after the acquisition of such Collateral Obligation and (2) an S&P Rating of "CCC-" following such 90-day period; unless, during such 90-day period, the Collateral Manager has requested the extension of such period and S&P, in its sole discretion, has granted such request; *provided further*, that if such 90-day period (or other extended period) elapses

<sup>73</sup> Each reference in this Annex C to a liability rating, unless otherwise indicated, includes reference to the liability ratings one subcategory below and (other than in the case of the "AAA" liability rating) one subcategory above such liability rating.

pending S&P's decision with respect to such application, the S&P Rating of such Collateral Obligation shall be "CCC-"; *provided further*, that if the Collateral Obligation has had a public rating by S&P that S&P has withdrawn or suspended within six months prior to the date of such application for a credit estimate in respect of such Collateral Obligation, the S&P Rating in respect thereof shall be "CCC-" pending receipt from S&P of such estimate, and S&P may elect not to provide such estimate until a period of six months has elapsed after the withdrawal or suspension of the public rating; *provided further* that the S&P Rating may not be determined pursuant to this clause (b) if the Collateral Obligation is a DIP Collateral Obligation; *provided further* that such credit estimate shall expire 12 months after the acquisition of such Collateral Obligation, following which such Collateral Obligation shall have an S&P Rating of "CCC-" unless, during such 12-month period, the Issuer applies for renewal thereof in accordance with the Indenture, in which case such credit estimate shall continue to be the S&P Rating of such Collateral Obligation until S&P has confirmed or revised such credit estimate, upon which such confirmed or revised credit estimate shall be the S&P Rating of such Collateral Obligation; *provided further* that such confirmed or revised credit estimate shall expire on the next succeeding 12-month anniversary of the date of the acquisition of such Collateral Obligation and (when renewed annually in accordance with the Indenture) on each 12-month anniversary thereafter;

- (c) with respect to a Collateral Obligation that is not a Defaulted Obligation, the S&P Rating of such Collateral Obligation will at the election of the Issuer (at the direction of the Collateral Manager) be "CCC-" provided (i) neither the issuer of such Collateral Obligation nor any Affiliate is subject to any bankruptcy or reorganization proceedings, (ii) the issuer has not defaulted on any payment obligation in respect of any debt security or other obligation of the issuer at any time within the two year period ending on such date of determination, all such debt securities and other obligations of the issuer that are *pari passu* with or senior to the Collateral Obligation are current and the Collateral Manager reasonably expects them to remain current and (iii) not more than 7.5% of the Collateral Principal Amount may have an S&P Rating determined pursuant to this clause (iii)(c); or

- (iv) with respect to a DIP Collateral Obligation that has no issue rating by S&P or a Current Pay Obligation that is rated "D" or "SD" by S&P, the S&P Rating of such DIP Collateral Obligation or Current Pay Obligation, as applicable, will be, at the election of the Issuer (at the direction of the Collateral Manager), "CCC-" or the S&P Rating determined pursuant to clause (iii)(b) above;

*provided*, that for purposes of the determination of the S&P Rating, (x) if the applicable rating assigned by S&P to an obligor or its obligations is on "credit watch positive" by S&P, such rating will be treated as being one sub-category above such assigned rating and (y) if the applicable rating assigned by S&P to an obligor or its obligations is on "credit watch negative" by S&P, such rating will be treated as being one sub-category below such assigned rating.

Section 1.

- (a) (i) If a Collateral Obligation has an S&P Recovery Rating, or is *pari passu* with another obligation of the same obligor that has an S&P Recovery Rating and is secured by the same collateral as such other obligation, the S&P Recovery Rate for such Collateral Obligation shall be determined as follows:

S&P Recovery Rating of a Collateral Obligation	Initial Liability Rating					
	"AAA"	"AA"	"A"	"BBB"	"BB"	"B" and below
1+	75%	85%	88%	90%	92%	95%
1	65%	75%	80%	85%	90%	95%
2	50%	60%	66%	73%	79%	85%
3	30%	40%	46%	53%	59%	65%
4	20%	26%	33%	39%	43%	45%
5	5%	10%	15%	20%	23%	25%
6	2%	4%	6%	8%	10%	10%

Recovery rate

- (ii) If (x) a Collateral Obligation does not have an S&P Recovery Rating and such Collateral Obligation is a senior unsecured loan, second lien loan or senior unsecured bond and (y) the issuer of such Collateral Obligation has issued another debt instrument that is outstanding and senior to such Collateral Obligation that is a Senior Secured Loan, senior secured note or senior secured bond (a "*Senior Secured Debt Instrument*") that has an S&P Recovery Rating, the S&P Recovery Rate for such Collateral Obligation shall be determined as follows:

**For Collateral Obligations Domiciled in Group A**

S&P Recovery Rating of the Senior Secured Debt Instrument	Initial Liability Rating					
	"AAA"	"AA"	"A"	"BBB"	"BB"	"B" and below
1+	18%	20%	23%	26%	29%	31%
1	18%	20%	23%	26%	29%	31%
2	18%	20%	23%	26%	29%	31%
3	12%	15%	18%	21%	22%	23%
4	5%	8%	11%	13%	14%	15%
5	2%	4%	6%	8%	9%	10%
6	-%	-%	-%	-%	-%	-%

Recovery rate

### For Collateral Obligations Domiciled in Group B

**S&P Recovery  
Rating of the  
Senior  
Secured Debt  
Instrument**

	<b>Initial Liability Rating</b>					
	<b>"AAA"</b>	<b>"AA"</b>	<b>"A"</b>	<b>"BBB"</b>	<b>"BB"</b>	<b>"B" and below</b>
1+	16%	18%	21%	24%	27%	29%
1	16%	18%	21%	24%	27%	29%
2	16%	18%	21%	24%	27%	29%
3	10%	13%	15%	18%	19%	20%
4	5%	5%	5%	5%	5%	5%
5	2%	2%	2%	2%	2%	2%
6	-%	-%	-%	-%	-%	-%

Recovery rate

### For Collateral Obligations Domiciled in Group C

**S&P Recovery  
Rating of the  
Senior  
Secured Debt  
Instrument**

	<b>Initial Liability Rating</b>					
	<b>"AAA"</b>	<b>"AA"</b>	<b>"A"</b>	<b>"BBB"</b>	<b>"BB"</b>	<b>"B" and below</b>
1+	13%	16%	18%	21%	23%	25%
1	13%	16%	18%	21%	23%	25%
2	13%	16%	18%	21%	23%	25%
3	8%	11%	13%	15%	16%	17%
4	5%	5%	5%	5%	5%	5%
5	2%	2%	2%	2%	2%	2%
6	-%	-%	-%	-%	-%	-%

Recovery rate

- (iii) If (x) a Collateral Obligation does not have an S&P Recovery Rating and such Collateral Obligation is a subordinated loan or subordinated bond and (y) the issuer of such Collateral Obligation has issued another debt instrument that is outstanding and senior to such Collateral Obligation that is a Senior Secured Debt Instrument that has an S&P Recovery Rating, the S&P Recovery Rate for such Collateral Obligation shall be determined as follows:

**For Collateral Obligations Domiciled in Groups A, B and C**

S&P Recovery Rating of the Senior Secured Debt Instrument	Initial Liability Rating					
	"AAA"	"AA"	"A"	"BBB"	"BB"	"B" and below
1+	8%	8%	8%	8%	8%	8%
1	8%	8%	8%	8%	8%	8%
2	8%	8%	8%	8%	8%	8%
3	5%	5%	5%	5%	5%	5%
4	2%	2%	2%	2%	2%	2%
5	-%	-%	-%	-%	-%	-%
6	-%	-%	-%	-%	-%	-%
Recovery rate						

- (b) If a recovery rate cannot be determined using clause (a), the recovery rate shall be determined as follows.

**Recovery rates for obligors Domiciled in Group A, B, C or D:**

Priority Category	Initial Liability Rating					
	"AAA"	"AA"	"A"	"BBB"	"BB"	"B" and "CCC"
<b>Senior Secured Loans (other than (i) Cov-Lite Loans and (ii) Real Property Secured Assets with respect to which the Issuer is the sole creditor)</b>						
Group A	50%	55%	59%	63%	75%	79%
Group B	45%	49%	53%	58%	70%	74%
Group C	39%	42%	46%	49%	60%	63%
Group D	17%	19%	27%	29%	31%	34%
<b>Cov-Lite Loans, Secured Bonds and Secured Floating Rate Bonds (in each case, other than Real Property Secured Assets with respect to which the Issuer is the sole creditor)</b>						
Group A	41%	46%	49%	53%	63%	67%
Group B	37%	41%	44%	49%	59%	62%
Group C	32%	35%	39%	41%	50%	53%
Group D	17%	19%	27%	29%	31%	34%
<b>Unsecured and unsubordinated loans and Real Property Secured Assets with respect to which the Issuer is the sole creditor</b>						
Group A	18%	20%	23%	26%	29%	31%
Group B	16%	18%	21%	24%	27%	29%
Group C	13%	16%	18%	21%	23%	25%
Group D	10%	12%	14%	16%	18%	20%
<b>Subordinated loans and Unsecured Bonds</b>						
Group A	8%	8%	8%	8%	8%	8%
Group B	10%	10%	10%	10%	10%	10%
Group C	9%	9%	9%	9%	9%	9%
Group D	5%	5%	5%	5%	5%	5%
Recovery rate						

Group A: Australia, Denmark, Finland, Hong Kong, Ireland, The Netherlands, New Zealand, Norway, Singapore, Sweden, U.K.

Group B: Austria, Belgium, Canada, Germany, Israel, Japan, Luxembourg, Portugal, South Africa, Switzerland, U.S.



Group C: Argentina, Brazil, Chile, France, Greece, Italy, Mexico, South Korea, Spain, Taiwan, Turkey, United Arab Emirates.  
Group D: Kazakhstan, Russia, Ukraine, others

## Section 2. S&P CDO Monitor

Case	Liability Rating				
	AAA	AA	A	BBB	BB
1	32.75%	40.29%	45.49%	51.53%	59.18%
2	33.25%	40.79%	45.99%	52.03%	59.68%
3	33.75%	41.29%	46.49%	52.53%	60.18%
4	34.25%	41.79%	46.99%	53.03%	60.68%
5	34.75%	42.29%	47.49%	53.53%	61.18%
6	35.25%	42.79%	47.99%	54.03%	61.68%
7	35.75%	43.29%	48.49%	54.53%	62.18%
8	36.25%	43.79%	48.99%	55.03%	62.68%
9	36.75%	44.29%	49.49%	55.53%	63.18%
10	37.25%	44.79%	49.99%	56.03%	63.68%
11	37.75%	45.29%	50.49%	56.53%	64.18%
12	38.25%	45.79%	50.99%	57.03%	64.68%
13	38.75%	46.29%	51.49%	57.53%	65.18%
14	39.25%	46.79%	51.99%	58.03%	65.68%
15	39.75%	47.29%	52.49%	58.53%	66.18%
16	40.25%	47.79%	52.99%	59.03%	66.68%
17	40.75%	48.29%	53.49%	59.53%	67.18%
18	41.25%	48.79%	53.99%	60.03%	67.68%
19	41.75%	49.29%	54.49%	60.53%	68.18%
20	42.25%	49.79%	54.99%	61.03%	68.68%
21	42.75%	50.29%	55.49%	61.53%	69.18%
22	43.25%	50.79%	55.99%	62.03%	69.68%
23	43.75%	51.29%	56.49%	62.53%	70.18%
24	44.25%	51.79%	56.99%	63.03%	70.68%
25	44.75%	52.29%	57.49%	63.53%	71.18%

Unless the Collateral Manager elects otherwise and notifies S&P of such election in writing on or prior to the Effective Date, as of the Effective Date the following Weighted Average S&P Recovery Rates shall apply:

Liability Rating	AAA	AA	A	BBB	BB
<b>Weighted Average S&amp;P Recovery Rate</b>	40.75%	48.29%	53.49%	59.53%	67.18%

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