

OFFERING MEMORANDUM (IRISH LISTING)

Jackson Mill CLO Ltd.

Jackson Mill CLO LLC

U.S.\$352,000,000 Class A Senior Floating Rate Notes due 2027

U.S.\$66,000,000 Class B Senior Floating Rate Notes due 2027

U.S.\$32,500,000 Class C Deferrable Mezzanine Floating Rate Notes due 2027

U.S.\$32,500,000 Class D Deferrable Mezzanine Floating Rate Notes due 2027

U.S.\$24,500,000 Class E Deferrable Mezzanine Floating Rate Notes due 2027

U.S.\$52,000,000 Subordinated Notes due 2027

The Secured Debt will be secured by collateral comprised primarily of senior secured loans managed by Shenkman Capital Management, Inc., as Collateral Manager for the Issuer (the “Collateral Manager”).

See “Risk Factors” beginning on page 7 for a discussion of certain factors to be considered in connection with an investment in the Securities.

It is a condition of the Offering that the Notes are issued concurrently and that the Class A Notes be rated “AAA sf” by Fitch and “Aaa (sf)” by Moody’s, that the Class B Notes be rated at least “Aa2 (sf)” by Moody’s, that the Class C Notes be rated at least “A2 (sf)” by Moody’s, that the Class D Notes be rated at least “Baa3 (sf)” by Moody’s and that the Class E Notes be rated at least “Ba3 (sf)” by Moody’s. The Subordinated Notes will not be rated.

PLEGGED ASSETS OF THE ISSUER ARE THE SOLE SOURCE OF PAYMENTS ON THE NOTES. THE NOTES DO NOT REPRESENT AN INTEREST IN OR OBLIGATION OF, AND ARE NOT INSURED OR GUARANTEED BY, THE COLLATERAL MANAGER, THE INITIAL PURCHASER, THE TRUSTEE OR ANY OF THEIR RESPECTIVE AFFILIATES.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS, AND NONE OF THE ISSUER, THE CO-ISSUER OR THE POOL OF COLLATERAL IS OR WILL BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”), IN RELIANCE ON AN EXEMPTION FROM REGISTRATION. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES TO, OR FOR THE ACCOUNT OR BENEFIT OF, “U.S. PERSONS” (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, APPLICABLE STATE SECURITIES LAWS AND THE INVESTMENT COMPANY ACT. THE NOTES MAY ONLY BE OFFERED OR SOLD (A)(1) TO “QUALIFIED PURCHASERS” (FOR PURPOSES OF THE INVESTMENT COMPANY ACT) THAT ARE ALSO “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND (2) IN THE CASE OF THE SUBORDINATED NOTES, TO QUALIFIED ACCREDITED INVESTORS OR (B) TO NON-U.S. PERSONS IN ACCORDANCE WITH THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT AND (C) IN ACCORDANCE WITH ANY OTHER APPLICABLE LAW. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON RESALE OR TRANSFER, SEE “TRANSFER AND EXCHANGE.”

Application has been made to the Irish Stock Exchange plc (the “Irish Stock Exchange”) for the Listed Notes to be admitted to the official list and to trading on the Global Exchange Market of the Irish Stock Exchange. There can be no assurance that such listing will be maintained. This Offering Memorandum constitutes listing particulars for the purpose of such application and has been approved by the Irish Stock Exchange.

The Notes (other than certain Subordinated Notes expected to be purchased directly from the Issuer) are offered, subject to prior sale, when, as and if delivered to and accepted by Credit Suisse Securities (USA) LLC (the “Initial Purchaser” or “Credit Suisse”). It is expected that the Initial Purchaser will resell such Notes in individually negotiated transactions at varying prices determined at the time of sale. The delivery of interests in Global Notes is expected to be made in book-entry form through the facilities of The Depository Trust Company (“DTC”) on or about the Closing Date and each Physical Note is expected to be available for delivery to the owner thereof on such date, in each case in New York, New York against payment therefor in immediately available funds.

CREDIT SUISSE

The date of this Offering Memorandum is May 21, 2015

TABLE OF CONTENTS

NOTICES TO INVESTORS	ii
SUMMARY OF TERMS	1
RISK FACTORS	7
ISSUER AND CO-ISSUER	36
USE OF PROCEEDS	37
COLLATERAL MANAGER.....	38
SECURITY FOR THE SECURED DEBT.....	41
DESCRIPTION OF CERTAIN TERMS OF THE NOTES	51
COLLATERAL MANAGEMENT AGREEMENT.....	66
TRUSTEE AND NOTES REGISTRAR	74
THE INDENTURE.....	74
PLAN OF DISTRIBUTION.....	89
TRANSFER AND EXCHANGE	93
CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS.....	100
CAYMAN ISLANDS TAX CONSIDERATIONS	110
ERISA CONSIDERATIONS	112
LISTING AND GENERAL INFORMATION.....	115
LEGAL MATTERS	116
GLOSSARY OF CERTAIN DEFINED TERMS.....	117
INDEX OF DEFINED TERMS	168

A glossary of certain defined terms and an index of defined terms, indicating the location of the definition of each defined term, appears at the end of this offering memorandum (the “**Offering Memorandum**”). Capitalized terms used herein and not defined shall have the meanings assigned in the Indenture.

Unless otherwise indicated, (i) references in this Offering Memorandum to “U.S. Dollars,” “Dollars,” “\$” and “U.S.\$ ” will be to United States dollars; (ii) references to the term “holder” or “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. An index of defined terms appears at the back of this Offering Memorandum.

NOTICES TO INVESTORS

The information contained in this Offering Memorandum has been furnished by the Issuers and other sources believed by the Issuers to be reliable or, with respect to the information in the sections entitled “Risk Factors—Relating to the Collateral Manager,” “Risk Factors—Relating to the Issuer and its Service Providers—Certain Conflicts of Interest Related to the Collateral Manager” and “Collateral Manager” (collectively, the “Manager Information”), the Collateral Manager. None of the Collateral Manager (other than with respect to the Manager Information), the Issuers (with respect to the Manager Information only) nor the Initial Purchaser has made any independent investigation of such information and makes no representation or warranty as to the accuracy or completeness of any such information. This Offering Memorandum contains summaries, believed to be accurate, of certain terms of certain documents but reference is made to the actual documents, copies of which will be made available upon request, for the complete information contained therein. All such summaries are qualified in their entirety by this reference.

This Offering Memorandum has been prepared solely for use in connection with the offering of the Notes (the “Offering”) and listing of the Notes, as described herein. The Issuers accept responsibility for the information contained herein (other than the Manager Information). In best knowledge and belief of the Issuers (who have taken reasonable care to ensure that such is the case), the information contained in this Offering Memorandum (other than the Manager 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 Manager Information. To the best knowledge and belief of the Collateral Manager (who has taken reasonable care to ensure that such is the case), the Manager Information is in accordance with the facts and does not omit anything likely to affect the import of such information.

U.S. Bank National Association, in each of its capacities (including as Trustee, Paying Agent, Note Registrar and Collateral Administrator) has not participated in the preparation of this Offering Memorandum and assumes no responsibility for its content.

NO PERSON IS AUTHORIZED IN CONNECTION WITH THE OFFERING TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS OFFERING MEMORANDUM, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE ISSUERS, THE COLLATERAL MANAGER OR THE INITIAL PURCHASER. THE INFORMATION CONTAINED HEREIN IS AS OF THE DATE HEREOF AND IS SUBJECT TO CHANGE, COMPLETION OR AMENDMENT WITHOUT NOTICE. NEITHER THE DELIVERY OF THIS OFFERING MEMORANDUM AT ANY TIME NOR ANY SUBSEQUENT COMMITMENT TO ENTER INTO ANY FINANCING SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN OR IN THE AFFAIRS OF THE ISSUERS OR THE COLLATERAL MANAGER SINCE THE DATE HEREOF.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS OFFERING MEMORANDUM AS INVESTMENT, LEGAL OR TAX ADVICE. EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO LEGAL, TAX, BUSINESS, FINANCIAL AND RELATED ASPECTS OF A PURCHASE OF SECURITIES. NONE OF THE TRANSACTION PARTIES OR THEIR AFFILIATES IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF NOTES REGARDING THE LEGALITY OF AN INVESTMENT THEREIN BY SUCH OFFEREE OR PURCHASER UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUERS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THE DISTRIBUTION OF THIS OFFERING MEMORANDUM AND THE OFFER AND SALE OF NOTES MAY BE RESTRICTED BY LAW IN CERTAIN JURISDICTIONS. PERSONS INTO WHOSE POSSESSION THIS OFFERING MEMORANDUM OR ANY OF THE SECURITIES COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. SEE “PLAN OF DISTRIBUTION.”

THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE NOTES TO ANY PERSON IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION.

THE INFORMATION CONTAINED HEREIN SUPERSEDES ANY PREVIOUS INFORMATION CONCERNING THE SECURITIES TO BE ISSUED BY THE ISSUERS OR THE ISSUER THAT HAS BEEN DELIVERED TO YOU AND MAY BE SUPERSEDED BY INFORMATION DELIVERED TO YOU PRIOR TO THE TIME OF SALE.

THE NOTES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED WITH, RECOMMENDED BY OR APPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY OTHER FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, NOR HAS THE SEC OR ANY SUCH COMMISSION OR REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Initial Purchaser reserves the right to reject any commitment to subscribe in whole or in part and to allot to any prospective investor less than the full amount of Notes sought by such investor. The Initial Purchaser and certain related entities may acquire for their own account a portion of the Notes.

The receipt of this Offering Memorandum constitutes the agreement on the part of the recipient hereof (a) to maintain the confidentiality of the information contained herein, as well as any supplemental information provided to the recipient by the Issuers or any of their representatives, either orally or in written form, (b) that any reproduction or distribution of this Offering Memorandum, in whole or in part, or disclosure of any of its contents to any other person or its use for any purpose other than to evaluate participation in the Offering described herein is strictly prohibited and (c) that this Offering Memorandum, as well as other materials that subsequently may be provided by the Issuers, is to be returned promptly if the recipient decides not to proceed with the investigation of, or participation in, the Offering or if the Offering is terminated. The undertakings and prohibitions set forth in the preceding sentence are intended for the benefit of the Issuers and may be enforced by the Issuers.

The Issuer extends to each prospective investor the opportunity to ask questions of, and receive answers from, the Issuer, the Collateral Manager and the Initial Purchaser concerning the Notes, the initial portfolio of Collateral Debt Obligations and the terms and conditions of this Offering and to obtain any additional information it may consider necessary in making an informed investment decision and any information necessary to verify the accuracy of the information set forth herein, to the extent the Issuer, the Collateral Manager or the Initial Purchaser possess the same. Requests for such additional information can be directed to the Initial Purchaser.

To permit compliance with Rule 144A in connection with the sale of the Notes, the Issuer (and, solely in the case of the Co-Issued Notes, the Co-Issuer) under the Indenture 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 Issuers are neither (a) reporting companies under Section 13 or Section 15(d) of the Exchange Act nor (b) exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. Neither of the Issuers expects to become such a reporting company or to become so exempt from reporting. Such information may be obtained directly from the Issuer.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 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.

NOTICE TO CONNECTICUT RESIDENTS

The Notes have not been registered under the Connecticut securities law. The Notes are subject to restrictions on transferability and sale.

NOTICE TO FLORIDA RESIDENTS

The Notes offered hereby will be sold to, and acquired by, the holder in a transaction exempt under section 517.061 of the Florida Securities Act (“FSA”). The Notes have not been registered under said act in the state of Florida. In addition, if sales are made to five or more persons in Florida, all Florida purchasers other than exempt institutions specified in section 517.061(7) of the FSA shall have the privilege of voiding the purchase within three (3) days after the first tender of consideration is made by such purchaser to the Issuers, an agent of the Issuers, or an escrow agent.

NOTICE TO GEORGIA RESIDENTS

The Notes will be issued or sold in reliance on paragraph (14) of code section 10-5-11 of the Georgia Uniform Securities Act of 2008, 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.

Information for Investors in Argentina

This Offering Memorandum and the documents related to the offering, have not been submitted to the Argentine Securities Commission (“Comisión Nacional de Valores”) for approval. Accordingly, the Notes may not be offered or sold to the public in Argentina. This Offering Memorandum does not constitute an offer of, or an invitation to purchase, the Notes in Argentina.

Information for Investors in Australia

- This Offering Memorandum is not a product disclosure statement or a prospectus under the Corporations Act 2001 (Cth) Australia (Corporations Act).
- Accordingly, notes, shares or interests (collectively interests) in the Issuers may not be offered, issued, sold or distributed in Australia by the Initial Purchaser, or any other person, under the Offering Memorandum other than by way of or pursuant to an offer or invitation that does not need disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act, whether by reason of the investor being a ‘wholesale client’ (as defined in section 761G of the Corporations Act and applicable regulation) or otherwise.
- This Offering Memorandum does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a “retail client” (as defined in section 761G of the Corporations Act and applicable regulations) in Australia.

Information for Investors in Austria

This Offering Memorandum is not an approved securities prospectus pursuant to Directive 2003/71/EC (as amended by Directive 2010/73/EU) and the information contained herein does not constitute an offer to grant or a solicitation of an offer to subscribe to Notes. No prospectus pursuant to Directive 2003/71/EC (as amended by Directive 2010/73/EU) has been or will be drawn up and approved in the Republic of Austria and no prospectus pursuant to Directive 2003/71/EC (as amended by Directive 2010/73/EU) has been or will be passported into the Republic of Austria as Notes will be offered in the Republic of Austria in reliance on an exemption from the prospectus publication requirement under the Austrian Capital Market Act (Kapitalmarktgesetz – KMG). Subject to and in accordance with the provisions of the KMG, Notes may therefore not be publicly offered or (re)sold in the Republic of Austria without a prospectus being published, or an applicable exemption from such requirement being relied upon. Each subscriber to Notes represents to the Issuers that such subscriber will only (re)sell, offer or transfer Notes in accordance with applicable Austrian securities and capital markets law legislation governing the issue, (re)sale and offering of securities. Because of the foregoing limitations, each subscriber to Notes undertakes to inform himself/herself about and to observe, any such restrictions. The information contained herein is not binding, solely for the information of the recipients of this Offering Memorandum and must not be reproduced, distributed to any other person (including the press and any other media) or published, in whole or in part, for any purpose. This Offering Memorandum is a marketing communication and has not been prepared in accordance with legal requirements designed to promote the independence of investment research. This Offering Memorandum is not intended to provide a basis of any credit or other evaluation of the Issuers and their business and should not be considered as a personal recommendation for any recipient of this Offering Memorandum to purchase Notes as it does not take into account the particular investment objectives, financial situation or needs of any specific recipient. Each investor contemplating purchasing any Notes therefore represents to make its own independent investigation of the Issuers and the Notes and of the suitability of an investment in the Notes in light of their particular circumstances and represents to seek independent

professional advice, including tax advice. This Offering Memorandum is distributed under the condition that the above obligations are accepted by the recipient and complied with.

In addition, see “Information for Investors of the European Economic Area” below.

Information for Investors in Bahrain

This Offering Memorandum has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. No offer to the public to purchase the Notes will be made in the Kingdom of Bahrain and this Offering Memorandum is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

Information for Investors in Belgium

The offering of Notes has not been and will not be notified to the Belgian Financial Services and Markets Authority (Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers) nor has this Offering Memorandum been, nor will it be, approved by the Belgian Financial Services and Markets Authority. The Notes may not be distributed in Belgium by way of an offer of the Notes to the public, as defined in Article 3, §1 of the Act of 16 June 2006 relating to Public Offers of Investment Instruments, as amended or replaced from time to time, save in those circumstances (commonly called “private placement”) set out in Article 3 §2 of the Act of 16 June 2006 relating to Public Offers of Investment Instruments, as amended or replaced from time to time. This Offering Memorandum may be distributed in Belgium only to such investors for their personal use and exclusively for the purposes of this offering of the Notes. Accordingly, this Offering Memorandum may not be used for any other purpose nor passed on to any other investor in Belgium.

Each of the Issuers, the Initial Purchaser and any other distributor of the Notes represents and agrees that it will not:

- offer for sale, sell or market the Notes in Belgium otherwise than in conformity with the Act of 16 June 2006; and
- offer for sale, sell or market the Notes to any person qualifying as a consumer within the meaning of the Code of Business Law, as modified, otherwise than in conformity with this Code and its implementing regulations.

In addition, see “Information for Investors of the European Economic Area” below.

Information for Investors in Brazil

The offering of the Notes is not, and under no circumstances is to be construed as, a public offering of securities in Brazil. The offering of the Notes has not been and will not be registered with the Brazilian Securities Commission (Comissão de Valores Mobiliários – CVM). The Notes are not offered to Brazil residents, except in circumstances that do not characterize a public offering of securities under Brazilian law.

Information for Investors in the British Virgin Islands

The Notes are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on behalf of the Issuers.

The Notes may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (“BVI Companies”), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

This Offering Memorandum has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered prospectus has been or will be prepared in respect of the Notes for the purposes of the Securities and Investment Business Act, 2010 (“SIBA”) or the Public Issuers Code of the British Virgin Islands.

The Notes may be offered to persons located in the British Virgin Islands who are “qualified investors” for the purposes of SIBA. Qualified investors include (i) certain entities which are regulated by the Financial Services Commission in the British Virgin Islands, including banks, insurance companies, licensees under SIBA and public, professional and private mutual funds; (ii) a company, any securities of which are listed on a recognised exchange; and (iii) persons defined as “professional investors” under SIBA, which is any person (a) whose ordinary business involves, whether for that person’s own account or the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property of the Issuers; or (b) who has signed a declaration that he or she, whether individually or jointly with his or her spouse, has net worth in excess of US\$1,000,000 and that he or she consents to being treated as a professional investor.

Information for Investors in the Cayman Islands

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Notes unless the Issuer is listed on the Cayman Islands Stock Exchange.

Information for Investors in Colombia

This Offering Memorandum does not constitute a public offering in the Republic of Colombia. The Notes are offered under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations. The offer of the Issuers' products and/or services is addressed to less than one hundred specifically identified investors. The Issuers' products are being promoted/marketed in Colombia or to Colombian residents in strict compliance with part 4 of Decree 2555 of 2010 of the government of Colombia and other applicable rules and regulations related to the promotion/marketing of foreign financial and/or securities related products or services in Colombia.

Upon purchasing the Notes, Colombian eligible investors acknowledge that they are subject to Colombian laws and regulations (in particular, foreign exchange, securities and tax regulations) applicable to any transaction or investment consummated in connection with any relevant investment and under applicable regulations and further represent that they are the sole liable party for full compliance with any such laws and regulations. In addition, any Colombian eligible investor ensures that the Issuers will have no responsibility, liability or obligation in connection with any consent, approval, filing, proceeding, authorization or permission required by the investor to purchase the Notes or for any actions taken or required to be taken by the investor in connection with the offer, sale, purchase or delivery of the Issuers' products and/or services under Colombian law.

Information for Investors in Denmark

See "Information for Investors of the European Economic Area" below.

Information for Investors in Ecuador

The distribution of this Offering Memorandum and the offering of the Notes may be restricted in Ecuador. The above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Offering Memorandum and wishing to make an investment in the Notes to inform themselves of, and to observe, all applicable laws and regulations of Ecuador. Prospective investors in the Notes should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile. This Offering Memorandum does not constitute an offer or solicitation to any person in Ecuador in which such offer or solicitation is not authorized or to any person to whom it would be unlawful to make such offer or solicitation.

Information for Investors in Finland

See "Information for Investors of the European Economic Area" below.

Information for Investors in France

Neither this Offering Memorandum nor any other offering material relating to the Notes has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* ("AMF") or to the competent authority of another member state of the European Economic Area and subsequently notified to the AMF.

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 Memorandum 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.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier ("CMF"); or
- 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 of the CMF and article 211-2 of the *Règlement Général* of the AMF, does not constitute a public offer.

The Notes may be resold directly or indirectly to the public in France, 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 CMF.

This Offering Memorandum and any other offering materials may not be distributed to any person or entity other than the recipients hereof.

Information for Investors in Germany

Each purchaser of Notes acknowledges that the Notes are not and will not be registered for public distribution in Germany. This Offering Memorandum does not constitute a sales prospectus pursuant to the German Capital Investment Act (Vermögensanlagengesetz). Accordingly, no offer of the Notes may be made to the public in Germany. This Offering Memorandum and any other document relating to the Notes, as well as information or statements contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of the Notes to the public in Germany or any other means of public marketing.

In addition, see “Information for Investors of the European Economic Area” below.

Information for Investors in Greece

See “Information for Investors of the European Economic Area” below.

Information for Investors in Guatemala

The distribution of this Offering Memorandum and the offering of the Notes may be restricted in Guatemala. The above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Offering Memorandum and wishing to make an investment in the Notes to inform themselves of, and to observe, all applicable laws and regulations of Guatemala. Prospective investors in the Notes should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile. This Offering Memorandum does not constitute an offer or solicitation to any person in Guatemala in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

Information for Investors in Hong Kong

WARNING

The contents of this Offering Memorandum have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Offering Memorandum, you should obtain independent professional advice.

The Initial Purchaser will represent and agree that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in this Offering Memorandum being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Information for Investors in Ireland

The Initial Purchaser will represent and warrant that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the issue of any Notes or do anything in Ireland in respect of any Notes, otherwise than in compliance with the provisions of:

- the Prospectus (Directive 2003/71/EC) Regulations 2005 (and any amendments thereto, including Prospectus (Directive 2003/71/EC) (Amendment) Regulations 2012) and any rules of the Central Bank of Ireland (the “Central Bank”) under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 (as amended) (the “2005 Act”);
- the Irish Companies Acts 1963-2013;
- the European Communities (Markets in Financial Instruments) Regulations 2007 (S.I. No. 60 of 2007) (as amended), and it will conduct itself in accordance with any codes or rules of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank with respect to anything done by it in relation to the Notes;
- the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued by the Central Bank under Section 34 of the 2005 Act; and

- the Central Bank Acts 1942 to 2014 and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989.

In addition, see “Information for Investors of the European Economic Area” below.

Information for Investors in Israel

This Offering Memorandum has not been approved by the Israeli Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute “an offer to the public” under sections 15 and 15a of the Israel Securities Law, 5728-1968 (“the Securities Law”) or section 25 of the Joint Investment Trusts Law, 5754-1994 (“the Joint Investment Trusts Law”), as applicable. The Notes are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum (“the Addendum”) to the Securities Law, (“Sophisticated Investors”) namely joint investment funds or mutual trust funds, provident funds, insurance companies, banking corporations (purchasing Notes for themselves or for clients who are Sophisticated Investors), portfolio managers (purchasing Notes for, themselves or for clients who are Sophisticated Investors), investment advisors or investment marketers (purchasing Notes for themselves), members of the Tel-Aviv Stock Exchange (purchasing Notes for themselves or for clients who are Sophisticated Investors), underwriters (purchasing Notes for themselves), venture capital funds engaging mainly in the capital market, an entity which is wholly-owned by Sophisticated Investors, corporations, other than formed for the specific purpose of an acquisition pursuant to an offer, with a shareholders’ equity in excess of NIS 50 million, and individuals in respect of whom the terms of item 9 in the Schedule to the Investment Advice Law hold true investing for their own account, each as defined in the said Addendum, as amended from time to time, and who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israeli Securities Authority.

This Offering Memorandum may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any offeree who purchases Notes is purchasing such Notes for its own benefit and account and not with the aim or intention of distributing or offering such Notes to other parties (other than, in the case of an offeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such offeree is purchasing Notes for another party which is a Sophisticated Investor). Nothing in this Offering Memorandum should be considered Investment Advice or Investment Marketing defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995.

Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. As a prerequisite to the receipt of a copy of this Offering Memorandum, a recipient may be required by the Issuers to provide confirmation that it is a Sophisticated Investor purchasing the Notes for its own account or, where applicable, for other Sophisticated Investors.

This Offering Memorandum does not constitute an offer to sell or solicitation of an offer to buy any securities other than the Notes referred to herein, nor does it constitute an offer to sell to or solicitation of an offer to buy from any person or persons in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person making such offer or solicitation is not qualified to do so, or to a person or persons to whom it is unlawful to make such offer or solicitation.

Information for Investors in Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Memorandum or any other document relating to the Notes be distributed in the Republic of Italy, except:

- to qualified investors (*investitori qualificati*) (“Qualified Investors”), as defined under Article 34-ter, paragraph 1, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“Regulation 11971/1999”); or
- in circumstances which are exempted from the rules on offers of securities to be made to the public pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 (“Financial Services Act”) and Article 34-ter, first paragraph, of Regulation 11971/1999.

Any offer, sale or delivery of the Notes in the Republic of Italy or distribution of copies of this Offering Memorandum or any other document relating to the Offering Memorandum in the Republic of Italy under (a) and (b) above must be:

- made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993, as amended; and
- in compliance with any other applicable laws and regulations.

Please note that, in accordance with Article 100-bis of the Financial Services Act, where no exemption under (b) above applies, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the rules on offers of securities to be made to the public provided under the Financial Services Act and the Regulation 11971/1999. Failure to comply with such rules may result, inter alia, in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the Notes for any damages suffered by the investors.

Information for Investors in Japan

The Notes have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law no. 25 of 1948, as amended) (“FIEL”) and, accordingly, none of the Notes nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit, of any Japanese person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For this purpose, a “Japanese person” means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Information for Investors in South Korea

The Notes have not been registered with the Financial Services Commission of Korea for a public offering in Korea. The Notes have not been and will not be offered, sold or delivered directly or indirectly, or offered, sold or delivered to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations, including the Financial Investment Services and Capital Markets Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder. By the purchase of the Notes, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Notes pursuant to the applicable laws and regulations of Korea.

Information for Investors in Luxembourg

See “Information for Investors of the European Economic Area” below.

Information for Investors in Mexico

The Notes have not and will not be registered in the National Registry of Securities maintained by the National Banking and Securities Commission and may not be publicly offered in Mexico. The Notes may, however, be offered as a part of a private offering pursuant to the Mexican Ley del Mercado de Valores.

Information for Investors in Monaco

The Notes may not be offered or sold, directly or indirectly, to the public in Monaco other than by a Monaco Bank or a duly authorized Monegasque intermediary acting as a professional institutional investor which has such knowledge and experience in financial and business matters as to be capable of evaluating the risks and merits of an investment in the Notes. Consequently, this Offering Memorandum may only be communicated to banks duly licensed by the “Autorité de Contrôle Prudentiel” and fully licensed portfolio management companies by virtue of Law n° 1.144 of July 26, 1991 and Law 1.338 of September 7, 2007, duly licensed by the “Commission de Contrôle des Activités Financières. Such regulated intermediaries may in turn communicate this Offering Memorandum to potential investors.

Information for Investors in Netherlands

See “Information for Investors of the European Economic Area” below.

Information for Investors in New Zealand

This Offering Memorandum is not a registered prospectus or an investment statement for the purposes of the Securities Act 1978 and does not contain all the information typically included in a registered prospectus or investment statement. This offer of Notes in the Issuers does not constitute an “offer of securities to the public” for the purposes of the Securities Act 1978 and, accordingly, there is neither a registered prospectus nor an investment statement available in respect of the offer. Notes of the Issuers or the Issuer may only be offered to the public in New Zealand in accordance with the Securities Act 1978 and the Securities Regulations 2009 (or any replacement or statutory modification of the Securities Act 1978 and the Securities Regulations 2009).

Information for Investors in Norway

In relation to Norway, each purchaser of the Notes acknowledges that with effect from and including the date on which the Prospectus Directive is implemented in Norway (the “Relevant Implementation Date”) no offer of the Notes may be made to the

public in Norway, except that, with effect from and including the Relevant Implementation Date, an offer of Notes may be made to the public in Norway at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to professional investors as defined in Section 1 of Annex II to Directive 2004/29/EC (as implemented in Norway), or
- in any other circumstances which do not require the publication by the Issuers or any other entity of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the provision above, the expression an “offer of Notes to the public” in relation to any Notes in Norway means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in Norway by any measure implementing the Prospectus Directive in Norway and the expression “Prospectus Directive” means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in Norway.

For Residents of the Sultanate of Oman

The information contained in this Offering Memorandum neither constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued by Decision No.1/2009). Additionally, this Offering Memorandum is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the Sultanate of Oman.

Information for Investors in Panama

The distribution of this Offering Memorandum and the offering of the Notes may be restricted in Panama. The above information is for general guidance only, and it is the responsibility of any person or persons in possession of this Offering Memorandum and wishing to make an investment in the Notes to inform themselves of, and to observe, all applicable laws and regulations of Panama. Prospective investors in the Notes should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile. This Offering Memorandum does not constitute an offer or solicitation to any person in Panama in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

Information for Investors in Peru

Neither the Issuers, nor the securities described herein, are registered (or intended to be registered) in Peru (the “Jurisdiction”) pursuant to the Securities Market Law (Texto Único Ordenado de la Ley del Mercado de Valores, approved by Supreme Decree No. 093-2002-EF), the Regulations on Initial Public Offerings (the Reglamento de Oferta Pública Primaria y de Venta de Valores Mobiliarios, approved by CONASEV Resolution No. 141-98-EF/94.10) or the Regulation on mutual funds, approved by CONASEV Resolution No. 068-2010-EF/94.10). Furthermore, neither the Issuers, nor the securities, products, services or activities described herein, are regulated or supervised by any governmental or similar authority in Peru, including without limitation, the Peruvian Superintendence for Capital Markets (Superintendencia del Mercado de Valores) or the Peruvian Superintendence for Banking, Insurance and Private Pension Funds (Superintendencia de Banca, Seguros y de Administradoras Privadas de Fondos de Pensiones). This communication and any accompanying information (the “Materials”) are private, confidential and are sent by the Initial Purchaser only for the exclusive use of the addressee. The Materials are private, confidential and are provided/submitted only for your exclusive use and shall not be distributed to any other individual and/or entity, and any use of the Materials by anyone other than the addressee is not authorized. The addressee is required to comply with all applicable laws in Peru, including, without limitation, tax laws and exchange control regulations, if any.

Information for Investors in Portugal

See “Information for Investors of the European Economic Area” below.

Information for Investors in Qatar

The Notes are only being offered to a limited number of investors who are willing and able to conduct an independent investigation of the risks involved in an investment in such Notes. The Offering Memorandum does not constitute an offer to the public and is for the use only of the named addressee and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee’s consideration thereof). No transaction will be concluded in your jurisdiction and any inquiries regarding the Notes should be made to the Initial Purchaser.

Information for Investors in Saudi Arabia

This Offering Memorandum may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Saudi Arabian Capital Market Authority. The Saudi Arabian Capital Market Authority does not make any representation as to the accuracy or completeness of this Offering Memorandum and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Memorandum. Prospective purchasers of the Notes referred to herein should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this Offering Memorandum, you should consult an authorized financial adviser.

Information for Investors in Singapore

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

Where Notes are subscribed or purchased under Section 275 by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 except:

- to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person where the transfer arises from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA ; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005 of Singapore.

Information for Investors in Spain

Neither the securities nor the Offering Memorandum have been approved or registered with the Spanish Securities Markets Commission (Comision Nacional del Mercado de Valores). Accordingly, the securities may not be offered or sold in Spain except in circumstances which do not constitute a public offering of securities within the meaning of article 30-bis of the Spanish Securities Market Law of 28 July 1988 (Ley 24/1988, de 28 de julio, del Mercado de Valores), as amended and restated, and supplemental rules enacted thereunder.

In addition, see “Information for Investors of the European Economic Area” below.

Information for Investors in Sweden

See “Information for Investors of the European Economic Area” below.

Information for Investors in Switzerland

This Offering Memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to art. 652a or art. 1156 of the Swiss Code of Obligations, the Swiss Federal Act on Collective Investment Schemes (“CISA”) or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

The Notes do not constitute participations in a collective investment scheme in the meaning of the CISA. Therefore, neither this Offering Memorandum, nor the Notes and/or the Issuers are subject to the approval of, or supervision by, the Swiss Financial Markets Supervisory Authority FINMA (“FINMA”), and investors in the Notes will not benefit from protection under the CISA or supervision by FINMA.

This Offering Memorandum does not constitute investment advice. It may only be used by those persons to whom it has been handed out in connection with the Notes and may neither be copied nor directly or indirectly distributed or made available to other persons.

The Notes may only be offered, sold, distributed or advertised, and this Offering Memorandum and any other offering or marketing material relating to the Notes may only be distributed in or from Switzerland to qualified investors according to the CISA.

Information for Investors in Taiwan

The Notes may be made available outside Taiwan for purchase by investors residing in Taiwan (either directly or through properly licensed Taiwan intermediaries acting on behalf of such investors) but may not be offered or sold in Taiwan.

The Notes are being made available to professional institutional investors in Taiwan through bank trust departments, licensed securities brokers and/or insurance company investment linked insurance policies pursuant to Taiwan Rules Governing Offshore Structured Products. No other offer or sale in Taiwan is permitted.

Information for Investors in Turkey

No information in this Offering Memorandum is provided for the purpose of offering, marketing and sale by any means of any capital market instruments in the Republic of Turkey. Therefore, this Offering Memorandum may not be considered as an offer made or to be made to residents of the Republic of Turkey.

Accordingly neither this Offering Memorandum nor any other offering material related to the offering may be utilized in connection with any offering to the public within the Republic of Turkey without the prior approval of the Turkish Capital Market Board. However, according to article 15 (d) (ii) of the Decree No. 32 there is no restriction on the purchase or sale of the offered Notes by residents of the Republic of Turkey, provided that: they purchase or sell such offered Notes in the financial markets outside of the Republic of Turkey; and such sale and purchase is made through banks, and/or licensed brokerage institutions in the Republic of Turkey.

FOR UNITED ARAB EMIRATES RESIDENTS ONLY

This Offering Memorandum, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. The Notes are only being offered to a limited number of sophisticated investors in the UAE (a) who are willing and able to conduct an independent investigation of the risks involved in an investment in such Notes, and (b) upon their specific request. The Notes have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. This Offering Memorandum is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee’s consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the Notes should be made to the Initial Purchaser.

Information for Investors in the United Kingdom

This Offering Memorandum is being issued inside and outside the United Kingdom by Credit Suisse Securities (Europe) Limited (which is authorised by the Prudential Regulation Authority (“PRA”) and regulated by the Financial Conduct Authority (“FCA”) and the PRA) only to and/or is directed only at persons who are professional clients or eligible counterparties for the purposes of the FCA’s Conduct of Business Sourcebook.

Credit Suisse Securities (Europe) Limited will represent and agree that:

- It has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (“FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers; and
- It has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Information for Investors of the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each purchaser of the Notes acknowledges that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) no offer of Notes may be made to the public in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer of Notes may be made to the public in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive subject to obtaining the prior consent of the relevant dealer or dealers nominated by the issuer for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes shall require the publication by the issuer or any other entity of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the provision above, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

STABILISATION

In connection with the issue of the Notes, the Initial Purchaser (or persons acting on behalf of the Initial Purchaser) may over-allot Notes provided that the aggregate principal amount of Notes allotted does not exceed 105 per cent of the aggregate principal amount of the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that might otherwise prevail. However, there is no assurance that the Initial Purchaser (or persons acting on behalf of the Initial Purchaser) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than 30 days after the Closing Date.

COMPLIANCE WITH EUROPEAN UNION CAPITAL REQUIREMENTS DIRECTIVE

None of the Issuer, the Co-Issuer, the Initial Purchaser, the Collateral Manager, the Trustee or any of their affiliates makes any representation or agreement that it is undertaking or will have undertaken to comply with the requirements of Articles 404-410 of the European Union Capital Requirements Regulation 575/2013 (as amended, the “CRR”). Each Holder or beneficial owner of the Notes is responsible for analyzing its own regulatory position and is advised to consult with its own advisors regarding the suitability of the Notes for investment and compliance with the CRR.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum 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 contained herein, including any estimated, targeted or assumed information, may also be deemed to be, or to contain, forward-looking statements. Prospective investors 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” herein. Forward-looking statements are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any forward-looking statements will not materialize or will vary significantly from actual results. Variations of assumptions and results may be material.

Without limiting the generality of the foregoing, the inclusion of forward-looking statements herein should not be regarded as a representation by any of the Issuers, the Collateral Manager, Credit Suisse, 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 Issuers or the Notes. None of the foregoing persons has any obligation to update or otherwise revise any forward-looking statements, including any revision to reflect changes in any circumstances arising after the date hereof relating to any assumptions or otherwise. Investors should not rely on forward-looking statements and do so

at their own risk. Each investor in the notes should conduct its own investigation and analysis of its prospective investment and consult its own investment, financial, legal, tax, accounting, regulatory and other applicable advisors.

SUMMARY OF TERMS

The following summary does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Offering Memorandum and related documents referred to herein.

Debt Offered

Designation ⁽¹⁾	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Subordinated Notes
Type	Senior Floating Rate	Senior Floating Rate	Deferrable Mezzanine Floating Rate	Deferrable Mezzanine Floating Rate	Deferrable Mezzanine Floating Rate	Subordinated Notes
Issuer(s)	Issuers	Issuers	Issuers	Issuers	Issuer	Issuer
Initial Principal Amount (U.S.\$)	U.S.\$ 352,000,000	U.S.\$ 66,000,000	U.S.\$ 32,500,000	U.S.\$ 32,500,000	U.S.\$ 24,500,000	U.S.\$ 52,000,000
Initial Rating						
Expected Fitch Initial Rating	AAAsf	N/A	N/A	N/A	N/A	N/A
Expected Moody's Initial Rating	Aaa (sf)	Aa2 (sf)	A2 (sf)	Baa3 (sf)	Ba3 (sf)	N/A
Interest Rate	LIBOR ⁽²⁾ + 1.54%	LIBOR ⁽²⁾ + 2.30%	LIBOR ⁽²⁾ + 3.00%	LIBOR ⁽²⁾ + 3.75%	LIBOR ⁽²⁾ + 5.00%	N/A ⁽³⁾
Stated Maturity (Payment Date)	April 2027	April 2027	April 2027	April 2027	April 2027	April 2027
Repricable Notes	Yes	Yes	Yes	Yes	Yes	No
Authorized Denominations (U.S.\$) (Integral Multiples/ Shares)	250,000 (1.00)	250,000 (1.00)	250,000 (1.00)	250,000 (1.00)	250,000 (1.00)	150,000 (1.00)
Ranking						
Higher Ranking Classes	None	A	A, B	A, B, C	A, B, C, D	A, B, C, D, E
Pari Passu Classes	None	None	None	None	None	None
Lower Ranking Classes	B,C,D,E, Subordinated Notes	C,D,E, Subordinated Notes	D,E, Subordinated Notes	E, Subordinated Notes	Subordinated Notes	None
Deferred Interest Notes	No	No	Yes	Yes	Yes	N/A
Listed Notes	Yes	Yes	Yes	Yes	Yes	Yes
Form	Book-Entry; Physical	Book-Entry; Physical	Book-Entry; Physical	Book-Entry; Physical	Book-Entry; Physical	Book-Entry; Physical ⁽⁴⁾

⁽¹⁾ Each Class of Debt is referred to in this Offering Memorandum using the respective term set forth in the row labeled "Designation" in the table above.

⁽²⁾ Except in the case of the first Interest Accrual Period, LIBOR shall be calculated by reference to three-month LIBOR, in accordance with the definition of LIBOR. LIBOR for the first Interest Accrual Period will be set on two different LIBOR Determination Dates and, therefore, two different rates may apply during that period. The spread over LIBOR with respect to the Classes of Notes identified in the table above as the "Repricable Notes" may be reduced in connection with a Re-Pricing of such Class of Notes, subject to the Re-Pricing Conditions.

- (3) On or about each Payment Date, the Subordinated Notes will receive all or a portion of Interest Proceeds and Principal Proceeds remaining after all other obligations of the Issuer have been satisfied in accordance with the Priority of Payments; *provided* that, if and to the extent Interest Proceeds are not available for such purpose on any Payment Date, such amount will cease to be payable on such date or on any other date.
- (4) Subordinated Notes held by Qualified Accredited Investors may be held only in the form of Physical Notes.

The Class A Notes (the “**Class A Notes**”), the Class B Notes (the “**Class B Notes**”), the Class C Notes (the “**Class C Notes**”), the Class D Notes (the “**Class D Notes**”) are referred to as the “**Co-Issued Notes**” and the Class E Notes (the “**Class E Notes**”) and the Subordinated Notes are referred to as the “**Issuer Only Notes.**” The Notes (other than the Subordinated Notes) are referred to collectively as the “**Secured Debt**” and, together with the Subordinated Notes, are referred to as the “**Notes,**” the “**Debt**” or the “**Securities.**”

Security for the Secured Debt The Collateral will be the only source of funds for payments on the Securities. Payment priorities with respect to the Collateral will be in accordance with the Priority of Payments. Following realization of the Collateral and distribution of the proceeds, any claims of a Holder of the Securities against the Applicable Issuer will be extinguished.

The Collateral will be pledged by the Issuer to the Trustee under the Indenture for the benefit of the Secured Parties and will consist of (i) Collateral Debt Obligations; (ii) Eligible Investments; (iii) any securities or assets that do not themselves constitute Collateral Debt Obligations; (iv) certain accounts of the Issuer; (v) the rights of the Issuer under the Collateral Management Agreement, the Collateral Administration Agreement, the account agreement between the Issuer, the Trustee and the Bank and the Administration Agreement; (vi) interests of the Issuer in Issuer Subsidiaries; and (vii) the proceeds of each of the foregoing.

The Collateral Debt Obligations will consist primarily of senior secured floating rate leveraged loans made to corporate and other business entities of below investment grade credit quality. See “Risk Factors.”

Transaction Parties

Issuer..... Jackson Mill CLO Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the “**Issuer**”). See “Issuer and Co-Issuer.”

Co-Issuer..... Jackson Mill CLO LLC, a Delaware limited liability company (the “**Co-Issuer**”). The Issuer and the Co-Issuer are together referred to as the “**Issuers.**” The Co-Issuer will not have any assets other than nominal capital and will not pledge any assets to secure the Secured Debt. The membership interests of the Co-Issuer will be wholly-owned by the Issuer. See “Issuer and Co-Issuer.”

Trustee and Collateral Administrator..... U.S. Bank National Association (the “**Bank**”), in its capacities as Trustee and Collateral Administrator.

Collateral Manager Shenkman Capital Management, Inc. The Collateral Manager will perform certain advisory, administrative and monitoring functions with respect to the Collateral. See “Collateral Management Agreement.”

Initial Purchaser Credit Suisse Securities (USA) LLC (the “Initial Purchaser” or “Credit Suisse”).

Administrator Appleby Trust (Cayman) Ltd. and any successor or successors thereto.

Applicable Dates

Closing Date May 21, 2015.

Payment Dates “**Payment Dates**” will occur on the 15th day of January, April, July and October of each year, commencing in October 2015 (or, if such day is not a Business Day, then the immediately following Business Day), and the Redemption Date, any Liquidation Payment Date and the Stated Maturity; *provided* that, following the redemption in full of the Secured Debt, Holders of Subordinated Notes may receive payments (including in respect of an optional redemption of the Subordinated Notes) on any dates designated by the Collateral Manager (which dates may or may not be the dates stated above) upon eight Business Days’ prior written notice to the Trustee and the Collateral Administrator

(which notice the Trustee shall promptly forward to the Holders of the Subordinated Notes), and each such date shall constitute a **“Payment Date.”**

Determination Date With respect to a Payment Date, the last Business Day of the immediately preceding Due Period. **“Due Period”** means, with respect to any Payment Date, the period commencing on (and including) the fifth Business Day prior to the preceding Payment Date (or, in the case of the Due Period relating to the first Payment Date, beginning on (and including) the Closing Date) and ending on (and excluding) the fifth Business Day prior to such Payment Date (or, in the case of a Due Period that is applicable to the Payment Date relating to the redemption or Stated Maturity of any Debt ending on (and excluding) such Payment Date).

Effective Date The earlier to occur of (i) the Effective Date Cut-Off and (ii) the Business Day, specified by the Collateral Manager, following any Business Day on which the Effective Date Aggregate Principal Balance is at least equal to the Effective Date Target Par Amount and all applicable Indenture requirements have been satisfied.

Effective Date Cut-Off September 15, 2015.

Reinvestment Period The period from the Closing Date to and including the earliest of (i) the Business Day immediately preceding the Payment Date in April 2019, (ii) in conjunction with a Refinancing, the date specified by a Majority of the Subordinated Notes with the prior written consent of the Collateral Manager and (iii) the date specified in a written notice from the Collateral Manager to the Issuer, the Rating Agencies, the Trustee and the Collateral Administrator certifying that it has reasonably determined that it can no longer reinvest in additional Collateral Debt Obligations in accordance with the terms of the Indenture and the Collateral Management Agreement.

Non-Call Period The period from the Closing Date to and including November 21, 2016 (or, if such day is not a Business Day, then the immediately following Business Day).

Stated Maturity of the Debt The Payment Date in April 2027.

Redemptions

Optional Redemption Subject to the satisfaction of conditions described herein, (i) each Class of Secured Debt shall be redeemed in whole, but not in part, by the Issuers (x) at the written direction of, or with the written consent of, a Majority of the Subordinated Notes, on any Business Day (A) during or after the Non-Call Period in the event of a Tax Event or (B) after the Non-Call Period, or (y) at the written direction of the Collateral Manager on any Business Day after the Non-Call Period if the Aggregate Principal Amount of the Collateral Portfolio is less than 15% of the Effective Date Target Par Amount, and (ii) the Subordinated Notes will be redeemed, in whole but not in part, by the Issuers at the written direction of, or with the written consent of, a Majority of the Subordinated Notes, on any Business Day on or after the redemption in full of the Secured Debt. Any such redemption shall be effected in accordance with the Priority of Payments at the applicable Redemption Price.

Mandatory Redemption If a Coverage Test is not satisfied on any Determination Date on which such Coverage Test is applicable, the Issuer shall apply available amounts in the Payment Account on the related Payment Date to make payments as required pursuant to the Priority of Payments to achieve compliance with such Coverage Test (each, a **“Mandatory Redemption”**).

Redemption Premium In the case of an optional redemption, a Refinancing, a Re-Pricing Redemption or a Re-Pricing Sale that occurs prior to the Redemption Make-Whole End Date, the Redemption Price of the Class A Notes and the Class B Notes will include the Redemption Premium (subject to the Redemption Premium Payment Procedures).

Re-Pricing

On any Business Day after the end of the Non-Call Period, at the direction of a Majority of the Subordinated Notes (with the consent of the Collateral Manager) or the Collateral Manager (with the consent of a Majority of the Subordinated Notes), the Issuer will, subject to the Re Pricing Conditions, reduce the spread over LIBOR applicable to one or more Classes of the Repricable Notes (each a “**Re-Priced Class**”) to an amount specified by such Holders in such direction (such reduction, a “**Re-Pricing**”). The Holders of the proposed Re-Priced Class will be provided notice of the Re-Pricing and the opportunity to consent thereto. The Notes of a proposed Re-Priced Class held by Holders that do not consent to such Re-Pricing will be required to be sold by such Holders at the applicable Redemption Price (subject to the Redemption Premium Payment Procedures) to transferees designated by, or on behalf of, the Issuer (a “**Re-Pricing Sale**”) or the Issuer may redeem Notes of the Re-Priced Class held by non-consenting Holders from Re-Pricing Proceeds and Partial Redemption Interest Proceeds (a “**Re-Pricing Redemption**”). In connection with any Re-Pricing, the Issuer may engage a broker-dealer (the “**Re-Pricing Intermediary**”) to assist the Issuer in effecting the Re-Pricing. Any Re-Pricing must satisfy the Re Pricing Conditions.

Priority of Payments

Distributions of Interest

On each Payment Date, each Holder of Secured Debt on the Regular Record Date will be entitled to receive interest on the Aggregate Outstanding Amount in arrears at the Interest Rate.

On each Payment Date, the Subordinated Notes will be entitled to receive Interest Proceeds (if any) available for such purpose in accordance with the Priority of Interest Proceeds.

If on any Payment Date funds are not available to pay interest on a Deferrable Class in accordance with the Priority of Payments, that interest will be deferred. Such a deferral will not constitute an Event of Default. Each of the Class C Notes, the Class D Notes and the Class E Notes will be a “**Deferrable Class**” until such time as such Class is the Highest Ranking Class.

On each Payment Date, Interest Proceeds will be diverted, in accordance with the Priority of Payments, (a) during the Reinvestment Period, at the discretion of the Collateral Manager, if the Reinvestment Overcollateralization Test is not satisfied as of the related Determination Date, an amount equal to the lesser of (i) 50% of the available Interest Proceeds and (ii) the amount necessary to satisfy such test as of such Determination Date, to (x) purchase additional Collateral Debt Obligations or (y) to pay principal on Secured Debt, (b) to pay principal on the Secured Debt if (i) any Coverage Test is not satisfied on the related Determination Date, to the extent necessary to satisfy such test or (ii) an Effective Date Ratings Confirmation Failure has occurred and is continuing, to the extent necessary for the Issuer to receive Effective Date Ratings Confirmation and (c) at the direction of the Collateral Manager with the written consent of a Majority of the Subordinated Notes, an amount equal to the Supplemental Reserve Amount for application to a Permitted Use.

In addition, a Majority of the Subordinated Notes may designate Interest Proceeds otherwise payable on the Subordinated Notes as a Contribution for application to a Permitted Use. Any amounts so designated by a Majority of the Subordinated Notes shall be deemed as having been paid to the Holders of the Subordinated Notes pursuant to the Priority of Payments.

In addition, on any Business Day after the Effective Date but prior to the first Determination Date, as directed by the Collateral Manager, the Principal Diversion Amount may be deposited in the Permitted Use Account, subject to satisfaction of the

Principal Diversion Amount Condition. In addition, the proceeds of the issuance of Junior Notes or additional Subordinated Notes (other than additional Subordinated Notes issued in connection with the issuance of additional Secured Debt and replacement notes issued in connection with a Refinancing), the Closing Date Reserve and any amounts in respect of Collateral Management Fees waived by the Collateral Manager in accordance with the Collateral Management Agreement may also be deposited into the Permitted Use Account.

Distributions of Principal.....

Principal payments will be made on Outstanding Secured Debt in accordance with the Priority of Payments on:

- any Payment Date in the event that an Effective Date Ratings Confirmation Failure has occurred and is continuing, to the extent necessary to obtain Effective Date Ratings Confirmation;
- any Payment Date if any Coverage Test is not satisfied as of the related Determination Date, to the extent necessary to satisfy that test;
- on any Payment Date during the Reinvestment Period if the Reinvestment Overcollateralization Test is not satisfied, in the discretion of the Collateral Manager;
- any Payment Date on which a Special Redemption occurs;
- any Payment Date after the Reinvestment Period, until the Secured Debt is retired;
- any Redemption Date and any Refinancing Date; and
- the Stated Maturity.

Principal payments only will be made on the Outstanding Subordinated Notes in accordance with the Priority of Payments on Payment Dates on and after the Secured Debt has been paid in full. In addition, a Majority of the Subordinated Notes may designate Principal Proceeds otherwise payable on the Subordinated Notes as a Contribution for application to a Permitted Use. Any amounts so designated by a Majority of the Subordinated Notes shall be deemed as having been paid to the Holders of the Subordinated Notes pursuant to the Priority of Payments.

Post-Acceleration Distributions

If an Enforcement Event occurs and is continuing, payments (including interest and principal) on each Lower Ranking Class will be subordinated to payments (including interest and principal) on each Higher Ranking Class in accordance with the Priority of Post-Acceleration Proceeds.

Collateral Management Fees

Senior
Collateral Management Fee

The fee payable to the Collateral Manager in arrears on each Payment Date in accordance with the Priority of Payments and the Collateral Management Agreement, in an amount equal to 0.15% *per annum* of the Fee Basis Amount as of the first day of the related Due Period.

Subordinated
Collateral Management Fee

The fee payable to the Collateral Manager in arrears on each Payment Date in accordance with the Priority of Payments and the Collateral Management Agreement, in an amount equal to 0.35% *per annum* of the Fee Basis Amount as of the first day of the related Due Period.

Incentive
Collateral Management Fee

On each Payment Date, commencing on the Payment Date on which the Target Return has been achieved, an amount payable in accordance with the Priority of Payments and the Collateral Management Agreement.

Target Return

With respect to any Payment Date, the amount that, together with all amounts paid to the Holders of the Subordinated Notes pursuant to the Priority of Payments prior to such

Payment Date, would cause the Holders of the Subordinated Notes to first achieve an Internal Rate of Return of 12.0%.

Target Amounts

Closing Proceeds..... The Issuer expects the net proceeds from the issuance and sale of the Securities, after discounts, certain fees, organizational and other fees and expenses and funding of the Closing Date Reserve, to be approximately U.S.\$547,000,000 and will be used by the Issuer to pay all amounts due under the warehouse agreement, redeem the notes issued prior to the Closing Date and purchase Collateral Debt Obligations. The Collateral Manager has and will continue to enter into transactions to purchase Collateral Debt Obligations by the Effective Date in an amount at least equal to the Effective Date Target Par Amount.

Effective Date Target Par Amount..... \$550,000,000.

Certain Other Terms

Permitted Use..... Any of the following uses: (i) the transfer to the Collection Account for application as Interest Proceeds or Principal Proceeds; (ii) the repurchase of Secured Debt of any Class through a tender offer, in the open market, or in a privately negotiated transaction (in each case, subject to applicable law); (iii) the application of such amounts in connection with an Exchange Transaction; (iv) to fund a Refinancing or related expenses; (v) to make an upfront payment with respect to any Hedge Agreement, (vi) to pay Administrative Expenses, including expenses related to the issuance of Additional Debt, or to make a deposit into the Expense Reserve Account and/or (vii) any other use for which amounts held by the Issuer are permitted to be used in accordance with the terms of the Indenture.

Offer and Transfer Restrictions..... The Securities have not been and will not be registered under the Securities Act, and none of the Issuer, the Co-Issuer or the pool of collateral is or will be registered under the Investment Company Act, in reliance on the exemption provided by Section 3(c)(7) thereof. Accordingly, such Securities may not be offered or sold within the United States to, or for the account or benefit of, "U.S. persons" (as such terms are defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the Investment Company Act. The Securities may only be offered or sold to (a)(i) Qualified Institutional Buyers that are also Qualified Purchasers, (ii) in the case of the Subordinated Notes, (A) Qualified Collateral Manager Investors or (B) Institutional Accredited Investors that are also Qualified Purchasers in reliance on an exemption under the Securities Act (each of the entities described in clauses (a)(ii)(A) and (B), a "**Qualified Accredited Investor**"), or (iii) non-U.S. persons in accordance with the requirements of Regulation S and (b) in accordance with any other applicable law.

Transfer of the Securities is subject to certain restrictions. Each purchaser (including transferees) will be required to make (or will be deemed to have made) certain representations and agreements. For a description of such representations and agreements and restrictions on resale or transfer of interests in the Securities, see "Transfer and Exchange" and "ERISA Considerations."

Listing and Trading..... Application has been made to the Irish Stock Exchange for the Listed Notes to be admitted to the Official List and trading on its Global Exchange Market. There can be no assurance that such listing will be maintained. See “Listing and General Information.” There is currently no secondary market for the Securities and none may develop.

Tax Considerations See “Certain U.S. Federal Income Tax Considerations.”

ERISA Considerations See “ERISA Considerations.”

For a discussion of certain factors that should be considered by prospective investors in connection with an investment in the Securities, see “Risk Factors.”

RISK FACTORS

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

Relating to General Commercial Risks

General Economic Conditions. Significant risks may exist for the Issuer and investors in the Notes as a result of the uncertain general economic conditions. These risks include, among others, (i) the possibility that, on or after the Closing Date, the prices at which Collateral Debt Obligations can be sold by the Issuer will have deteriorated from their effective purchase price, (ii) the illiquidity of the Notes, as there may be no secondary trading in the Notes and (iii) the possibility of a decline in the market value of the Notes. These risks may affect the returns on the Notes to investors and the ability of investors to realize their investment in the Notes prior to the Stated Maturity, if at all. In addition, the primary market for a number of financial products including leveraged loans may be volatile, and the level of new issuances may be uncertain and may vary based on a number of factors, including general economic conditions. As well as reducing opportunities for the Issuer to purchase assets in the primary market, this may increase reinvestment or refinancing risk in respect of maturing Collateral Debt Obligations. These additional risks may affect the returns on the Notes to investors and could further slow, delay or reverse an economic recovery and cause a further deterioration in loan performance generally. Limitations on the amount of available credit in the market may have an adverse impact on general economic conditions that affect the performance of the Collateral Debt Obligations. The slowdown in growth or commencement of a recession would be expected to have an adverse effect on the ability of businesses to repay or refinance their existing debt. Adverse macroeconomic conditions may adversely affect the rating, performance and the realization value of the Collateral Debt Obligations. It is possible that the Collateral Debt Obligations will experience higher default rates than anticipated and that performance will suffer. In recent years, some leading global financial institutions have been forced into mergers with other financial institutions, have been partially or fully nationalized or have become bankrupt or insolvent.

The bankruptcy or insolvency of a major financial institution may have an adverse effect on the Issuer, particularly if such financial institution is the administrative agent of a leveraged loan or is a selling institution with respect to a participation. In addition, the bankruptcy, insolvency or financial distress of one or more additional financial institutions, or one or more sovereigns, may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on the Issuer, the Collateral Debt Obligations and the Notes.

The market value and performance of the Collateral Debt Obligations and the Notes may be adversely impacted by current and future economic conditions, including perceptions of potential, current or future conditions, market trading imbalances or technical dislocation. To the extent that economic and business conditions fail to improve or deteriorate further, the levels of defaults and delinquencies are likely to increase and market values may decrease or not fully recover, which may adversely affect the amount of Sale Proceeds that could be obtained upon the sale of the Collateral Debt Obligations and could adversely impact the ability of the Issuer to make payments on the Notes.

Illiquidity in the Leveraged Finance Market. The financial markets have experienced substantial fluctuations in prices for leveraged loans and high-yield debt securities and limited liquidity for such instruments. During periods of limited liquidity and higher price volatility, the Issuer's ability to acquire or dispose of Collateral Debt Obligations at a price and time that the Collateral Manager deems advantageous may be severely impaired, which may impair the Issuer's 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. Furthermore, some Collateral Debt Obligations will have a limited trading market (or none) under any market conditions. Illiquid debt obligations may trade at a discount from comparable, more liquid investments. 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 Collateral and, ultimately, the returns on the Notes to investors.

Conditions in Europe May Adversely Affect Holders. Certain of the Collateral Debt Obligations may be issued by obligors located in the European Union ("EU") or otherwise affected by the strength of the euro. European financial markets have experienced volatility and have been adversely affected by concerns about rising government debt levels, credit rating downgrades, and possible default on or restructuring of government debt. These events have caused bond yield spreads (the cost of borrowing debt in the capital markets) and credit default spreads (the cost of

purchasing credit protection) to increase, most notably in relation to certain eurozone countries. The governments of several member countries of the EU have experienced large public budget deficits, which have adversely affected the sovereign debt issued by those countries and may ultimately lead to declines in the value of the euro.

It is possible that countries that have already adopted the euro could abandon the euro and return to a national currency and/or that the euro will cease to exist as a single currency in its current form. The effects on a country of abandonment of the euro or a country's forced expulsion from the EU are impossible to predict, but are likely to be negative. The exit of any country out of the EU or the abandonment by any country of the euro would likely have a destabilizing effect on all eurozone countries and their economies and a negative effect on the global economy as a whole. Although all Collateral Debt Obligations must be U.S. dollar denominated, the effect of such potential events on the obligors, the Collateral Debt Obligations, the Issuer or on the Notes is impossible to predict.

Relating to the Notes

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

Nature of the Obligations. The Issuer Only Notes will be limited recourse debt obligations of the Issuer and the Co-Issued Notes will be limited recourse debt obligations of the Issuers, in each case, payable solely from the Collateral pursuant to the Indenture. The Notes do not represent interests in or obligations of, and are not guaranteed, insured or secured by any rating agency, Credit Suisse, the Collateral Manager, any other Transaction Party (other than the Applicable Issuer), any Affiliate, director, member or partner of the Issuers or any other Transaction Party, or any other person or entity (other than the Applicable Issuer). If distributions on the Collateral are insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency and, following liquidation of the Collateral, the obligations of the Applicable Issuer to pay any such deficiency will be extinguished.

Liquidity Considerations. There is currently no secondary market for the Notes, and none may develop. The Notes are not expected to be readily marketable. In addition, the Notes are subject to certain transfer restrictions (including Authorized Denominations) that may further limit their liquidity. See "Transfer and Exchange." Furthermore, various regulatory requirements may restrict a potential investor's ability to purchase Notes or make such an investment unattractive to them. See "—Relating to Tax Considerations" and "—Relating to Regulatory and Other Legal Considerations—Legal and Regulatory Developments." The Notes are designed for long-term investors and should not be considered a vehicle for short-term trading purposes. As a result, investors must be prepared to bear the risk of holding the Notes until their Stated Maturity. To the extent that any secondary market exists for the Notes in the future, the price (if any) at which Notes may be sold could be at a discount, which in some cases may be substantial, from the principal amount of the Notes. To the extent any market exists for the Notes in the future, significant delays could occur in the actual sale of Notes.

Subordination. Payments on the Notes are subordinated to payments on each Higher Ranking Class (including in the case of the Subordinated Notes, subordinated to any required payments on the Secured Debt) and certain fees and expenses. If any Coverage Test is not satisfied as of any Determination Date or if an Effective Date Ratings Confirmation Failure has occurred and is continuing, cash flows otherwise payable to Lower Ranking Classes of Notes will be diverted to the payment of principal on Higher Ranking Classes of Secured Debt as set forth in the Priority of Payments. Interest Proceeds will be diverted, in accordance with the Priority of Payments, at the discretion of the Collateral Manager to pay principal on Higher Ranking Classes or to purchase additional Collateral Debt Obligations during the Reinvestment Period if the Reinvestment Overcollateralization Test is not satisfied as of the related Determination Date, to the extent necessary to satisfy such test as of the Determination Date. The Supplemental Reserve Amount can also be diverted from amounts that would otherwise be distributed to the Subordinated Notes, in accordance with the Priority of Interest Proceeds, at the direction of the Collateral Manager with the written consent of a Majority of the Subordinated Notes for application to a Permitted Use. In addition, a Majority of the Subordinated Notes may designate Interest Proceeds otherwise payable on the Subordinated Notes as a Contribution for application to a Permitted Use and any amounts so designated shall be deemed as having been paid to the Holders of the Subordinated Notes pursuant to the Priority of Payments.

If an Enforcement Event has occurred and is continuing, Interest Proceeds and Principal Proceeds will be applied to pay both principal of and interest on each Higher Ranking Class until each such Class is paid in full before any further payment or distribution will be made on any Lower Ranking Class pursuant to the Priority of Post-Acceleration Proceeds. As a result, Lower Ranking Classes will not receive interest payments until each Higher Ranking Class has been paid principal and interest. As a result, Lower Ranking Classes may not receive partial or full payment of principal and further distributions may not be made in respect of the Subordinated Notes.

None of Credit Suisse, the Collateral Manager or any other Transaction Parties (other than the Applicable Issuer) or any Affiliates of the Issuer or Co-Issuer or of any other Transaction Party, any of their respective partners, directors, or members or any other person or entity (other than the Applicable Issuer) will be obligated to make payments on the Notes. To the extent any losses are suffered, such losses will be borne by the owners of the Notes, beginning with the Subordinated Notes as the lowest ranking Class.

Holders and beneficial owners of Notes will also be subject to the Bankruptcy Subordination Agreement described under “The Indenture—Acceleration of Maturity.” However, a bankruptcy court may find that the Bankruptcy Subordination Agreement is not enforceable on the ground that it violates an essential policy underlying the Bankruptcy Law or other applicable bankruptcy or insolvency law.

Subordinated Notes are Unsecured. The Subordinated Notes are not secured by the Collateral Debt Obligations or other Collateral securing the Secured Debt. As a result, the Holders of the Subordinated Notes will rank behind all of the secured creditors, whether known or unknown, of the Issuer, including, without limitation, the Holders of the Secured Debt. No Person or entity other than the Issuer will be required to make any distributions on the Subordinated Notes. Except with respect to the obligations of the Issuer to make payments pursuant to the Priority of Payments, the Issuer does not expect to have any creditors. Any distributions on the Subordinated Notes will be payable only to the extent funds are available in accordance with the Priority of Payments.

Leveraged Credit Risk. The Issuer will utilize a high degree of leverage, which is a speculative investment technique that increases the risk to owners of the Notes, particularly owners of the Subordinated Notes. In certain scenarios, the Secured Debt may not be paid in full and the Subordinated Notes may be subject to up to 100% loss of invested capital. The Subordinated Notes represent the lowest ranking Class in a highly leveraged capital structure. As a result, any deterioration in performance of the Collateral, including defaults and losses, a reduction of realized yield or other factors, will be borne first by owners of the Subordinated Notes. In addition, the use of leverage can magnify the effects on the Subordinated Notes of deterioration in the performance of the Collateral. The Collateral is expected to consist primarily of below investment grade debt obligations. Such obligations have greater liquidity risk and credit risk than investment grade debt obligations. Failure to satisfy any Coverage Test or the existence of an Effective Date Ratings Confirmation Failure will result in cash flows (if any) otherwise available for interest payments being applied to make principal payments on Higher Ranking Classes of Secured Debt. During the Reinvestment Period, Interest Proceeds will be diverted, in accordance with the Priority of Payments, at the discretion of the Collateral Manager to pay principal on Higher Ranking Classes or to purchase additional Collateral Debt Obligations if the Reinvestment Overcollateralization Test is not satisfied as of the related Determination Date, to the extent necessary to satisfy such test as of the Determination Date. The Supplemental Reserve Amount can also be diverted, in accordance with the Priority of Interest Proceeds, at the direction of the Collateral Manager with the written consent of a Majority of the Subordinated Notes for application to a Permitted Use. In addition, a Majority of the Subordinated Notes may designate Interest Proceeds or Principal Proceeds otherwise payable on the Subordinated Notes as a Contribution for application to a Permitted Use and any amounts so designated shall be deemed as having been paid to the Holders of the Subordinated Notes pursuant to the Priority of Payments. Furthermore, if an Enforcement Event has occurred and is continuing, Interest Proceeds and Principal Proceeds will be applied to pay both principal of and interest on each Higher Ranking Class until each such Class is paid in full before any further payment or distribution will be made on any Lower Ranking Class. This will likely reduce returns on the Subordinated Notes and cause a temporary or permanent suspension of payments on the Subordinated Notes. Furthermore, if Additional Debt is issued after the Closing Date, such securities may not be issued in the same proportion as existing Classes, which may adversely affect returns on the Subordinated Notes. In addition, certain expenses (including the Collateral Management Fees) are based on a percentage of the Fee Basis Amount, which includes the Collateral obtained through the use of leverage. Accordingly, expenses attributable to the Subordinated Notes will be higher because such expenses will be calculated using the Fee Basis Amount.

A significant amount of the initial proceeds from the sale of the Notes will be applied to pay organizational and other expenses incurred by the Issuer in connection with the offering of the Notes rather than to make investments in Collateral Debt Obligations. As a result, the Aggregate Principal Balance of the Collateral Debt Obligations on the Closing Date may be less than the initial Aggregate Outstanding Amount of the Notes. In addition, during the lifetime of the transaction, except as described herein, Interest Proceeds available for such purpose under the Priority of Interest Proceeds will be paid to the Holders of the Subordinated Notes, rather than being invested in additional Collateral Debt Obligations. Therefore, it is highly likely that after payments of the Secured Debt and the other amounts payable prior to the Subordinated Notes under the Priority of Payments, Principal Proceeds will be insufficient to return the initial investment made in the Subordinated Notes. Therefore, over the passage of time, Holders of Subordinated Notes will have to rely on Interest Proceeds for their ultimate return.

Impact of Uninvested Cash Balances; Unpaid Accrued Interest on Collateral. To the extent the Collateral Manager (on behalf of the Issuer) maintains cash balances invested in short-term investments instead of higher yielding obligations, portfolio income will be reduced which will result in lower amounts available for distributions on the Notes, in particular the Subordinated Notes. On the Closing Date, the Issuer is expected to have uninvested proceeds. This will likely reduce the amount of Interest Proceeds that would otherwise be available to distribute to the Holders of the Subordinated Notes, particularly on the first Payment Date. If the Issuer issues additional securities after the Closing Date, the Issuer may have significant uninvested proceeds from the offering, pending investment in Collateral Debt Obligations. The extent to which cash balances remain uninvested will be subject to a variety of factors, including future market conditions and is difficult to predict.

In addition, there will be a mismatch between the payment dates of the Collateral Debt Obligations and the Payment Dates with respect to the Notes. Accordingly, interest that has accrued on Collateral Debt Obligations during a Due Period may not be received by the Issuer during such Due Period, which may adversely affect the Issuer's ability to make payments and distributions on the Notes, particularly the Subordinated Notes, on any particular Payment Date.

Calculation of Overcollateralization Tests and Reinvestment Overcollateralization Test. If any Coverage Test is not satisfied as of any Determination Date, cash flows otherwise payable to Lower Ranking Classes of Notes will be diverted to the payment of principal of Higher Ranking Classes of Secured Debt as set forth in the Priority of Payments. If the Reinvestment Overcollateralization Test is not satisfied as of any Determination Date, cash flows otherwise payable to Lower Ranking Classes of Notes may, in the discretion of the Collateral Manager, be diverted to the payment of principal of Higher Ranking Classes of Secured Debt or to purchase Collateral Debt Obligations as set forth in the Priority of Payments. Calculation of the Par Value Numerator for purposes of the Overcollateralization Tests and the Reinvestment Overcollateralization Test applies certain reductions to the par amount of Collateral Debt Obligations as set forth in the definition of Par Value Numerator. For example, for purposes of this calculation, a Defaulted Obligation will be included at its Moody's Collateral Value if it has been a Defaulted Obligation for less than three years and at zero if it has been a Defaulted Obligation for three or more years, and the amount of CCC Assets or Caa Assets that exceed certain levels will be subject to the CCC Haircut Amount. Such reductions may increase the likelihood that one or more Overcollateralization Tests or the Reinvestment Overcollateralization Test is not satisfied.

Valuation Information; Limited Information. None of Credit Suisse, the Collateral Manager or any other Transaction Party will be required to provide periodic pricing or valuation information to investors. Investors will receive limited information with regard to the Collateral Debt Obligations, and none of the Transaction Parties (including the Issuer, the Trustee, and the Collateral Manager) will be required to provide any information other than what is required in the Indenture. Furthermore, if any information is provided to the Holders (including required reports under the Indenture), such information may not be audited. Finally, the Collateral Manager may be in possession of material, non-public information with regards to the Collateral Debt Obligations and will not be required to disclose such information to the Holders.

Concentrated Ownership of Subordinated Notes. On the Closing Date, a Majority of the Subordinated Notes are expected to be purchased by one or more affiliated investors. At any time one or more affiliated owners hold a Majority of the Subordinated Notes, it may be more difficult for other investors to take (or avoid taking) certain actions that require consent of the Subordinated Notes. For example, a Majority of the Subordinated Notes may direct an optional redemption, subject to certain conditions. Holders of Subordinated Notes are not required under the Indenture to take into account the interests of any other Class. The actions pursued by holders of the

Subordinated Notes may be adverse to interests of Holders of other Classes. See “—Relating to the Issuer and its Service Providers—Certain Conflicts of Interest Related to the Collateral Manager.”

Control of Remedies. The Controlling Class will have the right to direct certain actions and control certain decisions, including if an Event of Default occurs and is continuing with respect to remedies and acceleration of maturity on the Notes, providing consent to certain amendments of the Indenture, and directing or consenting to certain actions under the Collateral Management Agreement with respect to removal for cause of the Collateral Manager and appointment of a successor Collateral Manager. Holders of Notes of the Controlling Class are not required under the Indenture to take into account the interests of any other Class. The remedies and other actions pursued by the Controlling Class could be adverse to the interests of holders of other Classes of Notes.

Amendments to the Indenture. The Indenture may be amended, and in many cases may be amended without the consent of Holders of Notes. Such amendments could be adverse to certain owners of Notes. See “The Indenture—Amendments of the Indenture.”

Notes Repurchased by the Issuer or Surrendered Will be Cancelled. The Indenture permits the Issuer to purchase Secured Debt of the Class designated by the Collateral Manager subject to certain conditions (“**Repurchased Notes**”). It is possible for the Issuer to make payments of Principal Proceeds and Interest Proceeds to the sellers of the Repurchased Notes prior to the next Payment Date and before such amounts may have otherwise been paid to Higher Ranking Classes. In addition, Holders may surrender their Notes to the Issuer (“**Surrendered Notes**”). Repurchased Notes and Surrendered Notes will be cancelled and no longer deemed Outstanding for certain purposes under the Indenture such as the exercise of voting rights, but will be deemed Outstanding with respect to the calculation of the Overcollateralization Ratio to the extent described in the definition of Outstanding.

Average Life and Prepayment Considerations. The average life of the Secured Debt is expected to be shorter than the number of years remaining to the Stated Maturity. The average life of the Secured Debt will be affected by a number of factors, including any early termination of the Reinvestment Period, redemption or acceleration described herein, the amount and frequency of principal payments on the Secured Debt as a result of the failure of the Coverage Tests, Reinvestment Overcollateralization Test or an Effective Date Ratings Confirmation Failure, the financial condition of the obligors of the Collateral Debt Obligations and the characteristics of such obligations, including the stated maturity, existence and frequency of exercise of any redemption rights (or tender offers or exchange offers for such obligations), the prevailing level of interest rates, the redemption price, the actual default rate and the actual level of recoveries on defaulted obligations, the level of reinvestment of certain types of proceeds after the Reinvestment Period, prepayments and the amount and frequency of any sales of Collateral Debt Obligations by the Collateral Manager and the ability of the Collateral Manager to invest in additional Collateral Debt Obligations. A shortening of the average life of the Secured Debt may adversely affect returns on the Subordinated Notes.

The Issuer may cause the redemption (in whole but not in part) of all Classes of the Notes subject to certain conditions. In addition, the maturity of the Notes may be accelerated upon the occurrence of an Event of Default. There can be no assurance that, upon any optional redemption, the proceeds realized would permit any payment on the Subordinated Notes after all required payments are made in accordance with the Priority of Payments, or upon an acceleration of the Notes, the proceeds realized would be sufficient to pay the Secured Debt in full and permit any payment on the Subordinated Notes. In particular, the market prices of the Collateral Debt Obligations will affect returns on the Subordinated Notes. In addition, a redemption of all the Secured Debt or acceleration of the Notes could require the Collateral Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the obligations sold. Further, in connection with a Refinancing or Re-Pricing, Secured Debt may be 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 may be difficult or expensive to acquire.

The Issuer’s ability to refinance Secured Debt or re-price Repricable Notes may be impaired or limited as a result of risk retention requirements. See “—U.S. Risk Retention Rule May Negatively Impact the Issuer’s Performance.”

The Repricable Notes are subject to Re-Pricing. If interest rates on investments similar to the Secured Debt fall below current levels, a Majority of the Subordinated Notes (with the consent of the Collateral Manager) or the Collateral Manager (with the consent of a Majority of the Subordinated Notes), as applicable, may cause a Re-

Pricing of one or more Classes of Repricable Notes, which will result in the Interest Rate payable with respect to each Re-Priced Class being reduced. If any holders of a Re-Priced Class do not consent to the proposed Re-Pricing within the time period described herein, the Issuer or the Re-Pricing Intermediary will have the right to (i) cause the non-consenting holders to sell their Notes of the Re-Priced Class on the Re-Pricing Date to one or more transferees at a sale price equal to their Redemption Price (subject to the Redemption Premium Payment Procedures) or (ii) redeem such Notes at their Redemption Price in a Re-Pricing Redemption with Re-Pricing Proceeds and Partial Redemption Interest Proceeds. A Re-Pricing may occur at a time when the Re-Priced Class is trading in the market at a premium and when other investments bearing the same rate of interest may be difficult or expensive to acquire. A Re-Pricing may also result in a shorter investment than a holder of Repricable Notes may have anticipated. The Issuer's ability to refinance Secured Debt or re-price Repricable Notes may be impaired or limited as a result of risk retention requirements. See "—U.S. Risk Retention Rule May Negatively Impact the Issuer's Performance."

Issuances of Additional Debt May Prevent the Failure of Coverage Tests and an Event of Default. The Issuer may, but it is not required to, issue and sell Additional Debt of existing Classes and use the proceeds to purchase Collateral Debt Obligations or issue and sell Junior Notes or Additional Subordinated Notes and use the proceeds to purchase additional Collateral Debt Obligations or for Permitted Uses. The result could be satisfaction of the Reinvestment Overcollateralization Test or a Coverage Test which would otherwise be failing and/or prevent certain Events of Default.

No Initial Purchaser Role Post-Closing. The Initial Purchaser takes no responsibility for, and has no obligations in respect of, the Issuer and will have no obligation to monitor the performance of the Collateral or the actions of the Collateral Manager or the Issuer and 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 the Issuer. If the Initial Purchaser or its Affiliates owns Notes, they will have no responsibility to consider the interests of any other owner of Notes with respect to actions they take or refrain from taking in such capacity.

Beneficial Owners of Global Notes. Holders of beneficial interests in any Global Notes will not be considered registered Holders under the Indenture. After payment of any interest, principal or other amount to DTC, neither the Issuer nor the Co-Issuer will have any responsibility or liability for the payment of such amount by DTC or to any owner of a beneficial interest. Further, beneficial owners may experience delays in payments as upon receipt of such payments, DTC will be required to credit them to the accounts of its participants which thereafter will be required to credit them to the accounts of the applicable owners of the Notes, either directly or indirectly through indirect participants.

DTC or its nominee will be the sole Holder of each Global Note, and therefore owners of beneficial interest in a Global Note 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 Voting Rights of a Holder.

Ratings on Secured Debt. A credit rating is not a recommendation to buy, sell or hold a security, and it may be subject to revisions or withdrawal at any time by the assigning Rating Agency. Moreover, the Rating Agencies may change their published ratings criteria or methodologies applicable to the Secured Debt at any time and may retroactively apply any such new standards. Any such action could result in a substantial lowering, suspension or withdrawal of any rating assigned to any Secured Debt, despite the fact that such Secured Debt might still be performing fully to the specifications described in this Offering Memorandum and set forth in the Transaction Documents. Additionally, any Rating Agency may, at any time and without any change in its published ratings criteria or methodology, lower, suspend or withdraw any rating assigned by it to any Class of Secured Debt. If any rating initially assigned to any Class is subsequently lowered, suspended or withdrawn for any reason, the market value of such Notes may be reduced such that interests in those Notes may not be able to be sold except at a substantial discount.

Potential for Unsolicited Ratings. In compliance with Rule 17g-5 under the Exchange Act, the Issuer has and will cause to be posted on a password-protected internet website, at or before the time that such information is provided to a Rating Agency, all information the Issuer provides to such Rating Agency for the purposes of determining its initial credit rating of the Secured Debt or undertaking credit rating surveillance of the Secured Debt. 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 Notes (“Unsolicited Ratings”), which may be lower, and could be significantly lower, than the ratings assigned by the Rating Agencies. Unsolicited Ratings may be issued prior to, on or after the Closing Date. Issuance of an Unsolicited Rating will not affect or delay the issuance of the Notes. Issuance of an Unsolicited Rating lower than the ratings assigned by the Rating Agencies on the Secured Debt could adversely affect the value and liquidity of the Secured Debt and, for certain investors, could affect the status of the Secured Debt as a legal investment or the capital treatment of the Secured Debt. Investors in the Secured Debt should monitor whether an Unsolicited Rating has been issued and should consult with their advisors regarding the effect of the issuance of an Unsolicited Rating that is lower than the expected ratings set forth in this Offering Memorandum. In addition, if the Issuer does not comply with Rule 17g-5 (by not providing required information to non-hired NRSROs through the website or otherwise), a Rating Agency could withdraw its ratings on one or more Classes of Secured Debt, which could adversely affect the market value, liquidity and transferability of the Notes and may adversely affect any beneficial owner that relies on ratings of such Secured Debt for regulatory or other compliance purposes.

Relating to Tax Considerations

The Issuer and/or payments on the Notes may be subject to tax. An investment in the Notes involves complex tax issues. See “Certain U.S. Federal Income Tax Considerations” for a more detailed discussion of certain tax issues raised by an investment in the Notes.

The Issuer expects to conduct its affairs so that it will not be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes (including as a result of lending activities). As a consequence, the Issuer expects that its net income will not become subject to U.S. federal income tax. There can be no assurance, however, that the Issuer’s net income will not become subject to U.S. federal income tax as a result of unanticipated activities, changes in law, contrary conclusions by the U.S. Internal Revenue Service (the “IRS”), or other causes. If the Issuer were determined to be engaged in a trade or business within the United States for U.S. federal income tax purposes, its income (computed possibly without any allowance for deductions) that is effectively connected with such trade or business would be subject to U.S. federal income tax at the usual corporate rate, and possibly to a branch profits tax of 30% as well. The imposition of such taxes could materially impair the Issuer’s ability to make payments on the Notes, cause the Issuer to sell the relevant Collateral Debt Obligations or cause a Tax Event in certain circumstances. In addition, if the Issuer creates an Issuer Subsidiary, the subsidiary’s income may be subject to net tax in the United States and the imposition of such taxes would materially reduce any return from assets held in such subsidiary.

Although the Issuer does not intend to be subject to U.S. federal income tax with respect to its net income, income derived by the Issuer may be subject to withholding or gross income taxes imposed by the United States or other countries. In this regard and subject to certain exceptions, the Issuer may generally only acquire a particular Collateral Debt Obligation if, at the time of commitment to purchase, either the interest payments thereon are not subject to withholding tax or the issuer of the Collateral Debt Obligation is required to make “gross-up” payments. The Issuer may, however, be subject to withholding or gross income taxes in respect of commitment fees, facility fees, and other similar fees, as well as with respect to interest and disposition proceeds in respect of U.S. Collateral Debt Obligations issued or materially modified on or after July 1, 2014 (as discussed in more detail below), and such withholding or gross income taxes may not be grossed up.

Notwithstanding the foregoing, there can be no assurance that income derived by the Issuer will not become subject to withholding or gross income taxes as a result of changes in law, contrary conclusions by the IRS, or other causes. In that event, such withholding or gross income taxes could be applied retroactively to fees or other income previously received by the Issuer. To the extent that withholding or gross income taxes are imposed and not paid through withholding, the Issuer may be directly liable to the relevant taxing authority to pay such taxes. In that event, if the issuers of the Collateral Debt Obligations were not then required to reimburse any such taxes paid or to be paid, the amounts available to make payments on the Notes would accordingly be reduced. There can be no assurance that remaining payments on the Collateral Debt Obligations would be sufficient to make timely payments on each Class of Notes.

Re-Pricing. A U.S. holder that continues to own a Security following a Re-Pricing of such Security may be deemed, under Section 1001 of the Code, to have exchanged a debt instrument with the characteristics of such Security prior

to the Re-Pricing (the “Original Security”) for a newly issued debt instrument with the characteristics of such Security after the Re-Pricing (the “New Security”). Therefore, as a result of having so participated in the Re-Pricing, such a U.S. holder, among other consequences, may be required to recognize taxable gain during the taxable year in which the Re-Pricing occurs as a result of the deemed exchange, and may recognize short term capital gain or loss if it sells, exchanges, retires or otherwise disposes of the New Security within one year after the Re-Pricing, even if such gain or loss otherwise would have been long term capital gain or loss because such U.S. holder held a Security for more than one year. A deemed exchange of the Original Security for a New Security may alternatively be treated as a tax-free recapitalization if the Original Security and the New Security are both considered to be “securities” under Section 354 of the Code. If a Re-Pricing of a Security is treated as a recapitalization, a U.S. holder will generally not recognize gain or loss upon the deemed exchange and the holder’s tax basis in the New Security will be the same as the holder’s tax basis in the Original Security. However, the timing and amount of income on the New Notes may be affected by the deemed exchange.

A U.S. Holder who does not consent to a Re-Pricing and whose Notes are sold to a transferee pursuant to a Re-Pricing Sale generally will be taxed as described below under “Tax Treatment of U.S. Holders of Secured Debt—Sale and Retirement of the Secured Debt.” However, Redemption Premium paid by the Issuer to a Redemption Premium Identified Holder following a Re-Pricing Sale may be treated as ordinary income, rather than as part of the amount realized on the sale of the Notes.

U.S. holders should consult their tax advisors regarding the U.S. federal income tax consequences to them of a Re-Pricing.

Foreign Account Tax Compliance Rules. FATCA potentially imposes a withholding tax of 30% on certain payments made to the Issuer after June 30, 2014, including potentially all interest paid on (and after December 31, 2016, proceeds from the sale or other disposition of) U.S. Collateral Debt Obligations issued or materially modified on or after July 1, 2014, unless the Issuer complies with the Cayman IGA. The Cayman IGA requires, among other things, that the Issuer or its agent collect and provide to the Cayman Islands Tax Information Authority substantial information regarding certain direct and indirect holders of the Notes. In addition, in some cases, future laws or regulations concerning “foreign passthru payments” may require withholding on certain payments to certain holders of Notes. The Issuer intends to comply with its obligations under the Cayman IGA. However, in some cases, the ability to avoid such withholding tax will depend on factors outside of the Issuer’s control. For example, the Issuer may not be considered to comply with FATCA if more than 50% of the Subordinated Notes (and any other classes of Notes treated as equity for U.S. federal income tax purposes) are owned by a person that is, or is affiliated with, a foreign financial institution that is not compliant with FATCA. The Issuer or its agent will report information to the Cayman Islands Tax Information Authority, which will exchange such information with the IRS under the terms of the Cayman IGA. Under the terms of the Cayman IGA, withholding will not be imposed on payments made to the Issuer, or on payments made by the Issuer, unless the IRS has specifically listed the Issuer as a non-participating financial institution, the Issuer has otherwise assumed responsibility for withholding under U.S. tax law, or the Issuer cannot comply with FATCA as a result of factors outside of its control, as described above.

In addition, future guidance under FATCA may subject payments on Subordinated Notes (or other classes of Notes that are treated as equity for U.S. federal income tax purposes) and Secured Debt that are materially modified more than six months after the issuance of such future guidance, to a withholding tax of 30% if each foreign financial institution that holds any such Security, or through which any such Security is held, has not entered into an information reporting agreement with the IRS, qualified for an exception from the requirement to enter into such an agreement or complied with the terms of a relevant intergovernmental agreement.

Each owner of an interest in Notes will be required to provide the Issuer and the Trustee or their agents with information necessary to comply with the Cayman IGA as discussed above. Owners that do not supply required information, or whose ownership of Notes may otherwise prevent the Issuer from complying with FATCA (for example by causing the Issuer to be affiliated with a non-compliant foreign financial institution), may be subjected to punitive measures, including forced transfer of their Notes. There can be no assurance, however, that these measures will be effective, and that the Issuer and owners of the Notes will not be subject to the noted withholding taxes. The imposition of such taxes could materially affect the Issuer’s ability to make payments on the Notes or could reduce such payments.

The Cayman Islands has also entered into an intergovernmental agreement with the United Kingdom, which imposes requirements similar to those under the Cayman IGA with respect to holders of Notes who are resident in the United Kingdom for tax purposes, and may enter into similar agreements with other jurisdictions in the future. Each owner of an interest in Notes will be required to provide the Issuer and the Trustee or their agents with information necessary to comply with such requirements and any legislation or regulations implemented in relation thereto. Prospective investors should consult their own tax advisers regarding the potential implications of such agreements.

The Issuer may form Issuer Subsidiaries that may be subject to tax. To reduce the risk that the Issuer will be engaged in a trade or business within the United States for U.S. federal income tax purposes or become subject to withholding tax, in certain circumstances as set forth in the Indenture, Issuer Subsidiary Assets may be owned by one or more Issuer Subsidiaries wholly owned by the Issuer that will be treated as either U.S. or foreign corporations for U.S. federal income tax purposes. Any foreign Issuer Subsidiary may be treated as engaged in a trade or business within the United States and may be subject to U.S. federal income tax (and possibly a 30% branch profits tax) on a net income basis at normal corporate tax rates, and may file U.S. tax returns and reports (or protective U.S. tax returns and reports), and/or the Issuer Subsidiary may be subject to a 30% U.S. withholding tax on some or all of its income. In addition, U.S. holders will not be permitted to use losses recognized by the Issuer Subsidiary to offset gains recognized by the Issuer and may be subject to the adverse passive foreign investment company or controlled foreign corporation rules with respect to the Issuer Subsidiary described below under “Certain U.S. Federal Income Tax Considerations—Tax Treatment of U.S. Holders of Subordinated Notes.” In the case of a U.S. Issuer Subsidiary, the subsidiary would be subject to U.S. federal income tax on a net income basis at normal corporate tax rates, and would be required to file U.S. tax returns and reports. In addition, distributions from the U.S. Issuer Subsidiary to the Issuer may be subject to a 30% U.S. withholding tax. In the case of a foreign Issuer Subsidiary, such subsidiary may be subject to taxes on a net income basis in the jurisdiction in which it is resident for tax purposes. The imposition of such taxes on either a U.S. Issuer Subsidiary or a foreign Issuer Subsidiary will materially reduce any return from assets held in such subsidiary. Prospective investors should consult their tax advisers regarding their consequences if the Issuer organizes an Issuer Subsidiary.

The Issuer is expected to be treated as a passive foreign investment company and/or may be treated as a controlled foreign corporation for U.S. federal income tax purposes. The Issuer is expected to be a passive foreign investment company for U.S. federal income tax purposes, which means that a U.S. holder of Subordinated Notes (or any other Class of Notes that is treated as equity of the Issuer) may be subject to adverse tax consequences. Such a U.S. holder may elect to treat the Issuer as a qualified electing fund and to recognize currently its proportionate share of the Issuer’s income whether or not distributed to such U.S. holder. In addition, depending on the overall ownership of the Subordinated Notes, a U.S. holder of more than 10% of the Subordinated Notes may be treated as a “U.S. shareholder” in a controlled foreign corporation and required to recognize currently its proportionate share of the “subpart F income” of the Issuer whether or not distributed to such U.S. holder. A U.S. holder that makes a qualified electing fund election or that is required to recognize currently its proportionate share of the subpart F income of the Issuer will be required to include in current income its *pro rata* share of the Issuer’s earnings or income whether or not the Issuer actually makes any payments to such holder. Accordingly, a U.S. holder that makes a qualified electing fund election, or that is required to include subpart F income in the event that the Issuer is treated as a controlled foreign corporation, may recognize income in amounts significantly greater than the payments received from the Issuer. Taxable income may exceed cash payments when, for example, the Issuer uses earnings to repay principal on the Notes or accrues income on the Collateral Debt Obligations prior to the receipt of cash or the Issuer discharges its debt at a discount.

Payments on the Notes are not required to be grossed up for tax withheld.

Other than as described in the preceding paragraphs, the Issuer expects that payments on the Notes ordinarily will not be subject to any withholding tax (other than United States backup withholding tax). If the Issuer were determined to be engaged in a trade or business for U.S. federal income tax purposes within the United States, however, and had income effectively connected therewith, then interest paid on the Notes to a non-U.S. holder could be subject to a 30% U.S. withholding tax. In the event that withholding or deduction of any taxes from payments on the Notes is required by law in any jurisdiction, neither of the Issuers shall be under any obligation to make any additional payments in respect of such withholding or deduction.

Relating to the Collateral

Below Investment Grade Debt Obligations. It is expected that primarily all of the Collateral Debt Obligations will be rated below investment grade. Such debt obligations have greater credit and liquidity risk than investment grade obligations. The lower rating of such obligations reflects a greater possibility that adverse changes in the financial condition of an obligor or in general economic conditions, or both, may impair the ability of the Issuer to make payments on the Notes. In addition, obligors of below investment grade debt obligations may be highly leveraged and may not have available to them more traditional methods of financing. During an economic downturn, a sustained period of rising interest rates, or a period of fluctuating exchange rates (in respect of those obligors with operations located in non-U.S. countries), such obligors may be more likely to experience financial stress and may be unable to meet their debt obligations due to the obligors' inability to achieve sufficient financial results or the unavailability of financing or under certain market conditions may not be able to refinance their debt obligations which may increase their risk of default. Although recently default rates for below investment grade debt obligations have decreased relative to prior years, there can be no assurance that default rates will not increase, perhaps significantly, in the future. All risks associated with the Issuer's investment in such obligations will be borne by the owners of the Notes, beginning with the Subordinated Notes as the lowest ranking Class. See "— Defaults; Market and Credit Spread Volatility."

Liens Arising by Operation of Law. Federal or state law may grant liens on the collateral (if any) securing a Collateral Debt 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 issuer of a Collateral Debt Obligation. 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 Debt 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 Debt Obligation.

Loan Repricing. In addition to default frequency, recovery rate and market price volatility, leveraged loans may experience volatility in the spread that is paid on such leveraged loans. Such spreads will vary based on a variety of factors, including, but not limited to, the level of supply and demand in the leveraged loan market, general economic conditions, levels of relative liquidity for leveraged loans, the actual and perceived level of credit risk in the leveraged loan market, regulatory changes, changes in credit ratings and the methodology used by credit rating agencies in assigning credit ratings, and such other factors that may affect pricing in the leveraged loan market. Since leveraged loans may generally be prepaid at any time without penalty, the obligors of such leveraged loans would be expected to prepay or refinance such leveraged loans if alternative financing were available at a lower cost. For example, if the credit ratings of an obligor were upgraded, the obligor were recapitalized or if credit spreads were declining for leveraged loans, such obligor would likely seek to refinance at a lower credit spread. In addition, borrowers may have the right under the terms of a Collateral Debt Obligation to re-price the interest rate of such Collateral Debt Obligation and prepay any holder or lender that does not accept the new rate. The rates at which leveraged loans may prepay or refinance and the level of credit spreads for leveraged loans in the future are subject to numerous factors and are difficult to predict. Declining credit spreads in the leveraged loan market and increasing rates of prepayments and refinancings will likely result in a reduction of portfolio yield and interest collections on the Collateral Debt Obligations, which would have an adverse effect on the amount available for distributions on Notes, beginning with the Subordinated Notes as the lowest ranking Class. Downward movements in interest rates could also adversely affect the performance of non-investment grade obligations with call or redemption features. Such a call or redemption feature would permit the issuer of such debt securities to repurchase such securities from the Issuer. If a call were exercised by such an issuer during a period of declining interest rates, the Issuer would likely have to replace such called non-investment grade Collateral Debt Obligations with lower-yielding Collateral Debt Obligations.

Limited Control of Administration and Amendment of Collateral Debt Obligations. As a holder of an interest in a syndicated loan, 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 Debt Obligations or any related documents.

Due to the size of the Issuer's position in any Collateral Debt Obligation, the Collateral Manager will have limited influence over any amendment, waiver or modification of the Collateral Debt Obligation. The Collateral Manager may, in accordance with its collateral management practices and subject to the applicable terms of the Indenture and the Collateral Management Agreement, elect to accept any offer by the issuer of a security or by any other Person made to all of the holders of such security to purchase or otherwise acquire such security or to convert or exchange such security into or for cash, securities or any other type of consideration, or accept a solicitation by the issuer of a Collateral Debt Obligation to extend or defer the maturity, or to adjust the outstanding balance of, such Collateral Debt Obligation, or otherwise amend, modify or waive the terms of any related loan agreement, including the payment terms thereunder. The acceptance of any such offer or solicitation will not be considered an acquisition or purchase of a Collateral Debt Obligation by the Issuer that must comply with the Reinvestment Criteria. Moreover, Holders will not have any rights to direct the Collateral Manager in exercising the Issuer's rights pursuant to any such offer or solicitation, or otherwise under the governing documents of any Collateral Debt Obligation. Any such offer or amendment, waiver or modification relating to a Collateral Debt Obligation could postpone the expected maturity of the Secured Debt and reduce the likelihood of timely and complete payment of interest on or principal of the Secured Debt or distributions on the Subordinated Notes.

Participation on Creditors' Committees. The Issuer may (through the Collateral Manager) participate on committees formed by creditors to negotiate the management of financially troubled companies that may or may not be in bankruptcy or the Issuer may seek to negotiate directly with the debtors with respect to restructuring issues. If the Issuer does join a creditors' committee, the participants of the committee would be interested in obtaining an outcome that is in their respective individual best interests and there can be no assurance of obtaining results most favorable to the Issuer in such proceedings. By participating on such committees, the Issuer may be deemed to have duties to other creditors represented by the committees, which might thereby expose the Issuer to liability to such other creditors who disagree with the Issuer's actions.

The Issuer may also be provided with material non-public information that may restrict the Issuer's ability to trade in the company's securities. While the Issuer intends to comply with all applicable securities laws and to make judgments concerning restrictions on trading in good faith, the Issuer may trade in the company's securities while engaged in the company's restructuring activities. Such trading creates a risk of litigation and liability that may cause the Issuer to incur significant legal fees and potential losses.

Limited Information Available About the Collateral Debt Obligations. Neither the Issuer nor the Collateral Manager will be required to provide the holders or the Trustee with financial or other information (which may include material non-public information) it receives pursuant to the Collateral Debt Obligations and related documents. The Collateral Manager also will not be obligated to disclose to any of these parties the contents of any notice it receives pursuant to the Collateral Debt Obligations or related documents. 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 Debt Obligations.

Limitations of Portfolio Diversification. The Indenture will require that certain levels of diversification are maintained or improved in connection with reinvestments. The Collateral Debt Obligations are expected to consist primarily of below investment grade debt obligations. To the extent that below investment grade debt obligations as an asset class generally underperform or experience increased levels of credit losses, liquidity or market volatility, the Collateral Debt Obligations will likely experience credit and trading losses even with significant obligor and industry diversification. In addition, given the capital structure of the Issuer, any losses resulting from defaults and/or trading losses will be borne first by the Subordinated Notes, as the lowest ranking Class. Because losses on the Collateral will be borne first by the Subordinated Notes, losses in value or payment defaults on the obligations of any single obligor or industry sector will likely affect distributions on the Subordinated Notes more than distributions on the Higher Ranking Classes. The diversification requirements of the Indenture will not reduce the sensitivity of the distributions on the Subordinated Notes to these losses.

Interest Rate Risk. There will be a rate mismatch between the Floating Rate Notes and a portion of the Collateral Debt Obligations. Moreover, the Aggregate Outstanding Amount of Floating Rate Notes may be different than the Aggregate Principal Balance of the Floating Rate Collateral Debt Obligations. The Indenture will restrict the principal amount of Fixed Rate Collateral Debt Obligations. Although all or most Floating Rate Collateral Debt Obligations are expected to bear interest at rates based on LIBOR, some may be based on other indices, and even

those based on LIBOR will likely have reset dates or periods different from those of the Floating Rate Notes. The percentage of Floating Rate Collateral Debt Obligations at any time is influenced by, among other factors, the amount and frequency of defaults, prepayments, sales by the Collateral Manager of the Collateral Debt Obligations and the amount of floating rate Collateral Debt Obligations actually held by the Issuer at that time. An amendment to the Indenture would be required for the Issuer to enter into Hedge Agreements.

Historical performance of LIBOR. The Interest Rate on each class of Floating Rate Notes is based upon LIBOR and therefore may fluctuate from one Interest Accrual Period (or, in the case of the first Interest Accrual Period, the relevant portion thereof) to another in response to changes in LIBOR. From time to time, LIBOR has experienced high volatility. The historical performance of LIBOR should not be taken as an indication of future performance during the term of the Secured Debt. Changes in the levels of LIBOR will affect the amount of interest payable on the Floating Rate Notes, the trading price of the Secured Debt and the yield of the Subordinated Notes, but it is impossible to predict whether LIBOR will rise or fall. Some Collateral Debt Obligations, however, may have LIBOR floor arrangements, but there is no guarantee that any such LIBOR floor will fully mitigate the risk of falling LIBOR. There is no requirement for any Collateral Debt Obligation to have a LIBOR floor, and issuers of new loans may decrease the level of LIBOR floors or cease to include LIBOR floors in new issue loans. In addition, an increase in LIBOR may reduce or obviate the benefit of a LIBOR floor by decreasing the yield of the portfolio and reducing the amount available to make payments on the Notes, beginning with the Subordinated Notes as the lowest ranking Class. If LIBOR payable on the Floating Rate Notes rises during periods in which LIBOR with respect to the various Collateral Debt 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 Collateral Debt Obligations and the sum of the interest payable on the Secured Debt and certain transaction fees payable by the Issuer) that otherwise would be available as credit support or to make distributions on Subordinated Notes may instead be used to pay interest on the Secured Debt. There may also be a timing mismatch between the Secured Debt and the underlying floating rate Collateral Debt Obligations as the LIBOR on such Collateral Debt Obligations may adjust more frequently or less frequently or on different dates than LIBOR on the Floating Rate Notes. Such a mismatch could result in the Issuer not collecting sufficient Interest Proceeds to make interest payments on the Secured Debt. The Issuer will not enter into any Hedge Agreement on or prior to the Closing Date. The Issuer will be permitted to enter into a Hedge Agreement after the Closing Date only if the Trustee and the Issuers enter into a supplemental indenture and certain other conditions are satisfied. See “Security for the Secured Debt—Hedge Agreements.”

Additional information about LIBOR. Regulators and law-enforcement agencies in a number of different jurisdictions have conducted and continue to conduct civil and criminal investigations into potential manipulation or attempted manipulation of LIBOR submissions to the British Bankers’ Association. LIBOR is currently being reformed, including (i) the replacement of the British Bankers’ Association with ICE Benchmark Administration Ltd as LIBOR administrator, (ii) a reduction in the number of tenors for which LIBOR is calculated, and (iii) modifications to the LIBOR submission and calculation procedures. Investors should be aware that: (a) any of these changes or any other changes to LIBOR could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; (b) if the applicable rate of interest on any Collateral Debt Obligation is calculated with reference to a tenor which is discontinued, such rate of interest will then be determined by the provisions of the affected Collateral Debt Obligation, which may include determination by the relevant calculation agent in its discretion; (c) the administrator of LIBOR will not have any involvement in the Collateral Debt Obligations or the Notes and may take any actions in respect of LIBOR without regard to the effect of such actions on the Collateral Debt Obligations or the Notes; and (d) any uncertainty in the value of LIBOR or, the development of a widespread market view that LIBOR has been manipulated, or any uncertainty in the prominence of LIBOR as a benchmark interest rate due to the recent regulatory reform may adversely affect liquidity of the Collateral Debt Obligations or the Notes in the secondary market and their market value. Any of the above or any other significant change to the setting of LIBOR could have a material adverse effect on the value of, and the amount payable under, (i) any Collateral Debt Obligations which pay interest linked to a LIBOR rate and (ii) the Notes.

Loans and Participations. Loans may become non-performing for a variety of reasons and may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of principal. While the Issuer may have limited rights to participate in such workout negotiations or restructuring and voting rights with respect to interests in loans it owns through assignments, the Issuer will not own a large enough interest to control any such activities or votes. In addition, when the Issuer holds

a Participation, it may not have voting rights with respect to any waiver of enforcement of any restrictive covenant breached by an obligor. Selling institutions commonly reserve the right to administer the participations sold by them as they see fit (unless their actions constitute gross negligence or willful misconduct) and to amend the documentation evidencing the obligations in all respects. However, most participation agreements provide that the selling institutions 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 a potential waiver of a restrictive covenant may have interests different from those of the Issuer, and such selling institutions might not consider the interests of the Issuer in connection with their votes.

Loans are generally subject to additional liquidity risks and, in some cases, credit risks. Loans are not generally traded on established trading exchanges but are traded by banks, dealers and other institutional investors engaged in syndications, trading and investment. Consequently, there can be no assurance that there will be any market for any loan if the Issuer is required to sell or otherwise dispose of such loan. Depending on the terms of the underlying loan documentation, consent of the obligor may be required for an assignment, and a purported assignee may not have any direct right to enforce compliance by the obligor with the terms of the loan agreement in the absence of this consent. A holder of a loan participation is subject to additional risks not applicable to a holder of a direct interest in a loan. In the event of the insolvency of the selling institution, under the laws of the United States and the various states thereof, a holder of a participation may be treated as a general creditor of the selling institution and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the loan. Consequently, the holder of a loan participation will be subject to the credit risk of the selling institution as well as of the obligor. Participants also often do not benefit from the collateral (if any) supporting the loans in which they have a participation interest because participations often do not provide a purchaser with direct rights to enforce compliance by the obligor with the terms of the loan agreement or any rights of set-off against the obligor. The Collateral Manager is not required, and does not expect, to perform independent credit analyses of the selling institutions.

The Collateral may include Second Lien Loans and Unsecured Loans that are subordinated in right of payment to senior secured loans and other secured debt obligations of the related obligor. Accordingly, they are subject to a greater risk than senior secured loans that the available cash flows and, in the case of Second Lien Loans, the property, if any, securing such loans may be insufficient to make the scheduled payments and they may be subject to a higher degree of credit risk and more price volatility and may be less liquid than senior secured loans. Second Lien Loans may be subordinated to senior secured obligations with respect to specific collateral of the obligor and, in the event that the proceeds or value of such collateral is insufficient to repay the first lien debt obligations, the Second Lien Loans will likely suffer a loss of principal and interest. Unsecured Loans will not have the benefit of collateral. Second Lien Loans and Unsecured Loans will generally have rights that are subordinated to those of the senior secured obligations. Second Lien Loans and Unsecured Loans are subject to the same risks as senior secured loans, including credit risk, market risk, liquidity risk and interest rate risk. However, due to the subordinated nature of these loans they involve a higher degree of overall risk than the senior secured loans of the same obligor.

Balloon loans and bullet loans present refinancing risk. The Collateral will primarily consist of Collateral Debt 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 Debt Obligation. The ability of such obligor to make this final payment upon the maturity of the Collateral Debt Obligation typically depends upon its ability either to refinance the Collateral Debt Obligation prior to maturity or to generate sufficient cash flow to repay the Collateral Debt 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 Debt 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 Debt Obligation at maturity, and the Issuer could lose all or most of the principal of the Collateral Debt Obligation. Given their relative size and limited resources and access to capital, some obligors may have difficulty in repaying or refinancing their balloon and bullet Collateral Debt Obligation on a timely basis or at all.

Significant numbers of obligors 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 obligors 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 Debt Obligations.

Cov-Lite Loans. A significant portion of the Collateral Debt Obligations may be comprised of Cov-Lite Loans which contain limited, if any, financial covenants. Generally, such loans either do not require the obligor to maintain debt service or other financial ratios or do not contain common restrictions on the ability of the obligor to change significantly its operations or to enter into other significant transactions that could affect its ability to repay such loans. 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 such requirements and restrictions, which could result in an adverse impact on the Issuer’s ability to make payments on the Notes. The definition of Cov-Lite Loan does not include any loan that, although it has no maintenance or incurrence covenant, contains either 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 both an incurrence covenant and a maintenance covenant (each, an “**excluded loan**”). If the application of such covenants is subject to certain conditions (for example, in the case of a revolver, the condition that such revolver has been drawn), and those conditions have not been satisfied, such covenants will afford no protection to the Issuer. As a result of the ownership of such excluded loans and Cov-Lite Loans, the Issuer’s exposure to losses may be increased, which could result in an adverse impact on the Issuer’s ability to make payments on the Notes.

Investing in Non-U.S. Assets. A portion of the Collateral is expected to be securities and obligations of issuers that are not domiciled in the United States. Such non-U.S. securities and obligations are subject to regional economic conditions and sovereignty risks not normally associated with investments in United States issuers, including risks associated with political and economic uncertainty, fluctuations of currency exchange rates, differing levels of disclosure and regulation of non-U.S. nations or other taxes imposed with respect to investments in non-U.S. nations, foreign currency exchange controls (which may include suspension of the ability either to transfer currency from a given country or to repatriate investments) and uncertainties as to the status, interpretation and application of laws. In addition, information about non-U.S. issuers is often less publicly available than information about U.S. issuers. Moreover, non-U.S. issuers may not be subject to uniform accounting, auditing and financial reporting standards, and auditing practices and requirements may not be comparable to those applicable to U.S. companies. It may also be more difficult to obtain and enforce a judgment relating to obligations of non-U.S. persons in a court outside of the United States.

Acquisition and Sale of Collateral. By the Closing Date, the Issuer expects to have purchased or entered into agreements to purchase Collateral Debt Obligations with an Aggregate Principal Balance of at least 60% of the Effective Date Target Par Amount. The Issuer also expects to purchase additional Collateral Debt Obligations prior to the Effective Date, and subject to certain limitations, after the Effective Date. The price and availability of Collateral Debt Obligations may be adversely affected by a number of market factors, including price volatility of Collateral Debt Obligations and availability of investments suitable for the Issuer, which could hamper the ability of the Issuer to acquire a portfolio of Collateral Debt Obligations that will satisfy the Concentration Limitations and allow the Issuer to reach the Effective Date Target Par Amount prior to the Effective Date. Delays in reaching the Effective Date Target Par Amount may adversely affect the timing and amount of payments received by the holders of Notes and the yield to maturity of the Secured Debt and the distributions on the Subordinated Notes.

The actual portfolio of Collateral Debt Obligations owned by the Issuer will change from time to time as a result of scheduled and unscheduled payments of principal and sales and purchases of Collateral Debt Obligations.

Under the Indenture subject to certain conditions, the Issuer may dispose of Defaulted Obligations, Equity Securities, Credit Risk Obligations, Credit Improved Obligations and Unsalable Assets and other Collateral Debt Obligations subject to an annual percentage limitation. In addition, after the end of the Reinvestment Period, the Indenture will not permit the reinvestment of all types of Principal Proceeds. Circumstances may exist under which the Collateral Manager may believe that it is in the best interests of the Issuer to acquire or dispose of a Collateral Debt Obligation but will not be permitted to do so under the terms of the Indenture or the Collateral Management

Agreement. In addition, circumstances may exist which cause the Issuer not to be able to fully invest its cash in Collateral Debt Obligations, for example, because of market conditions, the unavailability of suitable obligations or an inability to satisfy the Reinvestment Criteria. During certain periods or in certain specified circumstances, as a result of the restrictions contained in the Indenture and Collateral Management Agreement, the Issuer may be unable to acquire or dispose of Collateral Debt Obligations or to take other actions that the Collateral Manager might consider in the interests of the Issuer and the Holders.

Reinvestment Risks. Amounts available for distribution on the Notes will decline if and when the Issuer invests the proceeds from matured, prepaid, sold or called Collateral Debt Obligations into lower yielding instruments. Subject to criteria described herein, the Collateral Manager will have discretion during the Reinvestment Period to use Principal Proceeds to invest in Collateral Debt Obligations. In addition, after the end of the Reinvestment Period, the Indenture will not permit the reinvestment of all types of Principal Proceeds. The yield with respect to such Collateral Debt Obligations will depend on, among other factors, reinvestment rates available at the time, the availability of investments satisfying the Reinvestment Criteria and acceptable to the Collateral Manager, and market conditions related to below investment grade obligations in general. The need to satisfy the Reinvestment Criteria and identify acceptable investments may require the purchase of Collateral Debt Obligations with a lower yield than those replaced, with different characteristics than those replaced (including, but not limited to, coupon, spread, maturity, call features, covenants and/or credit quality) or require that such funds be maintained in Eligible Principal Investments pending reinvestment in Collateral Debt Obligations, which will further reduce the yield on the Collateral Debt Obligations. Any decrease in the yield on the Collateral Debt Obligations will have the effect of reducing the amounts available to make distributions on the Notes, especially the Subordinated Notes. There can be no assurance that yields on Collateral Debt Obligations that are available and eligible for purchase will be at the same levels as those replaced, that the characteristics of any Collateral Debt Obligations purchased will be the same as those replaced or as to the timing of the purchase of any such Collateral Debt Obligations.

Leveraged loans are not as easily (or as quickly) purchased or sold as publicly traded securities for a variety of reasons, including confidentiality requirements with respect to obligor information, the customized non-uniform nature of loan agreements and private syndication. The reduced liquidity and lower volume of trading in such debt obligations, in addition to restrictions on investment represented by the Reinvestment Criteria, could result in periods of time during which the Issuer is not able to fully invest its cash in Collateral Debt Obligations. The longer the period before investment of cash in Collateral Debt Obligations, the greater the adverse impact will be on aggregate Interest Proceeds available for distribution by the Issuer, especially on the Lower Ranking Classes, thereby resulting in lower yields than could have been obtained if proceeds were immediately invested. In addition, leveraged loans are often prepayable by the obligors with no, or limited, penalty or premium. As a result, leveraged loans generally prepay more frequently than other corporate obligations of the same obligor. Senior leveraged loans usually have shorter terms than more junior obligations and often require mandatory repayments from excess cash flow, asset dispositions and offerings of debt and/or equity securities. The increased levels of prepayments and amortization of leveraged loans increase the associated reinvestment risk on the Collateral Debt Obligations which risk will be borne by owners of the Notes, beginning with the Subordinated Notes as the lowest ranking Class. See “—Defaults; Market and Credit Spread Volatility.”

Defaults; Market and Credit Spread Volatility. To the extent that a default occurs with respect to any Collateral Debt Obligation and the Issuer sells or otherwise disposes of that Collateral Debt Obligation, it is likely that the proceeds will be less than its unpaid principal and interest or its purchase price. This could have a material adverse effect on the payments on the Notes. The Issuer also may incur additional expenses to the extent it is required to seek recovery after a default or participate in the restructuring of an obligation. Even in the absence of a default with respect to any of the Collateral Debt Obligations, the market value of the Collateral Debt Obligation at any time will vary, and may vary substantially, from the price at which that Collateral Debt Obligation was initially purchased and from the principal amount of such Collateral Debt Obligation due to market volatility, changes in relative credit quality, availability of financial information and remedies under the Underlying Instruments of such Collateral Debt Obligation, general economic conditions, the level of interest rates, changes in exchange rates, the supply of below investment grade debt obligations and other factors that are difficult to predict. In addition, the Indenture places significant restrictions on the Collateral Manager’s ability to buy and sell Collateral Debt Obligations.

The market price of below investment grade debt obligations has and may from time to time in the future experience significant volatility. No assurance can be given as to the levels of volatility in the below investment grade debt

market in the future. Such volatility may adversely impact the liquidity, market prices and other performance characteristics of the Collateral Debt Obligations.

In addition to default frequency, recovery rate and market price volatility, leveraged loans may experience volatility in the spread that is paid on such leveraged loans. Such spreads will vary based on a variety of factors, including, but not limited to, the level of supply and demand in the leveraged loan market, general economic conditions, levels of relative liquidity for leveraged loans, the actual and perceived level of credit risk in the leveraged loan market, regulatory changes, changes in credit ratings and the methodology used by credit rating agencies in assigning credit ratings, and such other factors that may affect pricing in the leveraged loan market. Since leveraged loans may generally be prepaid at any time without penalty, the obligors of such leveraged loans would be expected to prepay or refinance such leveraged loans if alternative financing were available at a lower cost. For example, if the credit ratings of an obligor were upgraded, the obligor were recapitalized or if credit spreads were declining for leveraged loans, such obligor would likely seek to refinance at a lower credit spread. The rates at which Collateral Debt Obligations may prepay or refinance and the level of credit spreads for leveraged loans in the future are subject to numerous factors and are difficult to predict. Declining credit spreads in the leveraged loan market and increasing rates of prepayments and refinancings will likely result in a reduction of portfolio yield and interest collections on the Collateral Debt Obligations, which would have an adverse effect on the amount available for distributions on the Notes, beginning with the Subordinated Notes as the lowest ranking Class.

Illiquidity of Collateral. The lack of an established, liquid secondary market for some of the Collateral Debt Obligations may have an adverse effect on the market value of the Collateral Debt Obligations and on the Issuer's ability to dispose of them. The market for below investment grade debt obligations may become illiquid from time to time as a result of adverse market conditions, regulatory developments or other circumstances. Additionally, Collateral Debt Obligations will be subject to certain other transfer restrictions that may contribute to illiquidity. Therefore, no assurance can be given that, if the Issuer determined to dispose of all or a substantial portion of a particular investment, it could dispose of such investment, particularly at any previously prevailing market price or any specific valuation level.

Credit Ratings. A credit rating is not a recommendation to buy, sell or hold a security, and it may be subject to revisions or withdrawal at any time by the assigning rating agency. Credit ratings of debt obligations represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the likelihood that the obligor will make principal and interest payments and do not evaluate the risks of fluctuations in market value. Therefore, credit ratings may not fully reflect all of the risks of an investment. In addition, rating agencies may not make immediate changes in credit ratings in response to events that impact an obligor, so that an obligor's current financial condition may be worse than a rating indicates when compared with other obligors with equivalent ratings.

Reports Provided Under the Indenture Will Not Be Audited. The Monthly Reports, including Payment Date Reports, made available to Holders will be compiled by the Collateral Administrator, on behalf of the Issuer, based on certain information provided to it by the Collateral Manager and obligors or agents of the Collateral Debt Obligations. Information in the reports will not be audited nor will reports include a review or opinion by a public accounting firm.

Relating to the Collateral Manager

The Collateral Manager May Receive Investment Recommendations from Holders of the Notes. The Collateral Manager will be retained by the Issuer pursuant to the Collateral Management Agreement and, subject to the standard of care set forth therein and the restrictions on the Issuer's ability to acquire and dispose of Collateral Debt Obligations set forth in the Indenture and the Collateral Management Agreement, the Collateral Manager will manage the investment activities of the Issuer as the Collateral Manager believes to be in the best interests of the Holders of the Notes. Individual Holders and/or groups of Holders of the Notes may, from time to time, contact the Collateral Manager and make recommendations regarding the acquisition or disposition of specific Collateral Debt Obligations (both during and after the Initial Investment Period) and/or the pursuit of particular investment strategies. Additionally, in connection with the initial offering of the Notes, potential Holders of the Notes may have contacted the Collateral Manager prior to the Closing Date and made recommendations in connection with evaluating their potential investment. Any such recommendation (whether made before or after the Closing Date), if

adopted, may be adverse to the interests of certain Holders or Holders of certain Classes of the Notes, since the interest of Holders of Notes generally will vary by Class and certain other factors. Although the Collateral Manager has and, after the Closing Date, will have no restrictions on its ability to communicate with any such Holders or potential Holders of the Notes (except as provided by applicable law or confidentiality requirements), it will be under no obligation to adopt any such recommendation. The Collateral Manager may pursue any investment strategy that is consistent with the Indenture and the Collateral Management Agreement, and may in its sole discretion change such strategy from time to time in the future without the approval of, or prior consultation with, any Holder of Notes. Regardless of any recommendations or requests of individual Holders or potential Holders and/or groups of Holders or potential Holders of Notes, the Collateral Manager will make investment decisions for the Issuer as the Collateral Manager believes to be in the best interests of the Holders of the Notes, subject to and in accordance with the Collateral Quality Tests, the Reinvestment Criteria and the criteria governing reinvestment after the end of the Reinvestment Period, the Concentration Limitations and other requirements of the Indenture and the Collateral Management Agreement.

Collateral Manager; Past Performance Not Indicative. The past performance of the Collateral Manager or its principals in other portfolios or investment vehicles may not be indicative of the results that the Collateral Manager may be able to achieve with the Collateral Debt Obligations, particularly in light of recent disruptions and volatility in the markets. Similarly, the past performance of the Collateral Manager or its principals over a particular period may not necessarily be indicative of the results that may be expected in future periods. Furthermore, the nature of, risks associated with, and strategies guiding the Issuer's investments may differ substantially from those investments and strategies undertaken historically by the Collateral Manager or its principals. There can be no assurance that the Issuer's investments will perform as well as past investments of the Collateral Manager or its principals, that the Issuer will be able to avoid losses, or that the Issuer will be able to make investments similar to the past investments of the Collateral Manager or its principals or any other person described herein. In addition, such past investments may have been made utilizing a leveraged capital structure, 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 Issuer's portfolio do not govern the Collateral Manager or its 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 or its principals.

In addition, the Indenture and the Collateral Management Agreement place significant restrictions on the Collateral Manager's ability to buy and sell Collateral, and the Collateral Manager is required to comply with the restrictions contained in the Indenture. Accordingly, during certain periods or in certain specified circumstances, the Collateral Manager may be unable to buy or sell Collateral Debt Obligations or to take other actions which it might consider in the best interest of the Issuer and the holders of Notes, as a result of the restrictions set forth in the Indenture.

Dependence on Key Personnel of the Collateral Manager. The performance of the Notes will be highly dependent upon the skills of the Collateral Manager in analyzing, acquiring and managing the Collateral Debt Obligations. As a result, the Issuer is highly dependent on the financial and managerial experience of certain individuals associated with the Collateral Manager, any of whom may not continue to be associated with the Collateral Manager or be responsible for the investment activities of the Issuer for the term of this transaction. The loss of one or more of these individuals could have a material adverse effect on the performance of the Notes. In addition, individuals not currently associated with the Collateral Manager may become associated with the Collateral Manager and the performance of the Collateral Debt Obligations may also depend on the financial and managerial experience of such individuals. Moreover, the Collateral Manager may resign or be removed subject to certain conditions. There can be no assurance that any successor collateral manager would have the same level of skill in performing the obligations of the Collateral Manager, in which event payments on the Notes could be reduced or delayed. Moreover, the Collateral Management Agreement may be terminated under certain circumstances, including without limitation upon the occurrence of a Key Manager Event. See "The Collateral Management Agreement" and "Collateral Manager."

Relating to the Issuer and its Service Providers

Certain Conflicts of Interest Related to the Collateral Manager. Various potential and actual conflicts of interest of interest may arise from the overall investment activity of the Collateral Manager, its Affiliates and their clients.

The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

The Collateral Manager and its Affiliates may invest in loans or securities on their behalf or on behalf of their clients which would be suitable investments for the Issuer. However, such investments may be different from those made by the Collateral Manager, acting on behalf of the Issuer. The Collateral Manager and its Affiliates may also have ongoing relationships with and/or perform certain functions and duties and owe obligations of confidentiality in relation to companies whose loans or securities are pledged to secure the Secured Debt and may own equity securities issued by obligors of Collateral Debt Obligations. As a result, certain officers or employees of the Collateral Manager and its Affiliates may possess information relating to obligors of Collateral Debt Obligations that is not known to and cannot be communicated to the individuals at the Collateral Manager responsible for monitoring the Collateral Debt Obligations and performing the other obligations under the Collateral Management Agreement. In addition, the Collateral Manager, in connection with its business activities, may acquire material, non-public confidential information that may restrict the Collateral Manager from purchasing obligations or securities or selling obligations or securities for itself or its clients (including the Issuer) or otherwise using such information for the benefit of its clients or itself. The Collateral Manager seeks to minimize such restrictions when possible, consistent with applicable law and its internal policies, but there can be no assurance that its efforts will be successful and that restrictions will not occur. The Collateral Manager also may be unable, as a result of restrictions placed on it in the Indenture, to buy or sell obligations or securities or to take other actions that it might consider to be in the best interests of the Issuer and the Holders of the Notes. Affiliates and clients of the Collateral Manager may invest in loans or securities that are senior to, or have interests different from or adverse to, the Collateral Debt Obligations that are charged and/or assigned to secure the Secured Debt. The Collateral Manager or its Affiliates may serve as (and there is no limitation or restriction on the Collateral Manager or any of its Affiliates so serving) collateral manager for, invest in or be affiliated with, other entities organized to issue collateralized debt obligations secured by loans, financial instruments or other assets. This and other future activities of the Collateral Manager and/or its Affiliates may give rise to additional conflicts of interest. The terms of these arrangements, including the fees attributable thereto, may differ significantly from those of the Issuer. Certain investment vehicles and accounts managed by the Collateral Manager or its Affiliates may provide for fees (including incentive fees) or other benefits to the Collateral Manager or its Affiliates that are higher than the Collateral Management Fees payable by the Issuer under the Collateral Management Agreement. This disparity in fee income may create potential conflicts of interest between the Collateral Manager's obligations to the Issuer and its and/or its Affiliates obligations to such other clients. The Collateral Manager and its Affiliates may have proprietary interests in, and may manage or advise accounts or investment funds that have investment objectives similar or dissimilar to those of the Issuer and/or which engage in transactions in the same types of securities, loans and investments as the Issuer, and as a result may compete with the Issuer for appropriate investment opportunities. Obligors of Collateral Debt Obligations held by the Issuer may have publicly or privately traded obligations or securities, including obligations or securities that are senior to, or have interests different from or adverse to, the Collateral Debt Obligations that are pledged to secure the Secured Debt, in which the Collateral Manager, its Affiliates or their respective clients are an investor or make a market. The purchase, holding and sale of such investments by the Issuer may enhance the profitability of the Collateral Manager's own investments or its clients' investments in such obligors. The Collateral Manager and/or its Affiliates may act as an underwriter, arranger or placement agent, or otherwise participate in the origination, structuring, negotiation, syndication or offering of Collateral Debt Obligations purchased by the Issuer. The Collateral Manager's, its Affiliates' and their respective clients' trading activities generally are carried out without reference to positions held by the Issuer and may have an effect on the value of the positions so held, or may result in the Collateral Manager, its Affiliates or their respective clients having an interest in the applicable obligor adverse to that of the Issuer. In addition, the Collateral Manager, its Affiliates or their respective clients may create, write, sell, purchase or issue derivative instruments (including, without limitation, for the purchase or sale of credit protection) with respect to which the underlying obligations or securities may be those in which the Issuer invests or which may be based on the performance of the Issuer. Further, except as otherwise provided in the Collateral Management Agreement or the Indenture, the Collateral Manager and its Affiliates and their owners, directors, officers and employees may obtain and keep any profits, commissions and fees accruing to them in connection with their activities in transactions for the Issuer's account and other activities for themselves and other clients and their own accounts, and the Collateral Manager's fees as set forth in the Collateral Management Agreement shall not be abated thereby. The Collateral Manager and its Affiliates may also at certain times be simultaneously making investment decisions for the Issuer and any similar entity for which they serve as collateral manager in the future, or for themselves, their clients or Affiliates, to purchase or sell investments. See "Collateral Manager" below. Although

the officers and employees of the Collateral Manager will devote as much time to the Issuer as the Collateral Manager deems appropriate, the officers and employees may have conflicts in allocating their time and services among the Issuer and the Collateral Manager's and its Affiliates' other accounts and clients. The Collateral Manager and its Affiliates may also from time to time incur expenses on behalf of the Issuer and its or their other clients or accounts. There can be no assurance that such expenses will in all cases be allocated ratably.

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 the account of the Issuer (or share with the Issuer any such transaction or any benefit received by them from any such transaction or to inform the Issuer of any such transaction or any benefit received by them from any transaction) or to inform the Issuer of any investment opportunities before offering any investment opportunities 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 to or making any investment on behalf of the Issuer. The Collateral Manager and/or its Affiliates have no affirmative obligation to offer any investments to the Issuer 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. Affirmative obligations may exist or may arise in the future, whereby the Collateral Manager and/or its Affiliates are obligated to offer certain investments to funds or accounts that they manage or advise before or without the Collateral Manager offering those investments to the Issuer. The Collateral Manager and its Affiliates have no affirmative obligation to offer any investments for themselves or any such fund or account. The Collateral Manager may make investments on behalf of the Issuer in obligations or 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 with respect to investment opportunities in a manner which it deems equitable to the extent possible under the prevailing facts and circumstances.

The Issuer may commit to purchase Collateral Debt Obligations from one or more of the Initial Purchaser or its Affiliates prior to the Closing Date. In connection with any such purchase, the Initial Purchaser and/or such Affiliates may receive an intermediation fee. The Collateral Manager has selected and will continue to select the Collateral Debt Obligations purchased or committed to be purchased by the Issuer prior to the Closing Date. See “—Pre-Closing Collateral Accumulation.” The terms of the Collateral Debt Obligations purchased by the Collateral Manager on behalf of the Issuer prior to the Closing Date may differ from prevailing market terms as of the Closing Date.

The Issuer understands that a broker may from time to time sell assets to the Issuer or purchase assets from the Issuer as broker both for the Issuer and another Person (which may include the Collateral Manager, an Affiliate of the Collateral Manager or an account or portfolio for which the Collateral Manager or an Affiliate of the Collateral Manager serves as investment advisor) on the other side of the transaction, in which case such broker will act as broker for, may receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to such transaction. So long as the Collateral Manager satisfies its duties and obligations to the Issuer under the Collateral Management Agreement and the Indenture and the Collateral Manager and such broker comply with applicable law and, with respect to the Collateral Manager, its internal policies and procedures, the Issuer hereby authorizes and consents to such broker engaging in any such transaction and acting in such capacities; *provided* that solely if and to the extent required by the Investment Advisers Act, such authorization is terminable at the Issuer's option, without penalty, effective upon receipt by the Collateral Manager of written notice thereof from the Issuer. The Collateral Manager shall not direct the Trustee (i) to acquire an obligation to be included in the Collateral from the Collateral Manager as principal, any Affiliate of the Collateral Manager or any account or portfolio for which the Collateral Manager or any of its Affiliates serves as investment adviser or (ii) to sell an obligation to the Collateral Manager as principal, any Affiliate of the Collateral Manager or any account or portfolio for which the Collateral Manager or any of its Affiliates serves as investment adviser, unless (w) the terms are negotiated on an arms-length basis for fair market value, and effected on terms no less favorable to the Issuer as the terms it would obtain in a comparable arm's length transaction with a non-Affiliate, (x) the transactions are effected in accordance with all applicable laws (including, without limitation, the Investment Advisers Act), which will require the disclosure of all relevant information to the Issuer and written consent of the directors of the Issuer in certain circumstances, (y) the transactions are effected in accordance with the internal policies and procedures of the Collateral Manager and (z) the transactions are exempt from the prohibited transaction rules of ERISA and the Code.

The Collateral Manager or its shareholders, directors, Affiliates and/or funds or accounts managed or advised by the Collateral Manager or its Affiliates may (a) have an interest in the Issuer or in any transaction effected with or for it, or a relationship of any description with any other person which may involve a potential conflict with their respective duties to the Issuer and (b) deal with or otherwise use the services of affiliated companies in connection with the performance of such duties; and none of them will be liable to account for any profit or remuneration derived from so doing.

For example, such potential conflicts may arise because:

(a) the Collateral Manager, on behalf of the Issuer, may from time to time purchase obligations from itself or its Affiliates or accounts or funds for which any of them act as collateral manager or adviser (“**Related Entities**”) or sell obligations to itself, its Affiliates or its Related Entities. The Issuer will deal with the Collateral Manager and Affiliates of the Collateral Manager on an arm’s length basis and anticipates that the commissions, mark-ups and mark-downs charged by the Collateral Manager or its Affiliates or Related Entities will generally be competitive, although the Collateral Manager and its Affiliates or Related Entities may have interests in such transactions that are adverse to those of the Issuer;

(b) certain officers and employees of the Collateral Manager and its Affiliates may receive or become aware of price sensitive information which is not generally available to the public. The Collateral Management Agreement contains provisions which absolve the Collateral Manager from any responsibility for its failure to exercise discretion in the administration of the Collateral in circumstances where it or any of its Affiliates are in receipt of price sensitive information and where, in the judgment of the Collateral Manager, an investment by the Issuer on the Collateral Manager’s direction or recommendation to do so might breach the provisions of insider dealing legislation or laws to which it or the Issuer are subject;

(c) the Collateral Manager or its Affiliates act as adviser to clients in financial advisory, asset management and other capacities related to the Collateral that may be purchased or sold on the Issuer’s behalf;

(d) the Collateral Manager or its Affiliates, and their respective owners, directors, officers and employees may hold long or short positions in instruments of all types in their own accounts or on behalf of their respective client accounts, including the Collateral, which activities could affect the prices and availability of the obligations or securities and other instruments that the Collateral Manager seeks to recommend be bought or sold by the Issuer or for the Issuer’s account, which could adversely impact the financial returns of the Issuer in respect of the Collateral;

(e) the Collateral Manager and/or its Affiliates, and their respective owners, directors, officers and employees serve as directors of companies the obligations or securities of which may comprise the Collateral purchased, sold or held by the Issuer; and

(f) the Collateral Manager or its Affiliates and each of them and their respective owners, directors, officers and employees gives advice, and takes action, with respect to any of the Collateral Manager’s or its Affiliates’ clients or proprietary accounts that differs from the advice given, or may involve a different timing or nature of action taken, with respect to any one or all of the Collateral Manager’s advisory or managed accounts, or effects transactions for such clients or proprietary accounts at prices or rates that may be more or less favorable than the prices or rates applying to transactions effected by the Issuer.

The Collateral Manager, its Affiliates or their respective employees and client accounts or funds for which the Collateral Manager or its Affiliates act as collateral manager or adviser, are expected to purchase approximately \$500,000 of the Aggregate Principal Amount of the Subordinated Notes issued on the Closing Date, but subject to the transfer restrictions for Subordinated Notes described under “Transfer and Exchange,” there may under certain circumstances be no obligation on the part of any such person or entity to retain such Subordinated Notes. Further, certain amounts payable to the Collateral Manager (the Subordinated Collateral Management Fee and the Incentive Collateral Management Fee) are payable on a subordinated basis. In providing management services, such factors could create an incentive for the Collateral Manager to take actions contrary to the interests of the Holders of the Notes and to seek to maximize the return on the Collateral so as to increase the amount of payments to it by way of the Subordinated Collateral Management Fee and the Incentive Collateral Management Fee or as a Holder. However,

the management of the Collateral by the Collateral Manager is governed by its fiduciary obligations and its internal policies as well as by the requirement that it comply with the investment guidelines and its other obligations set out in the Collateral Management Agreement.

On the Closing Date, the Collateral Manager will be reimbursed by the Issuer for certain of its expenses incurred in connection with the closing of the transactions contemplated hereby (including legal fees and expenses) and the Collateral Manager will be paid a fee as compensation for managing the Collateral prior to the Closing Date.

The Collateral Manager may seek to aggregate or “bunch” orders when it determines it is in the best interest of the client. Orders to purchase or sell the same obligations or securities may be aggregated or “bunched” as one order, consistent with the principle of obtaining best price and execution. Obligations or securities purchased or sold in connection with such orders will be allocated pursuant to procedures adopted by the Collateral Manager.

Certain Conflicts of Interest Relating to the Initial Purchaser and Its Affiliates. Credit Suisse and its Affiliates (the “Credit Suisse Parties”) will play various roles in relation to the Offering, including acting as the structurer of the transaction and in other roles described below.

As the structurer, Credit Suisse will help coordinate the development of the Concentration Limitations, Coverage Tests, the Collateral Quality Tests, Priority of Payments, and other criteria in and provisions of the Indenture. These may be influenced by discussions that the Initial Purchaser may have with investors, and there is no assurance that investors would agree with the views of one another or that the resulting modifications will not adversely affect the performance of the Notes.

Credit Suisse will purchase certain Notes from the Issuer on the Closing Date and resell them in individually negotiated transactions at varying prices, which may result in a lower fee being paid to the Initial Purchaser in respect of those Notes. Credit Suisse may assist clients and counterparties in transactions related to the Notes (including assisting clients in future purchases and sales of the Notes and hedging transactions). Credit Suisse expects to earn fees and other revenues from these transactions.

The Credit Suisse Parties are part of a global investment banking and securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, they actively make markets in and trade financial instruments for their own account and for the accounts of customers. The Credit Suisse Parties may own positions in and will likely have placed or underwritten certain of the Collateral Debt Obligations (or other obligations of the obligors of Collateral Debt Obligations) when they were originally issued and may have provided or may be providing investment banking services and other services to obligors of certain Collateral Debt Obligations. In addition, the Credit Suisse Parties and their clients may invest in debt obligations and securities that are senior to, or have interests different from or adverse to, Collateral Debt Obligations. Each of the Credit Suisse Parties will act in its own commercial interest in its various capacities without regard to whether its interests conflict with those of the Holders or any other party. Moreover, the Issuer may invest in loans of obligors affiliated with the Credit Suisse Parties or in which one or more Credit Suisse Parties hold an equity or participation interest. The purchase, holding or sale of such Collateral Debt Obligations by the Issuer may increase the profitability of the Credit Suisse Party’s own investments in such obligors.

From time to time the Collateral Manager may purchase from or sell Collateral Debt Obligations through or to the Credit Suisse Parties (including a portion of the Collateral Debt Obligations to be purchased on or prior to the Closing Date) and one or more Credit Suisse Parties may act as the selling institution with respect to Participation Interests. The Credit Suisse Parties may act as placement agent and/or initial purchaser or investment manager in other transactions involving issues of collateralized debt obligations or other investment funds with assets similar to those of the Issuer, which may have an adverse effect on the availability of collateral for the Issuer.

The Credit Suisse Parties do not disclose specific trading positions or hedging strategies, including whether they are in a long or short position in any Security or obligation referred to in this Offering Memorandum. Nonetheless, in the ordinary course of business, Credit Suisse Parties and their employees or customers may actively trade in the Notes, Collateral Debt Obligations and Eligible Investments for their own accounts and for the accounts of their customers. Accordingly, the Credit Suisse Parties and their employees or customers expect to hold on the Closing

Take a long or short position in such Collateral Debt Obligations, and at any time thereafter may hold a long or short position in such Notes or Collateral Debt Obligations, but are not required to do so. Credit Suisse Parties and their employees or customers may also enter into credit derivative or other derivative transactions with other parties pursuant to which they sell or buy credit protection with respect to such Notes and obligations.

On the Closing Date, the Credit Suisse Parties may purchase Notes of one or more Classes; however, they may sell those Notes at any time. After the Closing Date, the Credit Suisse Parties may purchase Notes from time to time. If a Credit Suisse Party becomes an owner of any of the Notes, through market-making activity or otherwise, any actions that it takes in its capacity as owner, including voting, providing consents or otherwise will not necessarily be aligned with the interests of other owners of the same Class or other Classes of the Notes. To the extent a Credit Suisse Party makes a market in the Notes (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Notes. In connection with any such activity, it will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions and activities based on the potential effect on an investor in the Notes. The price at which a Credit Suisse Party may be willing to purchase Notes, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Notes and significantly lower than the price at which it may be willing to sell the Notes. It is expected that a majority of the Collateral Debt Obligations to be held by the Issuer as of the Closing Date will be purchased prior to the Closing Date in accordance with the terms of the warehouse agreement. See “—Pre-Closing Collateral Accumulation.” The Pre-Closing Parties under the warehouse agreement include Affiliates of Credit Suisse. The warehouse agreement must be terminated on the Closing Date and all amounts owing to the Pre-Closing Parties in connection therewith must be repaid by the Closing Date.

The Initial Purchaser takes no responsibility for, and has no obligations in respect of, the Issuer and will have no obligation to monitor the performance of the Collateral 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 the Issuer. If the Credit Suisse Parties own Notes, they will have no responsibility to consider the interests of any other owners of Notes in actions they take or refrain from taking in such capacity.

Certain Other Conflicts of Interest. The Trustee or any of its Affiliates or employees may purchase Notes (either upon initial issuance or through secondary transfers), buy credit protection on such Notes, exercise any Voting Rights to which such Notes are entitled or hold a long or short position in one or more Classes of Notes and Collateral Debt Obligations.

Waiver of Conflicts of Interest. By purchasing a Security, each investor will be deemed to have acknowledged the existence of the conflicts of interest inherent to this transaction, including as described herein, and to have waived any claim with respect to any liability arising from the existence thereof.

Pre-Closing Collateral Accumulation. The Collateral Manager has advised the Issuer with respect to the accumulation of obligations prior to the Closing Date. Financing for acquisition of each obligation is being provided by Credit Suisse AG, Cayman Islands Branch (“CS”), an Affiliate of the Initial Purchaser, and an unaffiliated third party investor that is expected to purchase a Majority of the Subordinated Notes on the Closing Date (the “**Pre-Closing Parties**”) subject to certain conditions, including satisfaction of investment criteria and approval of CS. The financing will be repaid in full on the Closing Date out of proceeds from the sale of the Notes. In consideration for providing financing, CS will receive a financing fee. The other Pre-Closing Party will be entitled to receive on the Closing Date virtually all of the interest income earned as of the Closing Date net of the financing fee and realized losses and will be paid an amount equal to net realized gains as of the pricing date. On the Closing Date, the junior noteholder under the warehouse financing is expected to purchase the Majority of the Subordinated Notes and may share certain realized losses with the Collateral Manager. Any interest on the loans accrued but unpaid as of the Closing Date (the “**Warehouse Accrued Interest**”) will be paid to the Pre-Closing Parties out of the proceeds from the sale of the Notes. When the Warehouse Accrued Interest is paid to the Issuer, the Issuer will retain such amounts and treat them as Principal Proceeds.

The prices paid by the Issuer for such loans will be their market value on the date the Issuer entered into the commitment to purchase, which may be greater or less than the market value thereof on the Closing Date. In addition, although such loans are expected to satisfy the limitations applicable to Collateral Debt Obligations at the

time of purchase because of events occurring between the purchase or commitment to purchase and the Closing Date, they may not satisfy such limitations on the Closing Date.

No Operating History. The Issuers are recently formed companies and have not commenced operations (other than those activities incidental to its incorporation or formation and, in the case of the Issuer, entering into Pre-Closing Transactions in anticipation of the Closing Date and activities incidental thereto). Accordingly, neither of the Issuers has a performance history for prospective investors to consider. The performance of other entities organized to issue collateralized debt obligations secured by obligations that are similar to the Collateral Debt Obligations advised by the Collateral Manager (or any entities previously advised by the investment professionals employed by the Collateral Manager) should not be relied upon as an indication or prediction of the performance of the Collateral. Such other collateralized loan obligation vehicles may have significantly different characteristics, including structures, composition of the collateral pool, investment objectives, management personnel and terms when compared to the Issuer.

Limited Funds Available to the Issuer to Pay its Operating Expenses. The funds available to the Issuer to pay certain fees and expenses of the Trustee, the Collateral Administrator, the Collateral Manager and the Administrator and for payment of the Issuer's other accrued and unpaid Administrative Expenses are limited under the 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, any Issuer Subsidiary, the Trustee, the Collateral Administrator, the Collateral Manager and/or the Administrator may not be able to defend or prosecute legal proceedings that may be brought against them or that they might otherwise bring to protect the interests of the Issuer. In addition, service providers who are not paid in full, including the Administrator which provides the directors to the Issuer, have the right to resign. This could lead to the Issuer being in default under the Companies Law and potentially being struck from the register of companies and dissolved.

Third Party Litigation. The activities of the Issuers and any Issuer Subsidiary subject them to the normal risks of becoming involved in litigation by third parties. This risk would be somewhat greater if either of the Issuers or any Issuer Subsidiary were to exercise control or significant influence over an obligor of a Collateral Debt Obligation or Equity Security or act as a participant on a creditors committee. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would, absent bad faith, willful misconduct or gross negligence in the performance, or reckless disregard, of the Collateral Manager's obligations under the Collateral Management Agreement and the terms of the Indenture applicable to the Collateral Manager, be borne by the Issuer and would reduce amounts available for distribution on the Notes and the Issuer's net assets.

Rating Agency Confirmation. Historically, many actions by issuers of collateralized debt obligations (including but not limited to issuing additional securities and amending relevant agreements) have been conditioned on receipt of confirmation from the applicable rating agencies that such action would not cause the ratings on the applicable securities to be reduced or withdrawn. Recently, certain rating agencies have changed the manner and the circumstances under which they are willing to provide such confirmation and have indicated reluctance to provide confirmation in the future, regardless of the requirements of the applicable indenture and other Transaction Documents. If the Transaction Documents require that Rating Condition be satisfied before certain action may be taken and an applicable Rating Agency is unwilling to provide the required confirmation, it may be impossible to effect such action, which could result in losses being realized by the Issuer and, indirectly, by owners of Notes. Moreover, if either Rating Agency has made a public announcement or informs the Issuer, the Collateral Manager or the Trustee that it believes Rating Condition is not required be satisfied with respect to an action or its practice is not to give such confirmations, or if a rating agency no longer is considered a Rating Agency under the Indenture, the requirements for the Rating Condition with respect to that Rating Agency will not apply.

Relating to Regulatory and Other Legal Considerations

Legal and Regulatory Developments. In response to the downturn in the credit markets and the global economic crisis, various agencies and regulatory bodies of the U.S. federal government have taken or are considering taking actions to address the financial crisis. These actions include, but are not limited to, the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which was signed into law on July 21, 2010, and which imposes a new regulatory framework over the U.S. financial services industry and the consumer credit markets in general. Given the broad scope and sweeping nature of these changes and the fact that all 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 owners of interests in the 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, the costs of compliance with such rules and regulations could have a material adverse effect on the Issuer and the owners of Notes. If the Issuer were unable to comply with such rules and regulations (because of excessive cost, unavailability of information or otherwise), an Event of Default could result. Liquidation of the Collateral as a result of an Event of Default could have a material adverse effect on the owners of Notes, particularly the Subordinated Notes.

Pursuant to the Dodd-Frank Act, the Commodity Futures Trading Commission (the “**CFTC**”) has promulgated a range of new regulatory requirements that may affect the pricing, terms and compliance costs associated with swap transactions. Some or all such transactions may be affected by requirements for central clearing of swap transactions with a derivatives clearinghouse organization, by initial and variation margin required by clearing organizations or otherwise required by law, reporting obligations in respect of derivatives transactions, documentation retention responsibilities and other matters. If the Issuer is permitted to enter into Hedge Agreements through an amendment of the Indenture, these requirements may significantly increase costs of entering into Hedge Agreements, have unforeseen legal consequences on the Issuer or the Collateral Manager or have other material adverse effects on the Issuer or the Holders.

In addition, the CFTC 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 (the “**CEA**”) and the Collateral Manager to be a “commodity pool operator” (“**CPO**”) and a “commodity trading advisor” (“**CTA**”). Based on CFTC interpretive guidance, the Issuer is not expected to be treated as a commodity pool. In the event that such guidance changes or the Issuer engages in one or more activities that might cause it to be treated as a commodity pool, regulation of the Issuer as a commodity pool and/or regulation of the Collateral Manager as a CPO and CTA could cause the Issuer to be subject to extensive registration and reporting requirements that would involve material costs to the Issuer. The scope of such requirements and related compliance costs is uncertain but could adversely affect the amount of funds available to make payments on the Notes. While limited exemptions from certain of these requirements may be available, the conditions of such an exemption may constrain the extent to which the Issuer may be able to enter into swap transactions. The Indenture would need to be amended to permit the Issuer to enter into a Hedge Agreement. See “Security for the Secured Debt—Hedge Agreements.”

The Financial Accounting Standards Board has adopted changes to the accounting standards for structured products. These changes, or any future changes, may affect the accounting for entities such as the issuing entity, could under certain circumstances require an investor or its owner generally to consolidate the assets of the issuing entity in its financial statements and record third parties’ investments in the Issuer as liabilities of that investor or owner or could otherwise adversely affect the manner in which the investor or its owner must report an investment in Notes for financial reporting purposes.

The EU has also taken a number of actions in response to the financial crisis. European reforms related to the regulation of securitization markets include risk retention and due diligence requirements. In addition to credit institutions organized in the European Economic Area (“**EEA**”), certain types of investment funds organized in the EEA will face punitive capital requirements with respect to investments in securitizations that fail to comply with certain requirements concerning retention by the originator, sponsor or original lender of the securitized assets of a portion of the securitization’s credit risk. Proposed legislation would impose similar requirements on other entities, including insurance and reinsurance undertakings, investment firms and UCITS. The Issuer and the other parties to this transaction have not taken, and do not intend to take, any steps to comply with these risk retention requirements, which will likely limit the ability of these types of institutions to purchase Notes. This, in turn, may adversely affect the liquidity of the Notes in the secondary market and could adversely affect the ability to transfer Notes or the price received upon any sale of the Notes.

In addition, investment funds organized in the EEA and such funds organized outside the EEA that are “marketed” to EEA investors may be subject to regulation as “alternative investment funds” under the EU directive on alternative investment fund managers. CLO issuers, including the Issuers, are generally taking the position that they

are not subject to these requirements because they qualify for an exemption for securitization special purpose entities. If this exemption were to become unavailable, certain obligations (including reporting and audit obligations) would apply to the Collateral Manager. The expenses related to such obligations would be reimbursable by the Issuer as Administrative Expenses.

EU Directive 2011/61/EU on Alternative Investment Fund Managers (the “AIFMD”) was required to be transposed into local laws by member states of the EEA as of July 22, 2013 and applies to “alternative investment funds” (“AIFs”) domiciled within the EEA (“EEA AIFs”) and outside the EEA (“non-EEA AIFs”) that are “marketed” to EEA investors within the meaning of the AIFMD. CLO issuers, including the Issuers, are generally taking the position that they are not subject to the AIFMD because they qualify for the exemption for “securitization special purpose entities” provided for in the AIFMD. It is possible, however, that one or more European regulatory authorities may determine that such exemption is not available to some or all CLOs, including the Issuers. If the Issuers were treated as non-EEA AIFs, and if interests in them were marketed in the EEA within the meaning of the AIFMD then, subject to certain transitional provisions in some EEA member states, certain transparency and other obligations (including reporting and audit obligations, the cost of which could be material) would apply to the Collateral Manager under AIFMD. The expenses related to such obligations would be reimbursable by the Issuer under the Collateral Management Agreement and would be borne first by the Subordinated Notes.

U.S. banking supervisors have recently implemented regulations that will increase the costs of owning CLO securities for certain large financial institutions subject to these rules. These regulations include increased requirements for the amount of capital required by large banks and an increase in the assessment imposed by the Federal Deposit Insurance Corporation for deposit insurance in connection with owning certain securitization assets, including CLO securities. Banks subject to one or both of these regulations may be deterred from purchasing the Notes. This may adversely affect the liquidity of the Notes in the secondary market. See “—Relating to the Notes—Liquidity Considerations.”

No assurance can be made that the U.S. federal government, any U.S. regulatory body or any non-U.S. government 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.

No representation is made by any Transaction Party as to the proper characterization of the Notes for legal investment, financial institution regulatory, financial reporting or other purposes, as to the ability of particular investors to purchase the Notes under applicable legal investment, the application of the Volcker Rule to the Issuer or other restrictions or as to the consequences of an investment in the Notes for such purposes or under such restrictions. Investors and prospective investors should consult their own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent they deem necessary.

U.S. Risk Retention Rule May Negatively Impact the Issuer’s Performance. Section 941 of the Dodd-Frank Act amended the Exchange Act to require the “securitizer” of asset-backed securities to retain at least 5% of the credit risk to the assets collateralizing the asset-backed securities. A final rule has been adopted and will be effective beginning on December 24, 2016. The impact of the rule on the loan securitization market and the leveraged loan market generally are uncertain, and any negative impact on secondary market liquidity for the Notes may be experienced immediately, notwithstanding the effective date of the rule as to new transactions, due to effects of the rule on market expectations or uncertainty, the relative appeal of alternative investments not impacted by the rule or other factors. In addition, it is possible that the rule may reduce the number of collateral managers active in the market, which may result in fewer new issue CLOs and reduce the liquidity provided by CLOs to the leveraged loan market generally. A contraction or reduced liquidity in the loan market could reduce opportunities for the Collateral Manager to sell Collateral Debt Obligations or to invest in Collateral Debt Obligations when it believes it is in the interest of the Issuer to do so, which in turn could negatively impact the return on the Collateral and reduce the market value or liquidity of the Notes. Any reduction in the volume and liquidity provided by CLOs in the leveraged loan market could also reduce opportunities to redeem or refinance the Notes. In addition, the rule may impose retention requirements in the event of a Re-Pricing, Refinancing or additional issuance of notes effected after the effective date, which may impair or limit the ability of the Issuer to effect a Refinancing, Re-Pricing or additional issuance. It is expected that the Collateral Manager will not consent to a Refinancing, Re-Pricing or additional issuance of notes if such event would cause the Collateral Manager to be in violation of the Risk Retention Requirements or if it would be required to increase its interests in the Notes.

The Volcker Rule may negatively affect the liquidity and value of certain Classes. Section 619 of the Dodd-Frank Act added a provision to federal banking law, commonly referred to as the “Volcker Rule,” to generally prohibit certain banking entities (including the Initial Purchaser and its Affiliates) from engaging in proprietary trading or from acquiring or retaining an ownership interest in, or sponsoring or having certain relationships with, a hedge fund or private equity fund, subject to certain exemptions.

The Volcker Rule includes as a covered fund any entity that would be an investment company but for the exemptions provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. Therefore, absent an exemption, the Issuer would be a covered fund. The Issuer expects to qualify for the “loan securitization exemption,” which applies to an asset-backed security issuer the assets of which, in general, consist only of loans, assets or rights (including certain types of securities) designed to assure the servicing or timely distribution of proceeds to holders or that are related or incidental to purchasing or otherwise acquiring and holding the loans, but there can be no assurance that the Issuer will not be a “covered fund.” In order to qualify for the loan securitization exemption, the Issuer will not be permitted to purchase securities (including bonds and floating rate notes). This may limit or reduce the returns available to the holders of the Notes, especially the Subordinated Notes.

If the Issuer were determined not to qualify for the loan securitization exemption, or were otherwise determined to be a covered fund, there would be limitations on the ability of banking entities to purchase or retain any Class deemed to be “ownership interests,” which would be expected to include the Subordinated Notes but could also potentially include other Classes. Depending on market conditions, this could significantly and negatively affect the liquidity and market value of the affected Classes. Moreover, the ability of the Initial Purchaser to make a market in the affected Classes would be subject to certain limitations, which could, if the Initial Purchaser otherwise had decided to make a market in such securities, further negatively affect liquidity and market value of the affected Classes. In addition, if the Issuer were determined to be a covered fund and the Initial Purchaser were determined to have sponsored or organized and offered the Issuer’s Notes, the Initial Purchaser and its Affiliates may not be permitted to engage in certain transactions with the Issuer, possibly including the sale of loans to the Issuer. This could negatively affect the Issuer and Collateral Manager’s ability to manage the portfolio of assets.

Insolvency Considerations Under U.S. Federal Bankruptcy Law. Various laws enacted for the protection of debtors or creditors may apply to the Collateral Debt Obligations under U.S. federal bankruptcy law. If a court were to find that the obligor of a Collateral Debt Obligation did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting the Collateral Debt Obligation and, after giving effect to such indebtedness, the obligor (i) was insolvent, (ii) was engaged in a business for which its remaining assets 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 matured, the court could invalidate, in whole or in part, the indebtedness as a fraudulent conveyance, subordinate the indebtedness to existing or future creditors of the obligor or recover amounts previously paid by the obligor in satisfaction of the indebtedness. There can be no assurance as to what standard a court would apply in order to determine whether the obligor was “insolvent.” In addition, in the event of the insolvency of an obligor of a Collateral Debt Obligation, payments made on the Collateral Debt Obligation could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year and one day) before insolvency.

A U.S. bankruptcy court would be able to recapture payments that are determined to be “avoidable” (whether as a preference or otherwise) either from the initial recipient (such as the Issuer) or from subsequent transferees of such payments (such as the owners of the Notes). To the extent that any such payments are recaptured from the Issuer, the resulting loss will be borne by the owners of the Notes beginning with the Subordinated Notes as the lowest ranking Class. A court in a bankruptcy or insolvency proceeding would be able to direct the recapture of payments from an owner of Notes only to the extent that it has jurisdiction over the owner or its assets. Moreover, it is likely that avoidable payments could not be recaptured directly from an owner that has given value in exchange for its Notes, in good faith and without knowledge that the payments were avoidable. Nevertheless, since there is no judicial precedent relating to a structured transaction such as the Notes, there can be no assurance that an owner of Notes will be able to avoid recapture on this or any other basis.

Lender Liability Considerations and Equitable Subordination. A number of judicial decisions in the United States and some non-U.S. jurisdictions have upheld the right of borrowers to sue lending institutions and others on the basis of various evolving legal theories. Generally, lender liability is founded upon the premise that a lender has

violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower that creates a fiduciary duty owed to the borrower or its other creditors or shareholders.

In some cases, courts have subordinated the claim of a lender against a borrower to claims of other creditors of the borrower when the lending institution is found to have engaged in unfair, inequitable or fraudulent conduct. Because of the nature of certain of the Collateral Debt Obligations, the Issuer could be subject to claims from creditors of obligors that the Issuer's claim under the Collateral Debt Obligation should be equitably subordinated.

Insolvency Considerations With Respect to Collateral Debt Obligations of Non-U.S. Issuers. Collateral Debt Obligations consisting of obligations of non-U.S. obligors may be subject to various laws enacted in their home countries for the protection of debtors or creditors, which could adversely affect the Issuer's ability to recover amounts owed. These insolvency considerations will differ depending on the country in which each obligor is located and may differ depending on whether the obligor is a non-sovereign or a sovereign entity. These Collateral Debt Obligations may also be subject to greater risks than Collateral Debt Obligations of U.S. obligors, such as: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws. A number of European jurisdictions operate "debtor-friendly" insolvency regimes that would result in delays in payments from obligors subject to such regimes. The different insolvency regimes applicable in European jurisdictions result in a corresponding variability of recovery rates for Collateral Debt Obligations with obligors in such jurisdictions. No reliable historical data is available.

Not Registered. Neither the Notes nor the Offering will be registered under the Securities Act. Such registration provides investors with certain protections, including disclosure requirements that will not be applicable to the investors in the Notes.

Investment Company Act of 1940. None of the Issuer, the Co-Issuer or the pool of collateral has or will be registered with the SEC as an investment company pursuant to the Investment Company Act, in reliance on an exemption from registration and no-action positions available for non-U.S. obligors (a) whose outstanding securities owned by U.S. persons (other than Knowledgeable Employees) are owned exclusively by Qualified Purchasers and (b) which do not make a public offering of their securities in the United States. Accordingly, investors in the Notes will not be accorded the protections of the Investment Company Act. Counsel for the Issuers will opine, in connection with the sale of the Notes, that neither the Issuer nor the Co-Issuer is at such time an investment company required to be registered under the Investment Company Act (assuming, for the purposes of such opinion, the accuracy and completeness of all representations and warranties made or deemed to be made by investors in the Notes). No opinion or no-action position has been requested of the SEC.

If the SEC or a court of competent jurisdiction were to find that the Issuer or the Co-Issuer is required, *but* had failed, to register in violation of the Investment Company Act, 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 could sue the Issuer or the Co-Issuer and recover any damages caused by the violation of the registration requirement of the Investment Company Act; and (iii) any contract to which the Issuer or the Co-Issuer is party that is made in, or whose performance involves a, violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Issuer or the Co-Issuer be subjected to any or all of the foregoing, there would be a material adverse effect on the Issuer or the Co-Issuer.

Regulation U Requirements may apply. Regulation U governs certain credit secured, directly or indirectly, by Margin Stock that is extended by Persons other than securities broker-dealers (such Persons, "**Regulation U Lenders**"). Under current interpretations of Regulation U by the Board of Governors of the Federal Reserve System ("**FRB**") and its staff, the purchase of a debt security, such as the Notes, in a private placement is treated as an extension of credit. Among other things, Regulation U generally imposes certain limits on the amount of credit that Regulation U Lenders may extend for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock ("**Purpose Credit**"). Regulation U Lenders are not subject to the Regulation U credit limits with respect to extensions of credit that are not Purpose Credit.

Regulation U also requires certain Regulation U Lenders (other than Persons that are banks within the meaning of Regulation U) to register with the FRB. Qualified Institutional Buyers purchasing debt securities in a transaction in compliance with Rule 144A are generally not required to register with the FRB where the securities are not Purpose Credit. In addition, non-U.S. Persons that do not have a principal place of business in a Federal Reserve District of the FRB are also generally not required to register with the FRB under Regulation U.

With respect to the Secured Debt, the provisions of the Indenture and the Collateral Management Agreement are intended to provide that, for purposes of Regulation U, the proceeds of such Notes are not used in a manner that would cause such Notes to be Purpose Credit, and that such Notes therefore are not subject to the credit limits of Regulation U; however, such result is not guaranteed. In addition, although any Margin Stock received by the Issuer is not included in the Collateral that is pledged for the benefit of holders of the Secured Debt, purchasers of the Secured Debt also should consider whether for purposes of Regulation U they could be deemed to be indirectly secured by Margin Stock and therefore Regulation U Lenders subject to the registration and credit requirements of Regulation U. These registration requirements should not in any event apply to U.S. Persons purchasing under Rule 144A (to the extent that the Secured Debt is not Purpose Credit) or non-U.S. Persons purchasing in reliance on Regulation S that do not have a principal place of business in a Federal Reserve District of the FRB. Purchasers of Secured Debt subject to the registration requirements of Regulation U, as well as any purchasers of such Notes that are banks within the meaning of Regulation U, may be subject to certain additional requirements under Regulation U. See “The Indenture—Margin Stock.” If a purchaser of Secured Debt does not comply with any applicable Regulation U requirements, such failure may result in a violation of Regulation U and such violation, among other things, could affect the enforceability of such Notes. Purchasers of the Secured Debt should consult their own legal advisors as to Regulation U and its application to them. Under the Indenture, each purchaser of an interest in Secured Debt 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 FRB 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 the Secured Debt, as applicable.

With respect to the Subordinated Notes, the provisions of the Indenture and the Collateral Management Agreement are intended to provide that, for purposes of Regulation U, such Subordinated Notes are not secured directly or indirectly by any Margin Stock held by the Issuer because under the Indenture (i) no Margin Stock or any other assets are pledged to the Subordinated Notes, and (ii) the Issuer is not permitted to hold Margin Stock with an aggregate Market Value Amount in excess of 10% of the Aggregate Principal Amount; however, such result is not guaranteed. If the Subordinated Notes are not secured directly or indirectly by Margin Stock, the purchase of such Subordinated Notes would not cause the purchaser to become a Regulation U Lender. However, if an investor or any Affiliate thereof holds Subordinated Notes at the same time as it (or an Affiliate) holds Secured Debt, there is some risk that the Subordinated Notes could be viewed for purposes of Regulation U as being indirectly secured by any Margin Stock held by the Issuer (at least to the extent that the Secured Debt themselves could be viewed for purposes of Regulation U as being indirectly secured by Margin Stock). If the Subordinated Notes are deemed indirectly secured by Margin Stock (whether because the relevant holder or its Affiliate also owns Secured Debt, or for any other reason), holders of such Notes might be deemed to be in violation of Regulation U and such violation, among other things, could affect the enforceability of the relevant Notes. Investors should consult with their own legal advisors regarding Regulation U and its application to them prior to purchasing Subordinated Notes and prior to holding (directly or through an Affiliate) Subordinated Notes at the same time as Secured Debt.

In addition, the FRB’s Regulation X generally prohibits certain Persons from receiving credit outside of the United States to purchase or carry United States securities or within the United States to purchase or carry any securities (“**Securities Credit**”) in excess of the credit limitations of Regulation U, whether or not the party extending the securities credit is subject to Regulation U. If any holder is deemed to have extended securities credit to the Issuer or the Co-Issuer in violation of the credit limits of Regulation U (e.g., in cases where such holder (or its Affiliates) hold Subordinated Notes at the same time as the Secured Debt, as discussed above), the Issuer or the Co-Issuer also could be viewed as having violated the FRB’s Regulation X, even if such holder is not subject to Regulation U.

Violations of Regulations U and X generally constitute violations of the Exchange Act, under which they are promulgated. No opinion, no-action position or other approvals have been obtained from the FRB or the SEC (the latter of which has responsibility for enforcing Regulations U and X) with respect to the status of the Notes under Regulations U and X. If a holder, the Issuer or the Co-Issuer were deemed to have violated Regulation U or X, as

applicable, possible consequences would include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation or seek other relief or penalties; (ii) other investors in the Issuer or the Co-Issuer could sue the relevant holder or the Issuer or the Co-Issuer for any damages caused by the violation; or (iii) the Notes that involve the violation of the margin requirements may be unenforceable.

ISSUER AND CO-ISSUER

General

The Issuer was incorporated in the Cayman Islands on August 7, 2014. It is an exempted company incorporated with limited liability subject to the Companies Law. The registration number of the Issuer is HL-290586. The principal office of the Issuer is at the office of the Administrator (telephone 345-949-4900). As of the Closing Date, the authorized share capital of the Issuer will consist of 250 ordinary shares, U.S.\$1.00 par value per share (“**Issuer Ordinary Shares**”), all of which have been issued and are held by the Share Trustee pursuant to a declaration of trust.

The Issuer has been established as a special purpose entity for the sole purpose of issuing the Securities and the Issuer Ordinary Shares and the acquisition and the management of the Collateral and other related transactions. Other than those activities incidental to its incorporation and the acquisition of Collateral Debt Obligations in anticipation of the Closing Date and activities incidental thereto, the Issuer has not previously carried on any business activities. The Issuer will receive payments of interest on the Collateral as the principal source of its income.

The Co-Issuer was formed in the State of Delaware on April 24, 2015 under the Delaware Limited Liability Company Act, and its operations will be governed by that statute. The principal office of the Co-Issuer will be Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, Delaware 19711, telephone number (302) 738-6680. The Delaware authentication number of the Co-Issuer is 2320601. The Co-Issuer will only be capitalized to the extent of its membership interests of U.S.\$10 and will not pledge any assets to secure the Debt. The sole member of the Co-Issuer will be the Issuer. The Co-Issuer has no prior operating experience. The Co-Issuer has been established as a special purpose entity for the sole purpose of issuing the Co-Issued Notes.

Neither the Issuer nor the Co-Issuer will have any subsidiaries or employees, except that the Issuer will hold all membership interests in the Co-Issuer and the Indenture permits the Issuer to form Issuer Subsidiaries in connection with certain workout activities.

Directors; Manager. The directors of the Issuer are Richard Gordon, George Bashforth and Julian Black, each of whom is an employee or officer of the Administrator. The directors of the Issuer serve as directors of and provide services to other collateralized loan obligation vehicles and perform other duties for the Administrator. They may be contacted at the address of the Administrator. The independent manager of the Co-Issuer will be Donald Puglisi, who provides administrative services for Delaware entities. He may be contacted at the office of the Co-Issuer.

Administrator. Appleby Trust (Cayman) Ltd. (a Cayman Islands licensed trust company) and any successor thereto will act as the administrator of the Issuer. Its office will serve as the general business office of the Issuer. Through this office and pursuant to the terms of the Administration Agreement, the Administrator will perform various corporate administrative functions on behalf of the Issuer and the provision of certain clerical, administrative and other corporate services until termination of the Administration Agreement. In consideration of the foregoing, the Administrator will receive various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses and will be entitled to indemnification for any loss, liability or expense incurred without actual fraud or willful default, arising out of or in connection with its role as Administrator.

The activities of the Administrator under the Administration Agreement will be subject to the oversight of the Issuer’s board of directors. In addition, the Administration Agreement provides that either party shall be entitled to terminate such agreement by giving at least 30 days’ notice in writing to the other party. In the case of the termination of the Administration Agreement, a replacement administrator will be appointed on similar terms.

The Issuer and the Administrator may be contacted at the office of the Administrator.

Process Agent. The Issuer will initially appoint Corporation Service Company, 1180 Avenue of the Americas, Suite 210, New York, New York 10036, as the process agent where notices to, and demands upon, the Issuer in respect of the Securities and the Indenture may be served.

Capitalization

The initial proposed capitalization and indebtedness of the Issuer as of the Closing Date after giving effect to the issuance of the Securities and the Ordinary Shares (before deducting expenses of the Offering and discounts (including original issue discount)) is as set forth below.

<u>Source</u>	<u>Amount (U.S.\$)</u>
Class A Notes	352,000,000
Class B Notes	66,000,000
Class C Notes	32,500,000
Class D Notes	32,500,000
Class E Notes	24,500,000
Subordinated Notes	52,000,000
Total Notes	559,500,000
Issuer Ordinary Shares	250
Total Equity	250
Total Capitalization	559,500,250

The Issuer Only Notes are obligations of the Issuer and the Co-Issued Notes are obligations of the Issuers and do not represent obligations of any other Transaction Party or any of their respective Affiliates, or any directors or officers of the Issuer.

Available Information

Upon request, the Issuer will furnish to Holders and prospective purchasers of the Securities information that is required by subsection (d)(4)(i) of Rule 144A.

USE OF PROCEEDS

The net proceeds from the issuance of the Securities on the Closing Date, after discounts, certain fees, organizational and other fees and expenses and funding of the Closing Date Reserve, are expected to be approximately U.S.\$547,000,000 and will be used by the Issuer to pay all amounts due under the warehouse agreement, redeem the notes issued prior to the Closing Date and purchase Collateral Debt Obligations meeting the diversification, rating and other requirements described herein. Prior to the Closing Date, the Collateral Manager will have entered into transactions to purchase Collateral Debt Obligations with an expected aggregate principal balance of at least 60% of the Effective Date Target Par Amount, a portion of which will settle after the Closing Date. The Collateral Manager expects to purchase (and enter into agreements to purchase) additional Collateral Debt Obligations on or before the Effective Date, although there can be no assurance it will be able to do so, in an amount sufficient to reach the Effective Date Target Par Amount.

COLLATERAL MANAGER

The information appearing in this section has been prepared by the Collateral Manager and has not been independently verified by the Initial Purchaser or either of the Issuers. Neither the Initial Purchaser nor the Issuers assume any responsibility for the accuracy, completeness or applicability of such information.

The Collateral Manager

Certain administrative and advisory functions with respect to the Collateral will be performed by Shenkman Capital Management, Inc. (“**Shenkman**”) as the Collateral Manager under the Collateral Management Agreement.

Pursuant to the terms of the Collateral Management Agreement, the Collateral Manager will on behalf of the Issuer monitor the Collateral Debt Obligations securing the Secured Debt and, together with the Trustee, provide the Issuer with certain information with respect to the composition and characteristics of the Collateral Debt Obligations, any disposition or tender of a Collateral Debt Obligation, the reinvestment of the proceeds of any such disposition or the application thereof toward the purchase of additional and/or substitute Collateral Debt Obligations and Eligible Investments. Additionally, pursuant to the terms of the Collateral Administration Agreement, the Issuer will retain U.S. Bank National Association as Collateral Administrator to prepare certain reports with respect to the Collateral Debt Obligations.

In accordance with the Collateral Quality Tests, the Coverage Tests and other requirements set forth in the Indenture, and in accordance with the provisions of the Collateral Management Agreement, the Collateral Manager will select the portfolio of Collateral Debt Obligations and Eligible Investments and will instruct the Trustee with respect to any acquisition, disposition or tender of Collateral Debt Obligations and investment in or disposition of Eligible Investments.

The Collateral Manager, its affiliates or their respective employees and client accounts or funds for which the Collateral Manager or its affiliates act as collateral manager or adviser are expected to purchase Subordinated Notes on the Closing Date, but none of the foregoing is required to retain any Subordinated Notes.

Shenkman Capital Management, Inc.

Shenkman is a New York corporation that was formed in 1985. The Collateral Manager is a registered investment adviser under the Investment Advisers Act of 1940, as amended, and maintains offices in New York City, Stamford, Connecticut and London, England. The Collateral Manager currently focuses its investment management activities exclusively on leveraged companies and, as of February 28, 2015, managed over \$28 billion in assets primarily for institutions, including Fortune 500 companies and large pension plans. The Collateral Manager is owned by Mark R. Shenkman, the Shenkman family, senior team members and one outside director. Mark R. Shenkman is the founder, President, Chief Investment Officer and controlling shareholder of the Collateral Manager. Mr. Shenkman has over 44 years of investment experience and, as Chief Investment Officer of the Collateral Manager, and along with David Lerner and Jon Savas, will be primarily responsible for the investment decisions made by the Collateral Manager.

Key Personnel

Mark R. Shenkman, President and Chief Investment Officer

Mark R. Shenkman founded the Collateral Manager in 1985. With over 44 years of investment experience, and over 36 years of high yield investment experience, he is considered one of the pioneers of the high yield bond market. He is a co-author of two textbooks on the high yield market, entitled *High Yield Bonds: Market Structure, Portfolio Management and Credit Risk Modeling* (McGraw Hill, 1999) and *Leveraged Financial Markets* (McGraw Hill, 2010). Mr. Shenkman was previously President and Chief Investment Officer of First Investors Asset Management in New York. He was also Co-Manager and Vice President of the High Yield Bond Department at Lehman Brothers Kuhn Loeb in New York, where he established one of Wall Street’s earliest departments dedicated to the research, selling and trading of high yield securities. Mr. Shenkman was a research analyst and an equity portfolio manager at Fidelity Management and Research Company in Boston. From 1977 to 1979, he managed the first high yield bond mutual funds at Fidelity. Mr. Shenkman received a Bachelor of Arts in Political Science from the University of

Connecticut (1965) and a Master of Business Administration from The George Washington University (1967). Mr. Shenkman also received a Doctor of Humane Letters, *honoris causa*, from the University of Connecticut (2007).

David H. Lerner, Senior Vice President and Portfolio Manager

David Lerner joined the Collateral Manager in 2013. He has over 25 years of experience in the banking industry. Prior to joining the Collateral Manager, Mr. Lerner was Managing Director and Portfolio Manager in Credit Suisse's Credit Investments Group, where he was responsible for directing investment decisions and managing portfolio risk. Mr. Lerner joined Credit Suisse in 2000 through the merger with Donaldson, Lufkin, & Jenrette (DLJ). Before working at DLJ, Mr. Lerner worked at First Dominion Capital, LLC as a Senior Vice President. Previous to his employment with First Dominion, he worked at Mitsubishi Trust and Banking Corporation as a Vice President in the Leveraged Finance Group. Prior to that, he served as a Vice President at Banque Francaise du Commerce Exterieur in their Corporate Finance Group. Mr. Lerner received a Bachelor of Business Administration in Finance from The George Washington University (1990).

Jonathan A. Savas, Senior Vice President and Portfolio Manager

Jonathan Savas joined the Collateral Manager in 2004. He has over 26 years of investment experience, including over 20 years of high yield research covering all sub-sectors within media, telecommunications, and gaming. Mr. Savas joined the Collateral Manager from Alliance Capital Management, where he worked from 2002-2004 in a similar capacity. Previously, Mr. Savas spent over 8 years on the sell-side, primarily at Merrill Lynch and Lehman Brothers. He was voted to the 2001 Institutional Investor All-Star Research Team for telecommunications. Mr. Savas received a Bachelor of Science in Industrial Engineering from Columbia University (1984) and a Master of Business Administration in Finance from The Wharton School at the University of Pennsylvania (1988).

Justin W. Slatky, Senior Vice President and Senior Portfolio Manager of the Investment Manager

Mr. Slatky joined the Collateral Manager in 2011, prior to which he was Co-Head and Managing Director of the Distressed Bond business in New York and London for Goldman Sachs. He was also a member of the Credit Investment Committee charged with reviewing proprietary investments within the Credit Department. Before joining the distressed bond business in 2002, Mr. Slatky was a telecom high yield analyst and a recipient of Institutional Investor's Runner-Up award. He joined Goldman Sachs from Credit Suisse First Boston in 2000, where he worked as a high yield analyst as part of an II ranked telecom team. Mr. Slatky graduated Magna Cum Laude with a B.S. in Economics (1998) and an MBA (1999) from The Wharton School at the University of Pennsylvania.

Additional Information

The Collateral Manager currently acts as collateral manager for Westbrook CLO Ltd. ("**Westbrook**"), a \$400 million collateralized debt obligation facility which closed in December 2006. As of April 30, 2015, (a) Westbrook held positions in 96 loans and 4 bonds having an aggregate par value in excess of \$268.51 million and (b) no default or event of default has occurred with respect to Westbrook.

The Collateral Manager also currently acts as collateral manager for Slater Mill Loan Fund, LP ("**Slater Mill**"), a \$311.55 million collateralized loan obligation facility which closed in June 2012. As of April 30, 2015, (a) Slater Mill held positions in 145 loans and 3 bonds having an aggregate par value in excess of \$301.60 million and (b) no default or event of default has occurred with respect to Slater Mill.

The Collateral Manager also currently acts as collateral manager for Brookside Mill CLO Ltd. ("**Brookside Mill**"), a \$471.375 million collateralized loan obligation facility which closed in May 2013. As of April 30, 2015, (a) Brookside Mill held positions in 172 loans and 5 bonds having an aggregate par value in excess of \$439.10 million and (b) no default or event of default has occurred with respect to Brookside Mill.

The Collateral Manager also currently acts as collateral manager for Sudbury Mill CLO Ltd. ("**Sudbury Mill**"), a \$419.1 million collateralized loan obligation facility which closed in December 2013. As of April 30, 2015, (a) Sudbury Mill held positions in 136 loans and 2 bonds having an aggregate par value in excess of \$391.75 million and (b) no default or event of default has occurred with respect to Sudbury Mill.

The Collateral Manager also currently acts as collateral manager for Washington Mill CLO Ltd. ("**Washington Mill**"), a \$520.6 million collateralized loan obligation facility which closed in May 2014. As of April 30, 2015, (a)

Washington Mill held positions in 160 loans and 0 bonds having an aggregate par value in excess of \$497.05 million and (b) no default or event of default has occurred with respect to Washington Mill.

The Collateral Manager also currently acts as collateral manager for Adams Mill CLO Ltd. (“**Adams Mill**”), a \$552.5 million collateralized loan obligation facility which closed in August 2014. As of April 30, 2015, (a) Adams Mill held positions in 156 loans and 0 bonds having an aggregate par value in excess of \$528.37 million and (b) no default or event of default has occurred with respect to Adams Mill.

The Collateral Manager acted as collateral manager for two collateralized bond obligation facilities, Magnus Funding Ltd. (“**Magnus**”) and SCM Communications CBO I Ltd. (“**SCMC**”) which closed in June of 1998 and July of 1999, respectively. The trustee under each of these transactions declared an event of default in December of 2002 and August of 2003, respectively, and the respective collateral pools were thereafter liquidated. The portfolio of Magnus had a ten percent basket for emerging markets companies, while SCMC’s portfolio was concentrated in telecommunication and other related industries. The events of default occurred during periods of dramatic increases in the default rate for the high yield market and a deterioration of market conditions.

SECURITY FOR THE SECURED DEBT

The “**Collateral**” for the Secured Debt pledged by the Issuer to the Trustee under the Indenture will consist of (i) Collateral Debt Obligations; (ii) Eligible Investments; (iii) any securities or assets that do not themselves constitute Collateral Debt Obligations; (iv) certain accounts of the Issuer; (v) the rights of the Issuer under the Collateral Management Agreement, the Collateral Administration Agreement, the account agreement between the Issuer, the Trustee and the Bank and the Administration Agreement; (vi) interests of the Issuer in Issuer Subsidiaries; and (vii) the proceeds of each of the foregoing. The Collateral will not include the Excepted Property.

Collateral Debt Obligations

Collateral Debt Obligations will consist primarily of Senior Secured Loans. The Issuer may also invest on a limited basis in Second Lien Loans and Unsecured Loans. Collateral Debt Obligations may include a limited amount of Revolving Credit Facilities and Delayed Funding Loans that require future payments by the Issuer; *provided* that the Issuer maintains reserves to the extent required to meet any unfunded obligations.

The Issuer will only invest in U.S. dollar denominated obligations. It may invest up to 20% of its assets in U.S. dollar denominated obligations of non-United States obligors. Investments in Collateral Debt Obligations will be subject to certain diversification, minimum spread and coupon, rating, maturity and other requirements. The Issuer may sell obligations and reinvest proceeds, subject to certain conditions described herein.

Collateral Debt Obligations are eligible for purchase by the Issuer in accordance with the requirements set forth in the Indenture, as summarized below. A “**Collateral Debt Obligation**” is an obligation which, at the time an irrevocable commitment to purchase is entered into by the Issuer:

(a) is a U.S. dollar denominated loan or other U.S. dollar denominated debt security or an Assignment or Participation of a U.S. dollar denominated loan, in all cases, the payments with respect to which are not by the terms of such obligation payable in a currency other than U.S. dollars at the option of the issuer of such obligation;

(b) is not a Defaulted Obligation, an Equity Security or a Credit Risk Obligation (unless such purchase or acquisition is being made as an Exchange Transaction);

(c) 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 Permitted Offer and has not been called for redemption;

(d) has only payments that are not expected to subject the Issuer to withholding tax or other similar tax (except for withholding taxes which may be payable with respect to commitment fees and other similar fees associated with Collateral Debt Obligations constituting Revolving Credit Facilities or Delayed Funding Term Loans, and withholding taxes imposed pursuant to FATCA) unless the related obligor is required to make “gross up” payments that ensure that the net amount actually received by the Issuer (after payment of all taxes, whether imposed on such obligor or the Issuer) will equal the full amount that the Issuer would have received had no such taxes been imposed;

(e) will not, by its acquisition (including the manner of acquisition, ownership, enforcement or disposition) cause the Issuer to violate the Tax Guidelines unless the Issuer has received Tax Advice to the effect that the acquisition, ownership or disposition of such obligation will not cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes or otherwise subject the Issuer to U.S. federal income tax on a net income tax basis;

(f) has an S&P Rating of at least “CCC+” and a Moody’s Default Probability Rating of at least “Caa1”;

(g) is not a security whose repayment is subject to substantial non-credit related risk as determined by the Collateral Manager, in its commercially reasonable business judgment;

(h) is not an obligation the interest payments of which are scheduled to decrease (although interest payments may decrease due to unscheduled events such as a decrease of the index relating to a Floating Rate

Collateral Debt Obligation, the change from a default rate of interest to a non-default rate or an improvement in the obligor's financial condition);

(i) is not an obligation pursuant to which future advances (other than Excepted Advances) may be required, other than Collateral Debt Obligations constituting Revolving Credit Facilities or Delayed Funding Term Loans (to the extent of advances contemplated hereby);

(j) (i) is not subject to a tender offer, voluntary redemption, exchange offer, conversion or other similar action for a price less than its purchase price plus all accrued and unpaid interest and (ii) is not an obligation that provides for mandatory conversion by or is convertible into an equity interest at any time;

(k) is not a lease (including without limitation a Lease Financing Transaction);

(l) is issued by an issuer: (a) whose Domicile is an Eligible Country; (b) that is a Special Purpose Vehicle; or (c) organized under the laws of a Tax Advantaged Jurisdiction but whose principal place of business or chief executive offices or principal assets are located in the United States; *provided* that no such obligor may be Domiciled in Greece, Ireland, Italy, Portugal or Spain or a country that is not an Eligible Country;

(m) provides for payment of a fixed amount of principal in Cash, final Cash payment or return of posted collateral by the Stated Maturity thereof;

(n) does not have a rating with a "f," "p," "pi," "q," "r," "sf" or "t" subscript as assigned by S&P or a "sf" subscript as assigned by Moody's;

(o) is not a Structured Finance Security;

(p) is not a Synthetic Security;

(q) unless it is a DIP Loan, is issued by an issuer having a total potential indebtedness (as determined by original issuance size) under all loan agreements, indentures, and other underlying instruments entered into directly or indirectly by such issuer as of such date at least equal to \$150,000,000;

(r) does not constitute Margin Stock;

(s) is not a letter of credit facility;

(t) is not a Zero-Coupon Security;

(u) is not a Long-Dated Obligation;

(v) is not subject to a legally enforceable transfer restriction that prevents a pledge to the Trustee;

(w) is not a Deferrable Security unless it is a Deferrable Interest Obligation that is not currently deferring the interest payment due thereon;

(x) is not a bond, note or other security;

(y) is not a Bridge Loan;

(z) the purchase price of which is at least 65% of such obligation's par amount;

(aa) does not by its terms provide for conversion at the option of the holder into securities, or have equity features attached; and

(bb) is not an obligation that is loaned pursuant to Securities Lending Agreements.

In addition, on and after the Effective Date, the Issuer's commitment to purchase Collateral Debt Obligations, the Aggregate Principal Amount of the Collateral Portfolio described under the related "Collateral Type" is not less than the minimum and does not exceed the maximum limitations (and exceptions and additional requirements) listed in the table below (the "**Concentration Limitations**"):

<u>Collateral Type</u>	<u>Minimum (% of the Aggregate Principal Amount)</u>	<u>Maximum (% of the Aggregate Principal Amount)</u>	<u>Exceptions and Additional Requirements</u>
(a) Non-Quarterly Pay Obligations		10.0	None pay interest less frequently than semi-annually
(b) Deferrable Interest Obligations and Step-Up Coupon Securities		2.5	
(c) Current Pay Obligations		2.5	
(d) CCC/Caa			
Obligations with an S&P Rating of "CCC+" or below (excluding Defaulted Obligations)		7.5	
Obligations with a Moody's Rating of "Caa1" or below (excluding Defaulted Obligations)		7.5	
(e) Senior Secured Loans with a first priority perfected security interest (including Participations with respect to Senior Secured Loans with a first priority perfected security interest and assuming for purposes of these calculations that Eligible Investments are Senior Secured Loans);	90.0		
(f) Senior Secured Loans secured by a valid second priority perfected security interest, Second Lien Loans and Unsecured Loans		10.0	No more than 1.0% with the same obligor
Second Lien Loans		7.5	
Unsecured Loans		2.5	
(g) Country limitations (based on Domicile)			Only Senior Secured Loans outside the United States, Canada, the United Kingdom or any Tax Advantaged Jurisdiction
United States	80.0		
Countries together other than the United States, Canada or the United Kingdom		10.0	
European countries		10.0	
Other countries			
Canada		15.0	
United Kingdom, Australia, Germany and the Netherlands		10.0	
Austria, Belgium, Denmark, Finland, France, Iceland, Liechtenstein, New Zealand, Norway, Sweden and Switzerland		5.0	

<u>Collateral Type</u>	<u>Minimum (% of the Aggregate Principal Amount)</u>	<u>Maximum (% of the Aggregate Principal Amount)</u>	<u>Exceptions and Additional Requirements</u>
All other Eligible Countries (other than the United States, Canada, the United Kingdom, the Netherlands, Australia, Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Liechtenstein, New Zealand, Norway, Sweden, Switzerland and any Tax Advantaged Jurisdiction)		5.0	
Tax Advantaged Jurisdiction		5.0	
(h) DIP Loans		5.0	
(i) Fixed Rate Collateral Debt Obligations		7.5	
(j) Revolving Credit Facilities or unfunded portions of Delayed Funding Term Loans		5.0	
(k) Collateral Debt Obligations subject to Permitted Offers		5.0	
(l) Obligations of any single obligor		2.0	Other than on DIP Loans, up to five obligors may each constitute up to 2.5%
(m) Obligations issued by obligors in any one S&P industry category		10.0	Obligors in three industries may represent up to 12.0% and in one industry may represent up to 15.0%
(n) Participations		5.0	Moody's Counterparty Criteria must be satisfied
(o) Cov-Lite Loans		60.0	
(p) Middle Market Loans		5.0	

Sales of Collateral Debt Obligations

Provided that no Enforcement Event has occurred and is continuing, the Collateral Manager, on behalf of the Issuer, may direct the Trustee to sell (and the Trustee will sell in the manner specified):

- (i) any Defaulted Obligation at any time during or after the Reinvestment Period;
- (ii) any Equity Security at any time during or after the Reinvestment Period;
- (iii) any Credit Risk Obligation at any time during or after the Reinvestment Period;
- (iv) any Credit Improved Obligation at any time during or after the Reinvestment Period;
- (v) any Withholding Tax Securities at any time during or after the Reinvestment Period;
- (vi) at any time during or after the Reinvestment Period, any Collateral Debt Obligation (other than an obligation being sold pursuant to clauses (i) through (v) above) if, commencing with the first calendar year after the Closing Date, total Discretionary Sales (measured by the par amount of all Collateral Debt Obligations disposed of)

during the preceding 12-month period do not exceed 25% of the Aggregate Principal Amount of the Collateral Portfolio, measured as of the first day of such 12-month period (each, a “**Discretionary Sale**”).

For purposes of determining the percentage of Collateral Debt Obligations sold during any such period, the amount of any Collateral Debt Obligations sold shall be reduced to the extent of any purchases of Collateral Debt Obligations of the same obligor (which are *pari passu* or senior to such sold Collateral Debt Obligations) occurring within 45 Business Days of such sale (determined based upon the date of any relevant trade confirmation or commitment letter) so long as any such Collateral Debt Obligation was sold with the intention of purchasing a Collateral Debt Obligation of the same obligor (which would be *pari passu* or senior to such sold Collateral Debt Obligation).

(vii) (A) Not later than 45 days after the earliest of (1) the date on which such obligation or security became Margin Stock; (2) the date of acquisition thereof; and (3) the earliest date on which it can be disposed; *provided* that any Margin Stock constituting a Subordinated Notes Collateral Obligation will not be required to be sold;

(B) At any time that the Issuer holds Margin Stock with an aggregate Market Value Amount in excess of 10% of the Aggregate Principal Amount, the Collateral Manager shall use commercially reasonable efforts to sell Margin Stock with an aggregate Market Value Amount at least equal to such excess; or

(C) The Collateral Manager, on behalf of the Issuer, (A) may, on the Closing Date or at the time of purchase, designate certain Collateral Debt Obligations as Subordinated Notes Collateral Obligations; *provided* that the aggregate amount of Collateral Debt Obligations so designated (measured by the Issuer’s acquisition cost (including accrued interest)) shall not exceed the Subordinated Notes Reinvestment Ceiling and (B) shall not, after the Closing Date, purchase any Subordinated Notes Collateral Obligations with any funds other than (a) funds in the Subordinated Notes Unused Proceeds Account or the Subordinated Notes Principal Collection Account, and/or (b) Permitted Amounts. If a Collateral Debt Obligation that has not been designated as a Subordinated Notes Collateral Obligation becomes Margin Stock or Margin Stock is received by the Issuer in respect of a Collateral Debt Obligation that was not designated as a Subordinated Notes Collateral Obligation (each, “**Transferable Margin Stock**”), the Collateral Manager, on behalf of the Issuer, may direct the Trustee to (x) transfer one or more non-Margin Stock Subordinated Notes Collateral Obligations having a Market Value Amount equal to or greater than such Transferable Margin Stock to the Secured Debt Collateral Account, and simultaneously (y) transfer such Transferable Margin Stock to the Subordinated Notes Collateral Account and such Transferable Margin Stock shall thereafter be designated a Subordinated Notes Collateral Obligation.

(viii) On any Business Day after the Reinvestment Period:

(A) The Collateral Manager on behalf of the Issuer, in its sole discretion, may provide written direction to the Trustee to conduct an auction on behalf of the Issuer of Unsalable Assets in accordance with the procedures described in clause (B) below.

(B) Promptly after receipt of written direction from the Collateral Manager directing the Trustee to conduct such auction, the Trustee shall provide notice to the Holders and each Rating Agency of an auction, setting forth in reasonable detail a description of each Unsalable Asset and the following auction procedures:

(1) any Holder of Debt may submit a written bid within 10 Business Days after the date of such notice to purchase one or more Unsalable Assets no later than the date specified in the auction notice (which shall be at least 15 Business Days after the date of such notice);

(2) each bid must include an offer to purchase for a specified amount of Cash on a proposed settlement date no later than 20 Business Days after the date of the auction notice;

(3) if no Holder submits such a bid within the time period specified under clause (1) above, unless delivery in-kind is not legally or commercially practicable, the Trustee shall provide notice thereof to each Holder and offer to deliver (at such Holder’s expense) a *pro rata* portion of each unsold Unsalable

Asset to the Holders of the most senior Class that provide delivery instructions to the Trustee on or before the date specified in such notice, subject to minimum denominations; *provided* that, to the extent that minimum denominations do not permit a *pro rata* distribution, the Trustee shall distribute the Unsalable Assets on a *pro rata* basis to the extent possible and the Trustee shall select by lottery the Holder to whom the remaining amount shall be delivered and deliver written notice thereof to the Trustee; *provided, further*, that the Trustee shall use commercially reasonable efforts to effect delivery of such interests; and

(4) if no such Holder provides delivery instructions to the Trustee, the Trustee shall promptly notify the Collateral Manager and offer to deliver (at the cost of the Collateral Manager) the Unsalable Asset to the Collateral Manager. If the Collateral Manager declines such offer, the Trustee shall take such action as directed by the Collateral Manager (on behalf of the Issuer) in writing to dispose of the Unsalable Asset, which may be by donation to a charity, abandonment or other means

An “**Unsalable Asset**” is (a)(i) A Defaulted Obligation, (ii) an Equity Security, (iii) an obligation received in connection with an Offer, in a restructuring or plan of reorganization with respect to the related obligor or any other exchange or (iv) any other security or debt obligation that is part of the Collateral Portfolio, in the case of (i), (ii), (iii) or (iv) in respect of which the Issuer has not received a payment in Cash during the preceding 12 months or (b) any Pledged Obligation identified in an Officer’s Certificate of the Collateral Manager as having a Market Value Amount of less than \$10,000, in each case of (a) and (b) with respect to which the Collateral Manager certifies to the Trustee that (x) it has made commercially reasonable efforts to dispose of such Pledged Obligation for at least 90 days and (y) in its commercially reasonable judgment such Pledged Obligation is not expected to be saleable for the foreseeable future.

Revolving Credit Facilities. The Issuer shall not sell or otherwise dispose of any Revolving Credit Facility unless, concurrently with such disposition, (i) the transferee agrees with the Issuer (for the express benefit of the Issuer and the obligors of such Revolving Credit Facility), that the transferee will, from and after the consummation of such disposition, perform all of the obligations of the Issuer as lender or counterparty under the Underlying Instruments in respect of the Revolving Credit Facility disposed of by the Issuer and (ii) by reason of the express terms of the relevant Underlying Instruments or by reason of the agreement of the obligors of such Revolving Credit Facility (or their duly authorized representative), the Issuer shall be released from such obligations with respect to obligations arising or relating to the period after the effective date of such sale or disposition.

Sales after the Event of Default. Notwithstanding that an Enforcement Event has occurred and is continuing, the Collateral Manager so long as liquidation of the Collateral has not commenced, may, but shall not be under any obligation to, direct the Trustee to sell any Defaulted Obligation, Equity Security, Credit Risk Obligation, Withholding Tax Security, Margin Stock and Unsalable Asset or any obligation that would otherwise be required to be transferred to an Issuer Subsidiary; *provided* that the Collateral Manager may provide such direction in its sole and absolute discretion and shall have no liability to any Person in connection with providing or not providing any such direction.

Issuer Subsidiaries. Prior to the time that (i) the Issuer would acquire or receive any asset in connection with a workout or restructuring of a Collateral Debt Obligation the holding of which could cause the Issuer to be treated as engaged in a trade or business in the United States or subject to U.S. federal tax on a net income basis, or (ii) any Collateral Debt Obligation is modified in such a manner that could cause the Issuer to be treated as engaged in a trade or business in the United States or subject to U.S. federal tax on a net income basis, the Issuer shall either (a) organize one or more wholly-owned special purpose vehicles of the Issuer that are treated as corporations for U.S. federal income tax purposes (each, an “**Issuer Subsidiary**”), and contribute the Collateral Debt Obligation that is the subject of the workout, restructuring or modification to an Issuer Subsidiary or (b) sell the right to receive such asset or such Collateral Debt Obligation, in each case unless the Issuer has received Tax Advice that the acquisition, receipt, ownership, and disposition of such asset or the modification of such Collateral Debt Obligation, as the case may be, will not cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes or otherwise subject the Issuer to U.S. federal income tax on a net income basis, in which case the Issuer may directly hold the Collateral Debt Obligation or other asset.

The Issuer shall cause the purposes and permitted activities of any Issuer Subsidiary to be restricted solely to the acquisition, receipt, holding, management and disposition of Collateral Debt Obligations referred to above and any

assets, income and proceeds received in respect thereof (collectively, “**Issuer Subsidiary Assets**”), and will require each Issuer Subsidiary to distribute 100% of the proceeds of any sale of such Issuer Subsidiary Assets, net of any tax or other liabilities, to the Issuer. Issuer Subsidiaries may not directly hold real property or obtain a controlling interest in any entity that owns real property.

The Indenture will not permit the Issuer to engage in securities lending.

Reinvestment Criteria

Reinvestment during the Reinvestment Period. No Collateral Debt Obligation may be purchased during the Reinvestment Period unless the Collateral Manager reasonably believes each of the following conditions (the “**Reinvestment Period Criteria**”) is satisfied as of the date it commits on behalf of the Issuer to acquire such Collateral Debt Obligation (after giving effect to such purchase and all other sales or purchases previously or simultaneously committed to); *provided* that, prior to the Effective Date, the conditions set forth in clauses (iii), (iv), (v), (vii) and (viii) need not be satisfied with respect to purchases of Collateral Debt Obligations:

- (i) the requirements set forth in the definition of Collateral Debt Obligation are satisfied;
- (ii) the Concentration Limitations are satisfied or, if immediately prior to such purchase such limitation was not satisfied, maintained or improved (compared to the results prior to (a) the related sale giving rise to the Sale Proceeds or (b) the receipt of Principal Proceeds, being reinvested);
- (iii) each Coverage Test is satisfied following such purchase or, if immediately prior to such purchase such test was not satisfied, maintained or improved; *provided* that if any Coverage Test is not satisfied, the Principal Proceeds received in respect of any Defaulted Obligation or the proceeds of any sale of a Defaulted Obligation will not be reinvested in additional Collateral Debt Obligations;
- (iv) each of the Weighted Average Spread Test, the Weighted Average Fixed Coupon Test, the Moody’s Diversity Test, the Moody’s Weighted Average Recovery Rate Test and the Moody’s Weighted Average Rating Factor Test is satisfied following such purchase or, if immediately prior to such purchase such test was not satisfied, maintained or improved;
- (v) the Weighted Average Life Test is satisfied following such purchase or, if immediately prior to such purchase such test was not satisfied, maintained or improved;
- (vi) after giving effect to such purchase, the Aggregate Unfunded Amount of Revolving Credit Facilities and Delayed Funding Term Loans does not exceed the funds on deposit in the Revolving Credit Facility Reserve Account;
- (vii) with respect to the use of Sale Proceeds of Credit Risk Obligations or Defaulted Obligations, (a) the Aggregate Principal Balance of all Collateral Debt Obligations purchased with such Sale Proceeds will be greater than or equal to such Sale Proceeds or (b) after giving effect to such purchases and sales, (x) the Aggregate Principal Balance of the Collateral Debt Obligations (excluding the Collateral Debt Obligations being sold) and Eligible Principal Investments (including, without duplication, the anticipated Sale Proceeds) will be greater than or equal to the Effective Date Target Par Balance, or (y) the Par Value Numerator (measured immediately prior to the trade date with respect to related sales or dispositions of Collateral Debt Obligations) is maintained or increased after giving effect to such purchase;
- (viii) with respect to the use of Sale Proceeds from sales of Credit Improved Obligations or Discretionary Sales, or in respect of the use of Principal Proceeds from Unscheduled Principal Payments or scheduled distributions, (A) the Investment Criteria Adjusted Balance of all Collateral Debt Obligations purchased with such proceeds will be greater than or equal to the Investment Criteria Adjusted Balance of the Collateral Debt Obligations disposed of, (B) the Par Value Numerator (measured immediately prior to the trade date with respect to related sales or dispositions of Collateral Debt Obligations) is maintained or increased after giving effect to such investment or reinvestment, (C) the Aggregate Principal Balance (measured immediately prior to the trade date with respect to related sales or dispositions of Collateral Debt Obligations or receipts) of the Collateral Debt Obligations and Eligible Principal Investments is maintained or increased after giving effect to such investment or reinvestment,

or (D) after giving effect to such purchases and such sales or the receipt of such proceeds, the Aggregate Principal Balance of the Collateral Debt Obligations (excluding the related Collateral Debt Obligations) and Eligible Principal Investments (including, without duplication, the anticipated proceeds to be received) will be greater than or equal to the Effective Date Target Par Balance; and

- (ix) no Enforcement Event will have occurred and be continuing.

provided that, notwithstanding the foregoing provisions, with respect to any Collateral Debt Obligations that are committed to be acquired or disposed of pursuant to a Trading Plan, compliance with the requirements of clauses (ii) through (ix) above will be measured by determining the aggregate effect of such trades on the Issuer's level of compliance with such criteria, rather than considering the effect of each acquisition and disposition of such Collateral Debt Obligations individually.

Reinvestment after the Reinvestment Period. After the end of the Reinvestment Period, *provided* that no Enforcement Event has occurred and is continuing, the Collateral Manager on behalf of the Issuer may, but is not obligated to, direct the Trustee to invest on behalf of the Issuer not later than the second Determination Date occurring after receipt of such proceeds, all or any portion of (A) Sale Proceeds received with respect to Credit Risk Obligations and (B) Unscheduled Principal Payments in one or more Substitute Collateral Debt Obligations, so long as the Collateral Manager reasonably believes each of the following conditions (the "**Post-Reinvestment Period Criteria**" and, together with the Reinvestment Period Criteria, the "**Reinvestment Criteria**") are satisfied as of the date it commits on behalf of the Issuer to acquire such Substitute Collateral Debt Obligations (after giving effect to such purchase and all other sales or purchases previously or simultaneously committed to):

- (i) the requirements set forth in the definition of Collateral Debt Obligation are satisfied;
- (ii) the Collateral Debt Obligation Maturity of such Substitute Collateral Debt Obligations is not later than the Collateral Debt Obligation Maturity of the related Disposed Obligation;
- (iii) the Restricted Trading Condition does not apply;
- (iv) each Coverage Test is satisfied immediately prior to and following such purchase;
- (v) such Substitute Collateral Debt Obligations have a Moody's Default Probability Rating that is the same or better than the Moody's Default Probability Rating of the Disposed Obligation;
- (vi) with respect to the use of Principal Proceeds from sales of Credit Risk Obligations, (A) the Aggregate Principal Balance of all Collateral Debt Obligations purchased with such Principal Proceeds will be greater than or equal to such Principal Proceeds or (B) after giving effect to such purchases and sales, the Aggregate Principal Balance of the Collateral Debt Obligations (excluding the Collateral Debt Obligations being sold) and Eligible Principal Investments (including, without duplication, the anticipated net proceeds of such sale) will be greater than the Effective Date Target Par Balance;
- (vii) with respect to the use of Principal Proceeds from Unscheduled Principal Payments, (A) the Investment Criteria Adjusted Balance of all Collateral Debt Obligations purchased with such Principal Proceeds will be greater than or equal to the Investment Criteria Adjusted Balance of the Disposed Obligations, (B) the Par Value Numerator (measured immediately prior to the trade date with respect to related sales or dispositions of Collateral Debt Obligations) is maintained or increased after giving effect to such investment or reinvestment, (C) the Aggregate Principal Balance (measured immediately prior to the trade date with respect to related sales or dispositions of Collateral Debt Obligations or receipts) of the Collateral Debt Obligations and Eligible Principal Investments is maintained or increased after giving effect to such investment or reinvestment, or (D) after giving effect to such purchases and sales or the receipt of such proceeds, the Aggregate Principal Balance of the Collateral Debt Obligations (excluding the related Collateral Debt Obligations) and Eligible Principal Investments (including, without duplication, the anticipated proceeds to be received) will be greater than or equal to the Effective Date Target Par Balance;
- (viii) the Moody's Weighted Average Rating Factor Test is satisfied following such purchase;

(ix) each of the Concentration Limitations, the Moody's Weighted Average Recovery Rate Test, the Weighted Average Spread Test and the Weighted Average Fixed Coupon Test is satisfied following such purchase or, if immediately prior to such purchase such test was not satisfied, maintained or improved; and

(x) the Weighted Average Life Test is satisfied following such purchase or, if immediately prior to such purchase such test was not satisfied, maintained or improved;

provided that, notwithstanding the foregoing provisions, with respect to any Collateral Debt Obligations that are committed to be acquired or disposed of pursuant to a Trading Plan, compliance with the requirements of clauses (iv) through (x) above will be measured by determining the aggregate effect of such trades on the Issuer's level of compliance with such criteria, rather than considering the effect of each acquisition and disposition of such Collateral Debt Obligations individually.

For purposes of determining compliance with the Reinvestment Criteria, any Unscheduled Principal Payments shall be taken into consideration on and after the date such Unscheduled Principal Payments are actually received by the Issuer (and not as of the record date of the related payment).

Exchange Transactions. The Collateral Manager may direct the Trustee to acquire, dispose of or exchange and the Trustee shall acquire, dispose of or exchange in the manner directed by the Collateral Manager, any Collateral Debt Obligation in connection with an Exchange Transaction at any time; *provided* that the Issuer shall not engage in any Exchange Transaction to the extent that, after giving effect to such proposed Exchange Transaction, the Aggregate Principal Amount of debt obligations received in Exchange Transactions, and included in the Collateral Portfolio, measured cumulatively from the Closing Date onward, would exceed 5.0% of the Effective Date Target Par Amount.

Maturity Amendments. The Collateral Manager, on behalf of the Issuer, shall be authorized to consent to any amendment or exchange of a Collateral Debt Obligation; *provided, however,* that the Collateral Manager, on behalf of the Issuer, shall not consent to an amendment or exchange of a Collateral Debt Obligation with respect to the Issuer's interest therein that would have the effect of extending the maturity date of the asset to be held by the Issuer during such extended term unless (i) either (A) after giving effect to any such exchange or amendment, the Weighted Average Life Test (determined in the same manner as if the Reinvestment Period were still in effect) will be satisfied or, if not satisfied, the Weighted Average Life Test will be maintained or improved or (B) in the reasonable judgment of the Collateral Manager, not consenting to such amendment or exchange would cause the related Collateral Debt Obligation to have a lower priority security interest or become unsecured, result in the removal of material covenants or otherwise have a material adverse effect on the Issuer, the Debt or the Holders, and in the case of either (A) or (B), the extended maturity date of the asset to be held by the Issuer is not later than the Stated Maturity of the Debt or (ii) such amendment or exchange is in connection with an insolvency, bankruptcy, reorganization, workout or other similar restructuring of the issuer or obligor of such Collateral Debt Obligation; *provided, further,* that (x) the total Aggregate Principal Amount of Collateral Debt Obligations since the Closing Date that the Collateral Manager, on behalf of the Issuer, may agree to extend the maturity date thereof pursuant to clause (i)(B) of the preceding proviso shall not exceed 10% of the Effective Date Target Par Amount and (y) to the extent that the Aggregate Principal Amount of Collateral Debt Obligations for which the maturity has been extended pursuant to clause (ii) of the preceding proviso exceeds 2.0% of the Effective Date Target Par Amount as of any date of determination, the Collateral Manager, on behalf of the Issuer, must sell the Collateral Debt Obligations representing such excess within 365 days of the date the maturity of such Collateral Debt Obligations was extended.

Sales and Purchases with Consent. Notwithstanding anything described under "Security for the Secured Debt—Sales of Collateral Debt Obligations" or in the Reinvestment Criteria to the contrary, the Issuer shall have the right to effect any transaction (whether a purchase, sale, substitution or other acquisition or disposition of Pledged Obligations) which has been consented to in writing by the Holders of Secured Debt evidencing a Supermajority of each Class of Secured Debt and of which each Rating Agency has been notified in writing.

The Coverage Tests. The Coverage Tests will include an interest coverage test with respect to the Co-Issued Notes and an overcollateralization test with respect to each Class of Secured Debt. The Coverage Tests will be used primarily to determine whether and to what extent Interest Proceeds may be used to pay interest on any Deferrable Class and distributions on the Subordinated Notes and certain expenses (including the Subordinated Collateral Management Fee), and whether Principal Proceeds may be reinvested in Collateral Debt Obligations, or whether Principal Proceeds, Interest Proceeds and funds which would otherwise be used to pay interest on any Deferrable

Class and distributions on the Subordinated Notes, and to pay certain expenses (including the Subordinated Collateral Management Fee) must instead be used to pay principal on the Secured Debt, to the extent necessary to cause the Coverage Tests to be met.

The Collateral Quality Tests. The Collateral Quality Tests will be used primarily as the criteria for purchasing Collateral Debt Obligations. The Collateral Quality Tests will consist of the Weighted Average Life Test, the Weighted Average Spread Test, the Weighted Average Fixed Coupon Test, the Moody's Diversity Test, the Moody's Weighted Average Recovery Rate Test and the Moody's Weighted Average Rating Factor Test. Measurement of the degree of compliance with the Collateral Quality Tests will be required as of each Measurement Date.

Hedge Agreements

The Issuer will not be permitted to enter into any hedging transaction (a "**Hedge Agreement**") unless it enters into a supplemental indenture that requires that prior to entering into or amending any Hedge Agreement (a) either (i) it obtains the advice of Seward & Kissel LLP or other nationally recognized counsel experienced in such matters that the Issuer entering into such Hedge Agreement will not cause it to be considered a "commodity pool" as defined in Section 1a(10) of the Commodity Exchange Act, as amended (the "**CEA**"), or (ii) the Issuer will be operated such that the Collateral Manager, the Trustee and/or such other relevant party to the transaction, as applicable, will be eligible for an exemption from registration as a "commodity pool operator" and a "commodity trading advisor" under the CEA and all conditions precedent to obtaining such an exemption have been satisfied, (b) either (i) (A) the Collateral Manager has certified to the Issuer that the written terms of such Hedge Agreement directly relate to the Collateral Debt Obligations and the Notes and (B) such Hedge Agreement reduces the interest rate and/or foreign exchange risks related to the Collateral Debt Obligations and the Notes, or (ii) the Issuer has received a written opinion of counsel of national reputation experienced in such matters that the Issuer entering into such Hedge Agreement will not cause it to be considered a "covered fund" under the Volcker Rule, (c) such Hedge Agreement contains limited recourse and non-petition provisions equivalent to those contained in the Indenture and (d) such Hedge Agreement provides that any payments made to the counterparty will be subject to the Priority of Payments.

DESCRIPTION OF CERTAIN TERMS OF THE NOTES

The Issuers will issue the Co-Issued Notes and the Issuer will issue the Issuer Only Notes.

It is a condition to the issuance of the Notes that the Secured Debt is assigned the Initial Ratings. The Subordinated Notes will not be rated.

The following statements briefly summarize some of the terms of the Securities and the Indenture. Such statements do not purport to be complete and are qualified in their entirety by reference to the forms of Securities and the Indenture.

Status and Security

The Issuer Only Notes will be limited recourse debt obligations of the Issuer, and the Co-Issued Notes will be limited recourse debt obligations of the Issuers, in each case, payable solely from the Collateral pursuant to the Indenture.

The Secured Debt will be secured by the Collateral that will be pledged by the Issuer to the Trustee to secure the Issuer's obligations under the Secured Debt and certain other obligations. Holders of Securities will have the right to receive payment, and to vote, as described further herein. Payment priorities with respect to the Collateral will be determined in accordance with the Priority of Payments.

Payments will be made solely from the proceeds of the Collateral, as described under the Priority of Payments in accordance with the Indenture. To the extent these amounts are insufficient to meet payments due in respect of the Securities and fees and expenses following realization of all of the Collateral, the obligation of the Issuer in the case of the Issuer Only Notes or, in the case of the Co-Issued Notes, the Issuers to pay such deficiency will be extinguished.

Additional Issuance of Securities

The Issuers shall, at the direction of the Collateral Manager or a Majority of the Subordinated Notes, issue additional Debt ("**Additional Debt**") subject to the conditions below.

During the Reinvestment Period only, the Issuers may, at the direction of the Collateral Manager or a Majority of the Subordinated Notes and subject to the requirements of the Indenture, issue additional Debt of existing Classes and deposit the proceeds in the Principal Collection Account, subject to the following conditions:

- (i) notice of such additional issuance has been delivered to each Rating Agency and the Moody's Rating Condition has been satisfied;
- (ii) such issue is approved by (x) a Majority of the Subordinated Notes (if the Issuers have been directed by the Collateral Manager) or the Collateral Manager (if the Issuers have been directed by a Majority of the Subordinated Notes) and a Majority of the Controlling Class has consented;
- (iii) such issue does not exceed 100% of the original principal amount of each applicable Class of Debt;
- (iv) the terms of the Additional Debt are identical to the terms of previously issued Debt of the Class of which such Additional Debt is a part (if any) except that the issue price may vary, the date on which interest begins to accrue and the first Payment Date will vary and the interest rate may be identical to or lower than the interest rate of the previously issued Debt of such Class;
- (v) the Overcollateralization Ratio in respect of each Class of Secured Debt is not reduced as a result of such issuance and the Class E Note Overcollateralization Test is satisfied before giving effect to such issuance;
- (vi) such issue shall be on a *pro rata* basis across all existing Classes (based upon the Aggregate Outstanding Amount immediately prior to such issuance);

(vii) Tax Advice has been obtained to the effect that any additional Co-Issued Notes will be treated, and any additional Class E Notes should be treated, as indebtedness for U.S. federal income tax purposes, provided that such advice will not be required with respect to any additional Debt that bear a different CUSIP Number (or equivalent identifier) from the Debt of the same Class that were issued on the Closing Date and are Outstanding at the time of the additional issuance;

(viii) a certificate of the Issuer certifying that such additional issuance shall be issued in a manner that will allow the Issuer to accurately calculate original issue discount with respect to the Debt (including any Additional Debt);

(ix) the expenses in connection with such additional issuance have been paid or shall be adequately provided for; and

(x) each Holder of a Class of previously issued Debt of which Additional Debt is a part is given the option to purchase Additional Debt, on the same terms offered to investors generally, such that its proportional ownership of such Class prior to the additional issuance is maintained following the additional issuance.

At any time during or after the Reinvestment Period, the Issuer may, at the direction of the Collateral Manager or a Majority of the Subordinated Notes and subject to the requirements of the Indenture, issue Additional Debt of any new Class of Secured Debt that is junior in right of payment to the Secured Debt issued on the Closing Date (any such new Class, “**Junior Notes**”) or Subordinated Notes and either deposit the proceeds in the Principal Collection Account or the Permitted Use Account, subject to the following conditions:

(i) notice of such additional issuance has been delivered to each Rating Agency;

(ii) such issue is approved by a Majority of the Subordinated Notes (if the Issuers have been directed by the Collateral Manager) or the Collateral Manager (if the Issuers have been directed by a Majority of the Subordinated Notes);

(iii) the expenses in connection with such additional issuance have been paid or shall be adequately provided for;

(iv) each Holder of Subordinated Notes is given the option to purchase such Junior Notes and any additional Subordinated Notes such that its proportional ownership of the new class of Junior Notes and the Subordinated Notes is equivalent to its proportional ownership of the Subordinated Notes as of the date of such issuance.

For the avoidance of doubt, any Additional Debt issued as described above of an existing Class of Debt shall constitute Debt of such Class for all purposes under the Indenture and shall be subject to the terms of the Indenture as if such Debt had been issued on the issuance date of the original Debt of such Class.

Unless it consents to do so, none of the Collateral Manager, any Affiliate of the Collateral Manager or any Sponsor shall be under any obligation to purchase any obligations of the Issuer in connection with any issuance of Additional Debt, and no such issuance shall be commenced if the Issuer or any Sponsor would fail to be in compliance with the Risk Retention Requirements and any related regulations immediately following such issuance. A determination as to whether the Issuer, the Collateral Manager or any Sponsor would be in breach of the Risk Retention Requirements following any proposed issuance of additional notes will be made at the time the marketing of the related additional notes is commenced and with respect to the law and regulations then applicable.

The payment price for all Additional Debt will be paid in Cash.

Repurchased Notes

The Issuer may, at the written direction of the Collateral Manager, apply Permitted Amounts in order to acquire Secured Debt (or beneficial interests therein) of the Class designated by the Collateral Manager through a tender offer, in the open market or in privately negotiated transactions (in each case, subject to applicable law) (any such Notes, the “**Repurchased Notes**”). Any such Repurchased Notes will be deemed to be Outstanding to the extent provided in the definition of Outstanding.

Surrendered Notes

Any Holder may tender any Secured Debt or beneficial interests in Secured Debt owned by such Holder for cancellation by the Trustee without receiving any payment (any such surrendered Secured Debt or beneficial interests in Secured Debt, “**Surrendered Notes**”). Any Surrendered Notes will be deemed to be Outstanding to the extent provided in the definition of Outstanding.

Optional Redemption

Subject to the satisfaction of conditions described herein, (i) each Class of Secured Debt shall be redeemed in whole, but not in part, by the Issuers (x) at the written direction of, or with the written consent of, a Majority of the Subordinated Notes, on any Business Day (A) during or after the Non-Call Period in the event of a Tax Event or (B) after the Non-Call Period, or (y) at the written direction of the Collateral Manager on any Business Day after the Non-Call Period if the Aggregate Principal Amount of the Collateral Portfolio is less than 15% of the Effective Date Target Par Amount, and (ii) the Subordinated Notes will be redeemed, in whole but not in part, by the Issuers at the written direction of, or with the written consent of, a Majority of the Subordinated Notes, on any Business Day on or after the redemption in full of the Secured Debt. Any such redemption shall be effected in accordance with the Priority of Payments at the applicable Redemption Price and the paragraph below.

The Issuer may not direct the sale of Collateral Debt Obligations in connection with an optional redemption unless the Collateral Manager, using good faith efforts, furnishes to the Trustee, at least four Business Days prior to the applicable Redemption Date, evidence in form reasonably satisfactory to the Trustee that the Collateral Manager on behalf of the Issuer has entered into one or more binding agreements (including in the form of a confirmation of sale) with one or more financial institutions or other Persons active in the market for assets of the nature of Collateral Debt Obligations, to purchase, not later than the Business Day prior to such Redemption Date, in immediately available funds, all or a portion of the Collateral Debt Obligations, at an aggregate purchase price at least equal to an amount sufficient, together with any other amounts available to be used for such optional redemption, to pay in full the sum of (x) the Redemption Prices of the Secured Debt and (y) all Administrative Expenses and other fees and expenses payable under the Priority of Payments (including all accrued and unpaid Collateral Management Fees and interest accrued thereon) prior to any distribution with respect to the Subordinated Notes (the “**Secured Debt Redemption Amount**”) or at least seven Business Days prior to the applicable Redemption Date and prior to selling any Collateral Debt Obligations, the Collateral Manager, using good faith efforts, certifies to the Trustee and to each Rating Agency that the expected Proceeds from such sale (which shall be deemed to equal, with respect to any Collateral Debt Obligation, the Market Value Amount thereof), together with any other amounts available to be used for such optional redemption, will be delivered to the Trustee not later than the Business Day immediately preceding the Redemption Date in immediately available funds in an amount equal to the Secured Debt Redemption Amount.

A Majority of the Subordinated Notes may direct the Collateral Manager in connection with the sale of the Collateral Debt Obligations in connection with the redemption so long as (i) the Collateral Manager has consented in its sole discretion to any such direction and (ii) the above requirements with respect to evidence or certification of available proceeds are satisfied.

Optional Redemption Procedures; Cancellation. If any Holder of a Subordinated Note desires to direct the Issuers to optionally redeem the Secured Debt pursuant to clause (i)(x) in the first paragraph in this section, in whole, but not in part, such Holder shall notify the Issuers (with a copy to the Trustee and the Collateral Manager) of such desire in writing no less than 30 Business Days prior to the proposed Redemption Date. The Trustee shall, within seven Business Days after receiving such notice, notify the other Holders of the Debt of the receipt of such notice. Each Holder of the Subordinated Notes that also wishes to direct the Issuers to optionally redeem the Secured Debt must so notify the Issuers (with a copy to the Trustee and the Collateral Manager) of such direction within seven Business Days after the Trustee gives such notice. If a Majority of the Subordinated Notes has directed the Issuers to optionally redeem the Secured Debt, the Issuers shall effect a redemption in whole of the Secured Debt subject to the conditions and pursuant to the procedures described herein.

The notice requirements set forth immediately above will not apply to any optional redemption requested by the Collateral Manager. The Issuers shall, at least 15 Business Days prior to the Redemption Date (unless the Trustee shall agree to a shorter notice period), notify the Trustee of such Redemption Date, the Redemption Record Date and the Redemption Price of such Secured Debt. The Trustee shall provide notice of an optional redemption not less

than 10 Business Days prior to the applicable Redemption Date to each Rating Agency and each Holder of Secured Debt to be redeemed.

The Collateral Manager shall have the option to cancel any optional redemption (or postpone the related Redemption Date), on behalf of the Issuer, up to and including the day that is one Business Day prior to the proposed Redemption Date by written notice to the Trustee.

A Majority of the Subordinated Notes will have the option to cancel and direct the withdrawal of any notice of optional redemption (other than an optional redemption directed by the Collateral Manager) up to and including the day that is one Business Day prior to the proposed Redemption Date by written notice to the Trustee, the Issuers and the Collateral Manager so long as no irrevocable steps have been taken to effect the redemption.

If any such notice of optional redemption is withdrawn or if such optional redemption doesn't otherwise occur, the Sale Proceeds from the liquidation of any Collateral Debt Obligations may be applied, at the Collateral Manager's discretion, for reinvestment subject to the Reinvestment Criteria.

Redemption Premium. In the case of an optional redemption, a Refinancing, a Re-Pricing Redemption or a Re-Pricing Sale that occurs prior to the Redemption Make-Whole End Date, the Redemption Price of the Class A Notes and the Class B Notes will include the Redemption Premium (subject to the Redemption Premium Payment Procedures). No other Class of Notes shall be entitled to a redemption premium.

Refinancing.

Any Class of the Secured Debt may be redeemed in whole, but not in part, on any Business Day after the Non-Call Period from Refinancing Proceeds if the Collateral Manager, on behalf of the Issuer, proposes to the Holders of the Subordinated Notes in writing (with a copy to the Trustee and each Rating Agency) at least 30 days prior to the Business Day fixed by the Collateral Manager (on behalf of the Issuer) and notified to the Trustee for such redemption to redeem such Secured Debt, by obtaining a loan or issuing a replacement class of notes, the terms of which loan or issuance will be negotiated by the Collateral Manager, on behalf of the Issuer, with one or more financial institutions or purchasers (which may include the Collateral Manager or its Affiliates) selected by the Collateral Manager (a refinancing provided pursuant to such loan or issuance, a "**Refinancing**"), and such proposal is approved by a Majority of the Subordinated Notes prior to the date on which the Refinancing occurs (the "**Refinancing Date**").

The Issuer shall obtain a Refinancing only if the Collateral Manager determines and certifies to the Trustee that the following conditions are satisfied (the "**Refinancing Conditions**"):

- (i) each Rating Agency has been notified of such Refinancing;
- (ii) on such Refinancing Date, the sum of (A) the proceeds from the Refinancing (the "**Refinancing Proceeds**"), (B) the amount on deposit in the Expense Reserve Account, (C) any Permitted Amounts to be applied to such Refinancing, and (D) Partial Redemption Interest Proceeds will be at least sufficient to pay the sum of the Refinancing Prices of each Class to be Refinanced *plus* any Administrative Expenses related to the Refinancing (which Administrative Expenses, in case of a Redemption Date that is a Payment Date, would not otherwise be paid on such Payment Date under the Priority of Payments);
- (iii) with respect to each Class of Secured Debt being Refinanced, the principal amount of any obligations providing the Refinancing is equal to the principal amount of the Secured Debt being redeemed with the proceeds of such obligations and the spread over LIBOR (or such other floating rate index upon which such obligations bear interest) of such obligations is less than or equal to the spread over LIBOR of the Secured Debt being redeemed (or, if any Class of Fixed Rate Notes are being redeemed, the obligations providing the Refinancing have a lower rate of interest than such Class being refinanced);
- (iv) if less than all of the Secured Debt is being redeemed, the Stated Maturity of the obligations providing the Refinancing is no earlier than the Stated Maturity of the Secured Debt being refinanced;

(v) the Refinancing Proceeds shall be used (to the extent necessary) to redeem the applicable Secured Debt;

(vi) (A) the payment obligations of the Issuer under the Refinancing loan or issuance are not more senior, with respect to any other obligations of the Issuer, than the obligations of the Issuer with respect to each Class of Secured Debt to be refinanced and (B) the agreements relating to the Refinancing contain limited-recourse and non-petition provisions equivalent to those applicable to the Secured Debt being redeemed; and

(vii) the expenses in connection with the Refinancing have been paid or shall be adequately provided for.

Any Refinancing Proceeds will not constitute Interest Proceeds or Principal Proceeds but will be applied directly on the related Refinancing Date pursuant to the Priority of Refinancing Proceeds.

Notice of a Refinancing will be given not later than 10 Business Days before the Refinancing Date to the Holders of Secured Debt of the Class proposed to be Refinanced. Any notice of a Refinancing may be withdrawn by the Collateral Manager (or the Refinancing Date postponed), on behalf of the Issuer, up to and including the day that is one Business Day prior to the scheduled Refinancing Date by written notice to the Trustee if the Collateral Manager certifies in writing to the Trustee and the Issuers that, in the commercially reasonable judgment of the Collateral Manager, based on then-current market conditions, it will not be able to negotiate acceptable terms of such Refinancing that permit satisfaction of the conditions described above, it being understood that the Holders of the Subordinated Notes shall not have any cause of action against any of the Issuers, the Collateral Manager or the Trustee for any failure to obtain a Refinancing.

Unless it consents to do so, none of the Collateral Manager, any Affiliate of the Collateral Manager or any Sponsor shall be under any obligation to purchase any obligations of the Issuer in connection with a Refinancing, and no Refinancing shall be commenced if the Issuer or any Sponsor would fail to be in compliance with the Risk Retention Requirements and any related regulations immediately following such Refinancing. A determination as to whether the Issuer, the Collateral Manager or any Sponsor would be in breach of the Risk Retention Requirements following any proposed Refinancing will be made at the time the marketing of the Notes or other securities to be issued in connection with such Refinancing is commenced and with respect to the law and regulations then applicable.

A Majority of the Subordinated Notes shall have the option to cancel a Refinancing and direct the withdrawal any notice of Refinancing up to and including the day that is one Business Day prior to the proposed Refinancing Date by written notice to the Trustee, the Issuers and the Collateral Manager.

The Holders of the Subordinated Notes shall not have any cause of action against any of the Issuers, the Collateral Manager or the Trustee for any failure to obtain a Refinancing.

Mandatory Redemption

If a Coverage Test is not satisfied on any Determination Date on which such Coverage Test is applicable, the Issuer shall apply available amounts in the Payment Account on the related Payment Date to make payments as required pursuant to the Priority of Payments to achieve compliance with such Coverage Test.

Optional Re-Pricing

At least 15 Business Days (or such shorter period of time as the Trustee and the Collateral Manager find reasonably acceptable) prior to the proposed Re-Pricing Date fixed by the Collateral Manager or a Majority of the Subordinated Notes (with the consent of the Collateral Manager), the Issuer (or the Re-Pricing Intermediary on its behalf) shall provide notice to (with a copy to the Collateral Manager, the Trustee and the Rating Agencies) each Holder of the proposed Re-Priced Class, which notice will:

(i) specify the proposed Re-Pricing Date and the revised spread over LIBOR or range of spread over LIBOR to be applied with respect to such Class (the “**Re-Pricing Rate**”);

(ii) request each Holder of such Class approve the proposed Re-Pricing or provide a proposed Re-Pricing Rate at which it would consent to such Re-Pricing that is within the proposed range (if any) (such proposal, a “**Holder Proposed Re-Pricing Rate**”);

(iii) request each consenting Holder to provide the principal amount of such Class that such Holder is willing to purchase at such Re-Pricing Rate or Holder Proposed Re-Pricing Rate (the “**Holder Purchase Request**”); and

(iv) state that the Issuer will have the right to (a) cause non-consenting Holders to sell their Notes on the Re-Pricing Date to one or more transferees at a sale price equal to the Redemption Price (subject to the Redemption Premium Payment Procedures) or (b) redeem such Notes with the Re-Pricing Proceeds and Partial Redemption Interest Proceeds, in each case at the applicable Redemption Price;

provided that the Issuer at the direction of the Collateral Manager may extend the Re-Pricing Date or determine the Re-Pricing Rate taking into consideration any Holder Proposed Re-Pricing Rates at any time up to two Business Days prior to the Re-Pricing Date. Failure to give a notice of Re-Pricing, or any defect therein, to any Holder of any Re-Priced Class shall not impair or affect the validity of the Re-Pricing or give rise to any claim based upon such failure or defect.

Any notice of a Re-Pricing may be withdrawn by the Collateral Manager on or prior to the Business Day prior to the scheduled Re-Pricing Date by written notice to the Issuer, the Trustee and the Collateral Manager (if applicable) for any reason. Upon receipt of such notice of withdrawal, the Trustee shall post notice to the Trustee’s website and send such notice to the Holders of Notes and the Rating Agencies.

“**Re-Pricing Replacement Notes**” means Notes issued in connection with a Re-Pricing that have terms identical to the Re-Priced Class (after giving effect to the Re-Pricing) and are issued in an amount such that the Re-Priced Class will have the same Aggregate Outstanding Amount after giving effect to the Re-Pricing as it did before the Re-Pricing.

In the event any Holders of the proposed Re-Priced Class do not deliver written consent to the proposed Re-Pricing on or before the date that is at least five Business Days prior to the proposed Re-Pricing Date, the Issuer (or the Re-Pricing Intermediary on its behalf) shall request each Holder who delivered a Holder Purchase Request with a Holder Proposed Re-Pricing Rate that is equal to or less than the Re-Pricing Rate as determined by the Collateral Manager (such request, an “**Accepted Purchase Request**”) asking the Holder to specify the principal amount of the Notes that the Holder agrees to purchase at the specified Re-Pricing Rate.

In the event that the Issuer receives Accepted Purchase Requests with respect to more than the Aggregate Outstanding Amount of the Notes of the Re-Priced Class held by non-consenting Holders, the Issuer (or the Re-Pricing Intermediary on its behalf) shall cause the sale and transfer of such Notes or the Issuer will issue Re-Pricing Replacement Notes to the Holders delivering Accepted Purchase Requests, *pro rata* (subject to the applicable Authorized Denominations) based on the principal amount of the Notes such Holders indicated an interest in purchasing in their Holder Purchase Requests.

In the event that the Issuer receives Accepted Purchase Requests with respect to less than the Aggregate Outstanding Amount of the Notes of the Re-Priced Class held by non-consenting Holders, the Issuer (or the Re-Pricing Intermediary on its behalf) shall cause the sale and transfer of such Notes or the Issuer will issue Re-Pricing Replacement Notes to such consenting Holders and the remaining Notes of the Re-Priced Class held by non-consenting Holders will be sold, or redeemed with proceeds from the sale of Re-Pricing Replacement Notes (“**Re-Pricing Proceeds**”) and Partial Redemption Interest Proceeds, to one or more purchasers designated by the Re-Pricing Intermediary. Sales of non-consenting Holders’ Notes or Re-Pricing Replacement Notes will be effected only if the related Re-Pricing is completed. Each Holder of Repricable Notes, by its acceptance of an interest in such Notes, agrees to sell and transfer its Notes in accordance with the Indenture and agrees to cooperate with the Issuer, the Re-Pricing Intermediary (if any) and the Trustee to complete such sales and transfers. The Issuer (or the Re-Pricing Intermediary on its behalf) shall provide notice to the Trustee and the Collateral Manager not later than the Business Day before the proposed Re-Pricing Date confirming that the Issuer has received written commitments sufficient to purchase or redeem all Notes of the Re-Priced Class held by non-consenting Holders.

The Issuer will not effect any proposed Re-Pricing unless (a) the Re-Pricing occurs after the Non-Call Period and (b) the following conditions (collectively, the conditions described in clauses (a) and (b), the “**Re-Pricing Conditions**”) are satisfied:

(i) the Issuers and the Trustee have entered into a supplemental indenture dated as of the Re-Pricing Date at the direction of a Majority of the Subordinated Notes (with the consent of the Collateral Manager) or the Collateral Manager (with the consent of a Majority of the Subordinated Notes), as applicable, solely to reduce the spread over LIBOR with respect to the Re-Priced Class;

(ii) all Notes of the Re-Priced Class held by non-consenting Holders have been sold and transferred or redeemed pursuant to the provisions above at a price equal to the Redemption Price (subject to the Redemption Premium Payment Procedures);

(iii) the Rating Agencies have been notified of such Re-Pricing by the Issuer (or the Trustee on the Issuer’s behalf); and

(iv) all expenses of the Issuer and the Trustee (including the fees and expenses of the Re-Pricing Intermediary and fees and expenses of counsel) incurred in connection with the Re-Pricing *plus* the Redemption Premium, if any, in connection with a Re-Pricing Sale (assuming each holder subject to a Re-Pricing Sale qualifies as a Redemption Premium Identified Holder) do not exceed the amount of Interest Proceeds available after taking into account all amounts required to be paid under the Priority of Interest Proceeds on the subsequent Payment Date prior to the distribution of any remaining Interest Proceeds to the Holders of the Subordinated Notes, unless such expenses have been paid or will be adequately provided for by an entity other than the Issuer.

Unless it consents to do so, none of the Collateral Manager, any Affiliate of the Collateral Manager or any Sponsor shall be under any obligation to purchase any obligations of the Issuer in connection with a Re-Pricing, and no Re-Pricing shall be commenced if the Issuer or any Sponsor would fail to be in compliance with the Risk Retention Requirements and any related regulations immediately following such Re-Pricing. A determination as to whether the Issuer, the Collateral Manager or any Sponsor would be in breach of the Risk Retention Requirements following any proposed Re-Pricing will be made at the time written direction of such Re-Pricing is given and with respect to the law and regulations then applicable.

The Issuer will direct the Trustee to segregate payments and take other reasonable steps to effect the Re-Pricing, and the Trustee will have the authority to take such actions as may be directed by the Issuer or the Collateral Manager to effect a Re-Pricing. In order to give effect to the Re-Pricing, the Issuer may, to the extent necessary, obtain and assign a separate CUSIP or CUSIPs to the Notes of each Class held by consenting Holders or non-consenting Holders.

The Trustee will be entitled to receive, and will be fully protected in relying upon, a certificate of the Collateral Manager stating that the Re-Pricing is permitted by the Indenture and that all conditions precedent thereto have been complied with.

Any Re-Pricing Proceeds will not constitute Interest Proceeds or Principal Proceeds but will be applied directly on the related Re-Pricing Redemption Date pursuant to the Priority of Refinancing Proceeds.

Any expenses associated with effecting any Re-Pricing will be payable as Administrative Expenses.

Interest Payments

On each Payment Date, the Holders of the Secured Debt as of the related Regular Record Date will be entitled to receive interest in arrears (based on the Aggregate Outstanding Amount of the Debt on the first day of the relevant Interest Accrual Period after giving effect to any payments of principal on or before that first day of such Interest Accrual Period) at the *per annum* Interest Rate specified in the “Summary of Terms—Debt Offered.” Interest on the Floating Rate Notes will be calculated on the basis of the actual number of days elapsed in the relevant Interest Accrual Period (or, in the case of the first Interest Accrual Period, the relevant portion thereof) divided by 360. Interest on any Fixed Rate Notes will be calculated on the basis of a 360-day year consisting of twelve 30-day months. On each Payment Date, the Subordinated Notes will be entitled to receive Interest Proceeds in accordance with the Priority of Payments.

Payments of interest on each Class will be subordinated to certain payments on each Higher Ranking Class (including in the case of the Subordinated Notes, to certain payments on the Secured Debt) and to payment of certain fees and expenses.

If funds are not available to pay interest on any Deferrable Class on any Payment Date, then such interest will be deferred (“**Deferred Interest**”) and such deferral will not constitute an Event of Default. Deferred Interest will be added to the principal amount of such Notes and will bear interest at the Interest Rate for the applicable Class of Notes. “**Defaulted Interest**” means interest due and payable in respect of the of any Senior Debt or, if no Senior Debt is Outstanding, in respect of the Secured Debt of the Highest Ranking Class of Secured Debt then Outstanding that is not punctually paid or duly provided for on the applicable Payment Date or at the Stated Maturity and which remains unpaid. Defaulted Interest will bear interest at the interest rate for the applicable Class of Secured Debt.

Following any Payment Date giving rise to any Defaulted Interest, the Trustee will make payment of such Defaulted Interest and any accrued and unpaid interest thereon on such date which is not more than three Business Days after sufficient funds are available therefor in the Collection Account (a “**Special Payment Date**”). The special record date (a “**Special Record Date**”) for the payment of such Defaulted Interest will be three Business Days prior to the Special Payment Date as fixed by the Trustee.

On each Payment Date that any Coverage Test is not satisfied as of the related Determination Date, Interest Proceeds otherwise payable on Lower Ranking Classes will be diverted to pay principal on Higher Ranking Classes in accordance with the Debt Payment Sequence to the extent necessary to satisfy each such Coverage Test as of the Determination Date. In addition, Interest Proceeds will be diverted to make principal payments on Secured Debt in accordance with the Debt Payment Sequence if an Effective Date Ratings Confirmation Failure has occurred and is continuing, to the extent necessary to obtain Rating Agency Confirmation.

Interest Proceeds will be diverted, in accordance with the Priority of Payments during the Reinvestment Period to purchase additional Collateral Debt Obligations or to pay the Highest Ranking Class of Secured Debt if the Reinvestment Overcollateralization Test is not satisfied.

The Supplemental Reserve Amount can also be diverted, in accordance with the Priority of Interest Proceeds , at the discretion of the Collateral Manager, for application to a Permitted Use.

In addition, a Majority of the Subordinated Notes may designate Interest Proceeds otherwise payable on the Subordinated Notes as a Contribution for application to a Permitted Use. Any amounts so designated by a Majority of the Subordinated Notes shall be deemed as having been paid to the Holders of the Subordinated Notes pursuant to the Priority of Payments.

The Issuers hereby agree that for so long as any Floating Rate Notes remain Outstanding there will at all times be a calculation agent appointed to calculate LIBOR in respect of each Interest Accrual Period in accordance with the terms of the Indenture. The Calculation Agent appointed by the Issuers must be a leading bank engaged in transactions in Eurodollar deposits in the international Eurodollar market which bank does not control, is not controlled by and is not under common control with, the Issuers, the Collateral Manager or any of their Affiliates and which bank, or Affiliate of such bank, has an established place of business in London. The Calculation Agent may be removed by the Issuers or the Collateral Manager on behalf of the Issuers at any time. If the Calculation Agent is unable or unwilling to act as such or is removed by the Issuers or the Collateral Manager on behalf of the Issuers, or if the Calculation Agent fails to determine any of the information, as described in the paragraph below, in respect of any Interest Accrual Period, the Issuers or the Collateral Manager on behalf of the Issuers shall promptly appoint the London office of another leading bank meeting the qualifications set forth above to act as Calculation Agent. The Calculation Agent may not resign its duties without a successor having been duly appointed. The Issuers hereby appoint the Trustee as the initial Calculation Agent for purposes of determining LIBOR for each Interest Accrual Period, and the Trustee hereby accepts such appointment.

The establishment of LIBOR on each LIBOR Determination Date by the Calculation Agent and its calculation of the rates of interest applicable to the Floating Rate Notes for the related Interest Accrual Period (or, in the case of the first Interest Accrual Period, the relevant portion thereof) will (in the absence of manifest error) be final and binding on the Issuers, the Trustee, the paying agents, the Collateral Manager and all owners of an interest in Securities. The Calculation Agent will not be held liable for any loss, liability or expense incurred without gross negligence, willful

misconduct or bad faith on its part arising out of or in connection with the performance of its obligations under the Indenture. The Calculation Agent will cause notice of the rates of interest and the interest amounts with respect to the Notes for each Interest Accrual Period (or, in the case of the first Interest Accrual Period, the relevant portion thereof) and the relevant Payment Date to be provided to the Issuers, the Collateral Manager, DTC, Euroclear, Clearstream, and the paying agents as soon as possible after each LIBOR Determination Date but in no event later than the first day of the Interest Accrual Period.

Principal Payments

Outstanding Secured Debt will mature at par at the Stated Maturity and the principal on such Debt will be due and payable on such date. At Stated Maturity, Outstanding Subordinated Notes will be entitled to receive Principal Proceeds (if any) remaining after payment of principal of all of the Secured Debt and all fees and expenses, in accordance with the Priority of Payments.

Principal payments will be made on the Outstanding Secured Debt in accordance with the Priority of Payments on:

- any Payment Date in the event that an Effective Date Ratings Confirmation Failure has occurred and is continuing, to the extent necessary to obtain Rating Agency Confirmation;
- any Payment Date if any Coverage Test is not satisfied as of the related Determination Date, to the extent necessary to satisfy that test;
- any Payment Date on which a Special Redemption occurs;
- any Payment Date after the Reinvestment Period, until the Secured Debt is retired;
- any Redemption Date or Refinancing Date; and
- the Stated Maturity.

Principal payments will not be made on the Subordinated Notes so long as any Secured Debt is Outstanding. In addition, a Majority of the Subordinated Notes may designate Principal Proceeds otherwise payable on the Subordinated Notes as a Contribution for application to a Permitted Use. Any amounts so designated by a Majority of the Subordinated Notes shall be deemed as having been paid to the Holders of the Subordinated Notes pursuant to the Priority of Payments.

Priority of Payments

The Issuer will distribute available Interest Proceeds and Principal Proceeds in accordance with the priorities described below (collectively, the “**Priority of Payments**”).

On each Payment Date (unless the Priority of Post-Acceleration Proceeds applies), Interest Proceeds shall be distributed in the following order of priority (the “**Priority of Interest Proceeds**”):

- (A) to the payment of accrued and unpaid taxes of the Issuers;
- (B) first, to the payment of accrued and unpaid governmental fees and registered office fees of the Issuers; and second, to the payment of accrued and unpaid Administrative Expenses constituting (in the following order of priority) amounts payable and reimbursable to the Bank (or successor entity) as Trustee and in each other capacity fulfilled by such entity under the Indenture and to the Collateral Administrator; *provided, however*, that payments pursuant to this clause (B) shall only be made to the extent that the total of payments pursuant to this clause (B) together with any Administrative Expenses paid during the related Due Period with respect to amounts paid to the Trustee and the Collateral Administrator shall not exceed, on any Payment Date, an annual rate of 0.02% of the Aggregate Principal Amount of the Collateral Portfolio, measured as of the first day of the Due Period preceding such Payment Date;
- (C) to the payment of (in the following order of priority) (1) fees of the Administrator and organizational and maintenance expenses of the Issuers and any Issuer Subsidiaries and (2) other accrued and unpaid

Administrative Expenses (other than as specified in clause (z) of the definition of Administrative Expenses) (in the order set forth in the definition thereof) of the Issuers and any Issuer Subsidiaries, including amounts payable to the Bank (or successor entity) as Trustee and in each other capacity fulfilled by such entity under the Indenture and to the Collateral Administrator, and amounts payable to the Collateral Manager as set forth in the definition of Administrative Expenses; *provided, however*, that such payments pursuant to this clause (C) together with any with any Administrative Expenses paid during the related Due Period to the extent such amount was not included in the amount calculated pursuant to, and permitted by, the proviso to clause (B) above, paid from Interest Proceeds during any calendar year shall not exceed \$200,000; *provided, further*, that on such Payment Date, the Collateral Manager may, in its discretion, direct the Trustee to deposit to the Expense Reserve Account an amount equal to the lesser of (1) the Ongoing Expense Reserve Shortfall and (2) the Ongoing Expense Excess Amount;

(D) to the payment to the Collateral Manager (and any predecessor collateral manager as specified in the Collateral Management Agreement) of the accrued and unpaid Senior Collateral Management Fee (including any deferred Senior Collateral Management Fee, but, in the case of any Senior Collateral Management Fee deferred at the Collateral Manager's election, only to the extent the payment of such deferred Senior Collateral Management Fee does not result in Deferred Interest on any Deferrable Class);

(E) to the payment of the Interest Distribution Amounts with respect to the Class A Notes;

(F) to the payment of the Interest Distribution Amounts with respect to the Class B Notes;

(G) if any Senior Coverage Test is not satisfied on the related Determination Date, to the mandatory redemption of the Senior Debt in accordance with the Debt Payment Sequence, to the extent necessary to cause such test to be satisfied, or, if not satisfied, until the Senior Debt has been paid in full;

(H) to the payment of the Interest Distribution Amounts with respect to the Class C Notes (including, for the avoidance of doubt, any interest on any Deferred Interest with respect to the Class C Notes);

(I) if any Class C Coverage Test is not satisfied on the related Determination Date, to the mandatory redemption of the Senior Debt and the Class C Notes in accordance with the Debt Payment Sequence, to the extent necessary to cause such test to be satisfied, or, if not satisfied, until the Senior Debt and the Class C Notes have been paid in full;

(J) to the payment of any Deferred Interest with respect to the Class C Notes;

(K) to the payment of the Interest Distribution Amount with respect to the Class D Notes (including, for the avoidance of doubt, any interest on any Deferred Interest with respect to the Class D Notes);

(L) if any Class D Coverage Test is not satisfied on the related Determination Date, to the mandatory redemption of the Senior Debt, the Class C Notes and the Class D Notes in accordance with the Debt Payment Sequence, to the extent necessary to cause such test to be satisfied, or, if not satisfied, until the Senior Debt, the Class C Notes and the Class D Notes have been paid in full;

(M) to the payment of any Deferred Interest with respect to the Class D Notes;

(N) to the payment of the Interest Distribution Amount with respect to the Class E Notes (including, for the avoidance of doubt, any interest on any Deferred Interest with respect to the Class E Notes);

(O) if the Class E Note Overcollateralization Test is not satisfied on the related Determination Date, to the mandatory redemption of the Secured Debt in accordance with the Debt Payment Sequence, to the extent necessary to cause such test to be satisfied, or, if not satisfied, until the Secured Debt has been paid in full;

(P) to the payment of any Deferred Interest with respect to the Class E Notes;

(Q) if the Reinvestment Overcollateralization Test is not satisfied on the related Determination Date during the Reinvestment Period, an amount equal to the lesser of (i) 50% of the remaining Interest Proceeds after application of Interest Proceeds pursuant to clauses (A) through (P) above and (ii) the amount necessary to cause the Reinvestment Overcollateralization Test to be satisfied as of such Determination Date after giving effect to any

payments made through this clause (Q), at the discretion of the Collateral Manager either (x) to deposit in the Collection Account as Principal Proceeds for the purchase of Collateral Debt Obligations or (y) to the payment of principal on the Secured Debt in accordance with the Debt Payment Sequence;

(R) if an Effective Date Ratings Confirmation Failure has occurred and is continuing, to the mandatory redemption of the Secured Debt in accordance with the Debt Payment Sequence, until the Issuer has received an Effective Date Ratings Confirmation, or if the Issuer does not receive such confirmation, until such Secured Debt has been paid in full;

(S) to the payment to the Collateral Manager (and any predecessor collateral manager as specified in the Collateral Management Agreement) of the accrued and unpaid Subordinated Collateral Management Fee (including any deferred Subordinated Collateral Management Fee *plus* accrued interest thereon);

(T) to the payment in the following order of (1) any accrued and unpaid fees and expenses of the Bank (or successor entity) as Trustee and in each other capacity fulfilled by such entity under the Indenture and the Collateral Administrator, including indemnification payments, and then (2) to the payment of any accrued and unpaid expenses of the Issuers and any Issuer Subsidiaries (other than any Administrative Expenses specified in clause (z) of the definition of Administrative Expenses), including any indemnification payments, and amounts payable by the Issuer to the Collateral Manager as set forth in the definition of Administrative Expenses, in each case, to the extent not paid in full pursuant to clauses (B) and (C) above (without regard to any dollar limitation) and then (3) any Administrative Expenses specified in clause (z) of the definition of Administrative Expenses;

(U) at the direction of the Collateral Manager and with written consent of a Majority of the Subordinated Notes provided to the Trustee two Business Days prior to the Payment Date, for deposit into the Permitted Use Account, all or a portion of remaining Interest Proceeds (the “**Supplemental Reserve Amount**”);

(V) (1) to the payment to the Holders of the Subordinated Notes until the Holders of the Subordinated Notes have received (after giving effect to any payments made on such Payment Date to or for the benefit of such Holders), the Target Return and then (2) 20% of the remaining Interest Proceeds to the Collateral Manager (and any predecessor collateral manager as specified in the Collateral Management Agreement) as the Incentive Collateral Management Fee; and

(W) to the payment of all remaining Interest Proceeds to the Holders of Subordinated Notes.

On each Payment Date (unless the Priority of Post-Acceleration Proceeds applies), Principal Proceeds (other than Principal Proceeds (x) received in respect of Collateral Debt Obligations that are Revolving Credit Facilities to the extent such Principal Proceeds are required to be deposited into the Revolving Credit Facility Reserve Account, (y) that will be used to settle binding commitments entered into prior to the related Determination Date or (z) that the Collateral Manager designates for reinvestment) shall be distributed in the following order of priority (the “**Priority of Principal Proceeds**”):

(A) on each Payment Date, to the payment in the following order (but only to the extent not paid in full pursuant to the Priority of Interest Proceeds) of: (1) the amounts referred to in clauses (A) through (P) of the Priority of Interest Proceeds (in the order set forth therein, except that the Interest Distribution Amount and Deferred Interest on any Class will be paid only (x) if the Senior Debt is Outstanding, to the Senior Debt and (y) if the Senior Debt is no longer Outstanding, to the Class that is the Highest Ranking Class), and then (2) the amounts referred to in clause (R) of the Priority of Interest Proceeds;

(B) on any Redemption Date, without duplication of the amounts paid above, to the payment of the Redemption Prices of the Secured Debt in accordance with the Debt Payment Sequence, and then to the payments pursuant to clauses (E) through (H) below;

(C) during the Reinvestment Period, (1) to the purchase of additional Collateral Debt Obligations or for deposit into the Collection Account as Principal Proceeds for investment in Eligible Principal Investments pending purchase of additional Collateral Debt Obligations at a later date, or (2) if the Collateral Manager, in its sole discretion, determines that it would be impractical or not beneficial to reinvest all or any portion of such Principal Proceeds, to the repayment of the principal of the Secured Debt in accordance with the Debt Payment Sequence, and

after the Secured Debt has been paid in full, to the payments described in clauses (E) through (H) below, in the order set forth therein;

(D) after the Reinvestment Period, (1) in the case of those Principal Proceeds that are eligible for reinvestment, and subject to the applicable criteria set forth therein, at the sole discretion of the Collateral Manager, (x) to the purchase of additional Collateral Debt Obligations and/or for deposit into the Collection Account as Principal Proceeds for investment in Eligible Principal Investments pending purchase of additional Collateral Debt Obligations or (y) to the payment of principal on the Secured Debt, in accordance with the Debt Payment Sequence and (2) otherwise, to the payment of the Secured Debt, in accordance with the Debt Payment Sequence;

(E) to the payment to the Collateral Manager (and any predecessor collateral manager as specified in the Collateral Management Agreement) of any accrued and unpaid Subordinated Collateral Management Fee (including any deferred Subordinated Collateral Management Fee *plus* accrued interest thereon), and any Administrative Expenses payable to the Collateral Manager (or any predecessor collateral manager as specified in the Collateral Management Agreement);

(F) (1) to the payment of any accrued and unpaid expenses of the Bank (or successor entity) as Trustee and in each other capacity fulfilled by such entity under the Indenture and of the Collateral Administrator, including indemnification payments, and then (2) to the payment of any other accrued and unpaid expenses of the Issuers and any Issuer Subsidiaries, including indemnification payments, in each case only to the extent not paid in full in accordance with the Priority of Interest Proceeds and clause (A) of the Priority of Principal Proceeds;

(G) (1) to the Holders of the Subordinated Notes until the Holders of the Subordinated Notes have received (after giving effect to any payments made on such Payment Date for the benefit of such Holders, the Target Return and then (2) 20% of the remaining balance of Principal Proceeds to the Collateral Manager (and any predecessor collateral manager as specified in the Collateral Management Agreement) as the Incentive Collateral Management Fee; and

(H) to the payment of all remaining Principal Proceeds to the Holders of the Subordinated Notes.

If an Enforcement Event is continuing, then on each Payment Date (or, if the Trustee has been directed to liquidate the Collateral, only on each Liquidation Payment Date), Interest Proceeds and Principal Proceeds will be distributed in the following order of priority (the “**Priority of Post-Acceleration Proceeds**”):

(A) to the payment of accrued and unpaid taxes of the Issuers;

(B) first, to the payment of accrued and unpaid governmental fees and registered office fees of the Issuers; and second, to the payment of accrued and unpaid Administrative Expenses constituting (in the following order of priority) amounts payable and reimbursable to the Bank (or successor entity) as Trustee and in each other capacity fulfilled by such entity under the Indenture and to the Collateral Administrator; *provided, however*, that payments pursuant to this clause (B) shall only be made to the extent that the total of payments pursuant to this clause (B) together with any Administrative Expenses paid during the related Due Period, with respect to amounts paid to the Trustee and the Collateral Administrator shall not exceed, on any Payment Date, an annual rate of 0.02% of the Aggregate Principal Amount of the Collateral Portfolio, measured as of the first day of the Due Period preceding such Payment Date;

(C) to the payment of (in the following order of priority) (1) fees of the Administrator and organizational and maintenance expenses of the Issuers and any Issuer Subsidiaries and (2) other accrued and unpaid Administrative Expenses (in the order set forth in the definition thereof) of the Issuers and any Issuer Subsidiaries, including amounts payable to the Bank (or successor entity) as Trustee and in each other capacity fulfilled by such entity under the Indenture and to the Collateral Administrator, and amounts payable to the Collateral Manager as set forth in the definition of Administrative Expenses; *provided, however*, that such payments pursuant to this clause (C) together with any amounts paid in the related Due Period to the extent such amount was not included in the amount calculated pursuant to, and permitted by, the proviso to clause (B) above, paid from Interest Proceeds during any calendar year shall not exceed \$200,000; *provided, further*, that on such Payment Date, the Collateral Manager may, in its discretion, direct the Trustee to deposit to the Expense Reserve Account an amount equal to the lesser of (1) the Ongoing Expense Reserve Shortfall and (2) the Ongoing Expense Excess Amount;

(D) to the payment to the Collateral Manager (and any predecessor collateral manager as specified in the Collateral Management Agreement) of the accrued and unpaid Senior Collateral Management Fee (including any deferred Senior Collateral Management Fee, but, in the case of any Senior Collateral Management Fee deferred at the Collateral Manager's election, only to the extent the payment of such deferred Senior Collateral Management Fee does not result in Deferred Interest on any Deferrable Class);

(E) to the payment of (1) accrued and unpaid interest on the Class A Notes and (2) if applicable, any unpaid Redemption Premium with respect to the Class A Notes, until such amounts have been paid in full;

(F) to the payment of (1) accrued and unpaid interest on the Class B Notes and (2) if applicable, any unpaid Redemption Premium with respect to the Class B Notes, until such amounts have been paid in full;

(G) to the payment of principal of the Class A Notes, until the Class A Notes have been paid in full;

(H) to the payment of principal of the Class B Notes, until the Class B Notes have been paid in full;

(I) to the payment of the accrued and unpaid interest on the Class C Notes (including interest on any Class C Note Deferred Interest), and then to any Class C Note Deferred Interest, until such amounts have been paid in full;

(J) to the payment of principal of the Class C Notes, until the Class C Notes have been paid in full;

(K) to the payment of the accrued and unpaid interest on the Class D Notes (including interest on any Class D Note Deferred Interest), and then to any Class D Note Deferred Interest, until such amounts have been paid in full;

(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 the accrued and unpaid interest on the Class E Notes (including interest on any Class E Note Deferred Interest), and then to any Class E Note Deferred Interest, until such amounts have been paid in full;

(N) to the payment of principal of the Class E Notes, until the Class E Notes have been paid in full;

(O) to the payment to the Collateral Manager (and any predecessor collateral manager as specified in the Collateral Management Agreement) of the accrued and unpaid Subordinated Collateral Management Fee (including any deferred Subordinated Collateral Management Fee *plus* accrued interest thereon);

(P) to the payment in the following order of (1) any accrued and unpaid fees and expenses of the Bank (or successor entity) as Trustee and in each other capacity fulfilled by such entity under the Indenture and of the Collateral Administrator, including indemnification payments, and then (2) to the payment of any accrued and unpaid expenses of the Issuers and any Issuer Subsidiaries, including indemnification payments, and amounts payable by the Issuer to the Collateral Manager as set forth in the definition of Administrative Expenses, in each case, to the extent not paid in full pursuant to clauses (B) and (C) above (without regard to any dollar limitation), and to the payment of any other indemnification payments, solely to the extent not fully paid pursuant to the above clauses;

(Q) (1) to the payment to the Holders of the Subordinated Notes until the Holders of the Subordinated Notes have received (after giving effect to any payments made on such Payment Date to or for the benefit of such Holders) the Target Return and then (2) 20% of the remaining Interest Proceeds to the Collateral Manager (and any predecessor collateral manager as specified in the Collateral Management Agreement) as the Incentive Collateral Management Fee; and

(R) to the payment of all remaining Interest Proceeds to the Holders of Subordinated Notes.

On any Refinancing Date or Re-Pricing Redemption Date, Refinancing Proceeds or Re-Pricing Proceeds, as the case may be, and Partial Redemption Interest Proceeds will be distributed in the following order of priority (the “**Priority of Refinancing Proceeds**”):

(A) to pay the Redemption Price (without duplication of any payments received by any Class of Secured Debt pursuant to the Priority of Interest Proceeds or the Priority of Post-Acceleration Proceeds) of each Class of Notes being refinanced or Re-Priced in accordance with the Debt Payment Sequence;

(B) to pay Administrative Expenses related to the Refinancing or the Re-Pricing; and

(C) any remaining amounts from the Refinancing or Re-Pricing Redemption will be deposited in the Collection Account as Interest Proceeds or Principal Proceeds as directed by the Collateral Manager.

For purposes of calculating the Coverage Tests:

(i) Subject to available Interest Proceeds and Principal Proceeds, the principal amount of the applicable Class of Secured Debt required to be paid to cause any Interest Coverage Test to be satisfied will be the amount that, if it had been paid in reduction of the principal amount of such Class of Secured Debt on the immediately preceding Payment Date, would have caused such test to be satisfied for the current Determination Date.

(ii) Subject to available Interest Proceeds and Principal Proceeds, the principal amount of any Class of Secured Debt subject to mandatory redemption on any Payment Date because any of the Overcollateralization Tests is not satisfied as of the related Determination Date (or, with respect to any failure of the Reinvestment Overcollateralization Test, the amount of Interest Proceeds that would be required to be applied pursuant to the Priority of Interest Proceeds in order to satisfy such test) will be the amount that, if it were applied to make payments (including Deferred Interest, if any) on such Class of Secured Debt in accordance with the Debt Payment Sequence on that Payment Date, would cause such test to be satisfied for the current Determination Date. These amounts will be determined by (a) calculating the amount of Interest Proceeds required for such payments in accordance with the Priority of Interest Proceeds assuming that any such amount would reduce the denominator of any Overcollateralization Ratio (but would not change the numerator); and (b) then calculating the amount of Principal Proceeds required for such payments in accordance with the Priority of Principal Proceeds (i) during the Reinvestment Period, assuming that such amount would reduce both the numerator and the denominator of any Overcollateralization Ratio and (ii) after the Reinvestment Period, assuming that (x) such amount would reduce both the numerator and the denominator of any Overcollateralization Ratio and (y) any Principal Proceeds that the Collateral Manager has not designated for reinvestment after the Reinvestment Period have been applied in accordance with the Debt Payment Sequence. For this purpose, calculation of the required amount of (a) Interest Proceeds will give effect to any principal payments to be made on the Secured Debt pursuant to a more senior priority level of the Priority of Interest Proceeds on that Payment Date and (b) Principal Proceeds will give effect to (i) Interest Proceeds that will be used to make principal payments on the Secured Debt in accordance with the Priority of Payments on that Payment Date and (ii) Principal Proceeds to be applied pursuant to a more senior priority level of the Priority of Principal Proceeds on that Payment Date.

Contributions

At any time, and from time to time, during or after the Reinvestment Period, (i) any Holder or Certifying Person may notify the Issuer, the Trustee and the Collateral Manager that it proposes to make a contribution of Cash to the Issuer, and (ii) a Majority of the Subordinated Notes may notify the Issuer, the Trustee and the Collateral Manager that the Majority of the Subordinated Notes proposes to designate as a contribution to the Issuer any portion of Interest Proceeds or Principal Proceeds that would otherwise be distributed to the Holders of the Subordinated Notes in accordance with the Priority of Payments (each proposed contribution described in clause (i) or (ii), a “**Contribution**”). Upon written agreement of the Collateral Manager and a Majority of the Subordinated Notes (A) to accept any proposed Contribution described in clause (i) or clause (ii) of the definition thereof, and (B) on a Permitted Use to which such proposed Contribution would be applied, the Collateral Manager on behalf of the Issuer will notify the applicable Contributor(s) thereof and such Contribution will be accepted by the Issuer. Each

Contribution will be deposited into the Permitted Use Account. For the avoidance of doubt, any amounts deposited into the Permitted Use Account pursuant to clause (ii) of the definition of “Contribution” will be deemed for all purposes (including, but not limited to, calculation of the Internal Rate of Return) as having been paid to the Holders of Subordinated Notes pursuant to the Priority of Payments.

COLLATERAL MANAGEMENT AGREEMENT

General

The Issuer and the Collateral Manager will enter into the Collateral Management Agreement pursuant to which the Collateral Manager will perform certain administrative and advisory functions with respect to the Collateral. Subject to and in accordance with the terms of the Collateral Management Agreement and the applicable provisions of the Indenture, the Collateral Manager will supervise and direct the acquisition of, disposition of, investment in and reinvestment of proceeds of the Collateral Debt Obligations, Equity Securities, Eligible Investments, Subordinated Notes Collateral Obligations, Contributions and other securities and assets permitted to be acquired or sold under, and subject to, the Indenture (including (x) any proceeds received by way of Offers, workouts and restructurings of assets owned by the Issuer and (y) any assets held by any Issuer Subsidiary) (collectively, the “**Transaction Investments**”) and will perform on behalf of the Issuer such other duties that have been specifically delegated to the Collateral Manager under the Collateral Management Agreement and the applicable provisions of the Indenture. The Collateral Manager will, among other things, have the right, on behalf of the Issuer, to vote or refrain from voting any Transaction Investment and to exercise any other rights or remedies with respect thereto consistent with the terms of the Indenture (as referenced in the Collateral Management Agreement). Neither the Arranger nor any affiliate thereof will select any of the Transaction Investments.

The Collateral Manager will assume no responsibility under the Collateral Management Agreement other than to render the services expressly called for from the Collateral Manager thereunder and under the Indenture. In performing the duties and functions that have been delegated to the Collateral Manager thereunder and under the Indenture, the Collateral Manager will act in good faith and with reasonable care, using a degree of skill and attention no less than that which the Collateral Manager exercises with respect to comparable assets that it manages for itself, and in a manner reasonably consistent with the practices and procedures followed by institutional managers of recognized standing relating to assets of the nature and character of the Collateral Debt Obligations. To the extent not inconsistent with the foregoing, the Collateral Manager will follow its customary standards, policies and procedures in performing its duties under the Indenture and the Collateral Management Agreement, including those duties of the Issuer under the Indenture which the Collateral Manager has agreed under the Collateral Management Agreement to perform on the Issuer’s behalf.

Pursuant to the terms of the Collateral Management Agreement, the Collateral Manager will monitor the Transaction Investments on behalf of the Issuer on an ongoing basis and will provide the Issuer and the other parties specified in the Indenture with copies of all opinions, reports, schedules and other data that the Issuer is required to prepare, deliver or furnish under the Indenture. Pursuant to the terms of the Collateral Management Agreement and the Indenture, the Collateral Manager will, on behalf of the Issuer, select the Transaction Investments and direct the reinvestment of collections on Transaction Investments, direct the Trustee as to when to sell Transaction Investments and direct the investment or reinvestment of the proceeds therefrom.

The Indenture places significant restrictions on the Collateral Manager’s ability to advise the Issuer to buy and sell Collateral, and the Collateral Manager is required to comply with such restrictions. Accordingly, during certain periods or in certain specified circumstances, the Collateral Manager may be unable to buy or sell securities or to take other actions which it might consider in the best interest of the Issuer and the holders of Debt, as a result of the restrictions set forth in the Indenture. The Collateral Manager or its Affiliates may engage in other business and furnish investment management and advisory services to other clients and issuers whose investment policies match or differ from those followed by the Collateral Manager on behalf of the Issuer as required by the Indenture. The Collateral Manager, in such circumstances, may make recommendations or effect transactions which may differ from those effected with respect to the Collateral. In addition, the Collateral Manager may from time to time cause or direct other accounts or funds managed by the Collateral Manager to buy or sell, or recommend to the accounts the buying and selling of, securities of the same or of a different kind or class of the same issuer, as the Collateral Manager directs to be purchased or sold on behalf of the Issuer. Accordingly, conflicts may arise regarding the allocation of investment opportunities among the Issuer and the other accounts or funds managed by the Collateral Manager or its Affiliates. Situations may occur where the Issuer could be disadvantaged because of the investment activities conducted by the Collateral Manager for such other accounts. See “Risk Factors—Relating to the Issuer and its Service Providers—Certain Conflicts of Interest Related to the Collateral Manager”.

Liability of the Collateral Manager

Neither the Collateral Manager nor any of its directors, managers, officers, shareholders, members, partners, employees, agents, representatives, trustees, incorporators or Affiliates will be liable to the Issuer, the Trustee or the holders of the Debt or any other Person for any loss incurred, directly or indirectly, as a result of the actions taken or recommended or for any omissions by the Collateral Manager, its directors, managers, officers, shareholders, members, partners, employees, agents or Affiliates under the Collateral Management Agreement or the Indenture or for any decrease in the value of the Transaction Investments, except (x) by reason of acts or omissions constituting bad faith, willful misconduct or gross negligence in the performance, or reckless disregard, of the obligations of the Collateral Manager under the Collateral Management Agreement or the Indenture (as referenced in the Collateral Management Agreement), or (y) with respect to the information concerning the Manager Information that contains any untrue statement of material fact or omits to state a material fact necessary in order to make the statements herein, in light of the circumstances under which they were made, not misleading (the matters described in clauses (x) and (y), each a “**Collateral Manager Breach**”); *provided* that nothing in the Collateral Management Agreement will constitute a waiver of any rights which the Issuer or the holders of the Debt or any other Person, or defense which the Collateral Manager, may have under applicable United States federal securities laws. Notwithstanding any provision in the Collateral Management Agreement or the Indenture to the contrary, in no event will the Collateral Manager be liable for any consequential (including loss of profit), indirect, special or punitive damages of any kind whatsoever regardless of whether such losses or damages are foreseeable and regardless of the form of action.

Pursuant to the terms of the Collateral Management Agreement, the Issuer will indemnify and hold harmless the Collateral Manager, its directors, managers, officers, shareholders, members, partners, agents, representatives, trustees, incorporators and employees and its Affiliates and their directors, managers, officers, shareholders, members, partners, agents, representatives, trustees, incorporators and employees (each, an “**Indemnified Party**”) from and against any and all losses, claims, damages, judgments, assessments, costs or other liabilities (collectively, “**Liabilities**”), and will reimburse each such Person for all reasonable fees and expenses (including reasonable fees and expenses of counsel) as such fees and expenses (collectively, the “**Expenses**”) are incurred in investigating, preparing, pursuing, defending or selling any claim, action, proceeding or investigation with respect to any pending or threatened litigation (collectively, the “**Actions**”), (A) caused by, or arising out of or in connection with the Collateral or business of the Issuer (including the execution and delivery of any and all documents on behalf of the Issuer under the Collateral Management Agreement) or otherwise relating to issuance of Debt, the transactions contemplated by this Offering Memorandum, the Indenture or the Collateral Management Agreement, and/or any action taken by, or any failure to act by, such Person, whether prior to, on or after the date of the Collateral Management Agreement and (B) in respect of any untrue statement or alleged untrue statement of a material fact contained in this Offering Memorandum or any omission or alleged omission to state therein a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; *provided* that no such Person will be indemnified for any Liabilities, Expenses or Actions relating to any Collateral Manager Breach. The obligations of the Issuer to indemnify any Indemnified Party for any Liabilities or Expenses will be payable solely out of the Collateral in accordance with the Priority of Payments.

Pursuant to the terms of the Collateral Management Agreement, the Collateral Manager will indemnify, defend and hold harmless the Issuer, its shareholders, partners, members, managers, directors, officers, trustees, incorporators, employees, representatives and agents from and against any and all Liabilities and Expenses in respect of or arising out of a Collateral Manager Breach.

The Collateral Management Agreement provides that the Collateral Manager will not direct the Trustee (a) to acquire an obligation to be included in the Collateral from the Collateral Manager as principal, any Affiliate of the Collateral Manager or any account or portfolio for which the Collateral Manager or any of its Affiliates serves as investment adviser or (b) to sell an obligation to the Collateral Manager as principal, any Affiliate of the Collateral Manager or any account or portfolio for which the Collateral Manager or any of its Affiliates serves as investment adviser, unless (i) the terms are negotiated on an arms-length basis for fair market value, and effected on terms no less favorable to the Issuer as the terms it would obtain in a comparable arm’s length transaction with a non-Affiliate, (ii) the transactions are effected in accordance with all applicable laws (including, without limitation, the Investment Advisers Act), which will require the disclosure of all relevant information to the Issuer and the written consent of the directors of the Issuer in certain circumstances, (iii) the transactions are effected in accordance with the internal

policies and procedures of the Collateral Manager and (iv) the transactions are exempt from the prohibited transaction rules of ERISA and the Code.

Compensation of the Collateral Manager

As compensation for the performance of services under the Collateral Management Agreement, the Collateral Manager will be entitled to receive a fee, which will accrue quarterly in arrears on each Payment Date (prorated for the related Interest Accrual Period), in an amount equal to the sum of (i) 0.15% *per annum* (calculated on the basis of a 360-day year and the actual number of days elapsed during the applicable Due Period) of the Fee Basis Amount at the beginning of the Due Period relating to such Payment Date (the “**Senior Collateral Management Fee**”), (ii) 0.35% *per annum* (calculated on the basis of a 360-day year and the actual number of days elapsed during the applicable Due Period) of the Fee Basis Amount at the beginning of the Due Period relating to such Payment Date (the “**Subordinated Collateral Management Fee**”) and (iii) if, on a Payment Date, Holders of the Subordinated Notes have received an Internal Rate of Return (calculated from the Closing Date to and including such Payment Date) equal to 12.0% (the “**Target Return**”), then after payment of all amounts senior in right of payment to the Subordinated Notes and any amount needed to cause the Holders of Subordinated Notes to receive an Internal Rate of Return equal to the Target Return, an amount equal to 20% of the remaining Interest Proceeds and Principal Proceeds available for distribution (the “**Incentive Collateral Management Fee**” and, together with the Senior Collateral Management Fee and the Subordinated Collateral Management Fee, the “**Collateral Management Fees**”). Collateral Management Fees are payable on each Payment Date only to the extent that sufficient Interest Proceeds or Principal Proceeds are available in accordance with the Priority of Payments, and if the Subordinated Collateral Management Fee is not paid on any Payment Date for any reason (other than waiver of the payment of such fee by the Collateral Manager as set forth below), such fees will be deferred and will accrue interest at LIBOR from such Payment Date, compounded quarterly (calculated on the basis of a 360-day year and the actual number of days elapsed during the related Due Period). For the avoidance of doubt, if any Senior Collateral Management Fee is not paid when due as the result of the operation of the Priority of Payments, such deferred amount will not accrue interest.

The Collateral Manager may (but will not be obligated to), at its election upon notice to the Issuer and the Trustee, reduce for a predetermined period of time the amount which is due to it as Senior Collateral Management Fee by a specific amount, in which case the amount which is due to it as Subordinated Collateral Management Fee will automatically be increased by the same amount for such period of time.

In addition, the Collateral Manager may, at its discretion, elect to defer payment of the Senior Collateral Management Fee and/or the Subordinated Collateral Management Fee on any Payment Date. Any Senior Collateral Management Fee or Subordinated Collateral Management Fee so deferred will not accrue interest.

The Collateral Manager may, in its sole discretion, elect in a written notice to each of the Trustee and the Collateral Administrator prior to the Determination Date relating to any Payment Date, to waive payment of all or any portion of its Collateral Management Fees payable to the Collateral Manager on such Payment Date; *provided* that such election may be rescinded by the Collateral Manager with respect to any such Payment Date by subsequent written notice to each of the Trustee and the Collateral Administrator at any time prior to the Determination Date relating to such Payment Date. All or any portion of such waived Collateral Management Fees may be applied, in the Collateral Manager’s sole discretion, toward one or more Permitted Uses in accordance with the Indenture.

The Collateral Manager will be reimbursed (pursuant to the Priority of Payments) for all reasonable costs and expenses reasonably incurred by the Collateral Manager in connection with the performance of its obligations under the Collateral Management Agreement and the Indenture, other than its ordinary overhead expenses.

Automatic Termination of the Collateral Management Agreement

The Collateral Management Agreement will automatically terminate upon the earlier to occur of (i) the payment in full of the Debt and the satisfaction and discharge of the Indenture in accordance with its terms, and (ii) the liquidation of the Collateral and the final distribution of the proceeds of such liquidation as provided in the Indenture.

Modification of the Collateral Management Agreement

The Collateral Management Agreement may not be modified, supplemented or amended without the written consent of (i) a Majority of each Class of Debt entitled to vote or the percentage sufficient to meet the consent requirements for such an modification, supplement or amendment if it were made to the Indenture, whichever is greater and (ii) a Majority of the Subordinated Notes; *provided*, the Collateral Management Agreement may be modified, supplemented or amended without consent in respect of (1) a modification or amendment of the type that may be made to the Indenture without consent of any Holders of Secured Debt or Subordinated Notes (it being understood that any proposed modification or amendment to the Collateral Management Agreement of the type that may be made as described under “The Indenture—Amendments of the Indenture—Supplemental Indentures without Consent” shall be subject to the corresponding notice and Holder of Debt objection provisions, if any, set forth under such heading), (2) an amendment required by or to comply with law, rule or regulation, or (3) an amendment to the Tax Guidelines). Any amendment to the Collateral Management Agreement that is not solely to cure an ambiguity or inconsistency or of a formal, minor or technical nature will be subject to the satisfaction of the Rating Condition in respect thereto.

Delegation and Assignment by the Collateral Manager

The Collateral Manager may delegate to third parties (including Affiliates) selected with reasonable care any or all of its duties under the Collateral Management Agreement without the consent of the Issuer or any Holder of the Debt; *provided* that (i) the Collateral Manager will not be relieved of any of its duties under the Collateral Management Agreement or any liability with respect to the performance of such duties, as a result of such delegation to third parties, (ii) the Collateral Manager will be solely responsible for the fees and expenses payable to any such third party except to the extent such expenses are payable or reimbursable by the Issuer under the Collateral Management Agreement, (iii) such delegation does not constitute an “assignment” under the Section 205(a)(2) of the Investment Advisers Act, (iv) the locations and actions of such third parties do not cause the Issuer to be subject to any taxation in any jurisdiction where it would not otherwise be subject to tax, and (v) the Collateral Manager gives written notice to the Trustee of such delegation.

The Collateral Manager may not assign its rights or responsibilities under the Collateral Management Agreement without the consent of the Issuer, a Majority of the Controlling Class and a Majority of the Subordinated Notes; *provided* any such assignment does not cause the Issuer or the pool of Collateral to become an investment company required to be registered under the Investment Company Act. Notwithstanding the foregoing, the Collateral Manager may assign any or all of its rights or any or all of its obligations under the Collateral Management Agreement without such consent to an Affiliate so long as such assignment does not constitute an “assignment” for purposes of Section 205(a)(2) of the Investment Advisers Act, and such Affiliate (A) has demonstrated an ability to professionally and competently perform duties similar to those imposed on the Collateral Manager under the Collateral Management Agreement, (B) is legally qualified and has the capacity to act as Collateral Manager under the Collateral Management Agreement and the applicable terms of the Indenture and (C) such assignment does not cause the Issuer or the pool of Collateral to become an investment company required to be registered under the Investment Company Act. Upon the occurrence of any assignment which does not require consent of the Holders of the Subordinated Notes, the Collateral Manager agrees to give notice of such assignment to the Issuer and the Trustee.

Resignation and Removal of the Collateral Manager

The Collateral Manager may be removed for cause by either a Majority of the Controlling Class or a Majority of the Subordinated Notes upon 10 days’ prior written notice to the Collateral Manager. For purposes of determining whether the requisite Holders have given notice of removal of the Collateral Manager for cause or any waiver, Debt owned by the Collateral Manager, any Affiliate thereof or any fund or account over which the Collateral Manager or any such Affiliate has discretionary voting authority will be disregarded and deemed to be not Outstanding.

For purposes of determining “**cause**” with respect to any such termination of the Collateral Manager, such term includes any one of the following events:

(1) the Collateral Manager willfully violates, or takes any action that it actually knows breaches, any material provision of the Collateral Management Agreement or the Indenture applicable to it (not including a willful

violation or breach that is the subject of a good faith commercially reasonable dispute as to whether such a violation or breach has actually occurred, due to different interpretations of provisions of the relevant transaction documents);

(2) the Collateral Manager breaches in any material respect any provision of the Collateral Management Agreement or any terms of the Indenture applicable to it (other than as covered by clause (1) and it being understood that failure to meet any Coverage Test, Concentration Limitation, Collateral Quality Test or the Reinvestment Overcollateralization Test is not such a violation) (except for any violation or breach that has not had, or would not reasonably be expected to have, a material adverse effect on the Collateral as a whole or the Issuers) and fails to cure such breach within 45 days after obtaining actual knowledge of, or its receiving notice from the Trustee of, such breach, or, if such breach is not capable of cure within 45 days, the Collateral Manager fails to cure such breach within the period in which a reasonably diligent Person could cure such breach (but in no event more than 90 days);

(3) the failure of any representation, warranty, certification or statement made or delivered by the Collateral Manager in or pursuant to this Agreement or the Indenture to be correct in any material respect when made which failure (A) could reasonably be expected to have a material adverse effect on the Holders of any Class of Debt, and (B) (x) is not cured by the Collateral Manager within 45 days of its obtaining actual knowledge of, or its receiving notice from the Trustee of, such failure or (y) if capable of cure, but not capable of cure within 45 days, such failure is not cured by the Collateral Manager within the period in which a reasonably diligent Person could cure such failure, which period shall not, in any case, exceed 90 days;

(4) the winding up or dissolution of the Collateral Manager or upon certain events of bankruptcy or insolvency with respect to the Collateral Manager (subject to a 60 day cure period for involuntary events);

(5) the occurrence of an Event of Default under the Indenture that consists of a default in the payment of principal or interest on the Secured Debt when due and payable resulting from any willful and material breach by the Collateral Manager of its duties under the Collateral Management Agreement or under the Indenture;

(6) the occurrence of an act by the Collateral Manager that constitutes fraud or criminal activity in the performance of its obligations under the Collateral Management Agreement, the Collateral Manager being convicted of a criminal offense materially related to its primary business, or any of its officers primarily responsible for the management of the Collateral being indicted for a criminal felony offense materially related to its asset management duties and such officer has not been removed from having responsibility for the management of the Issuer's assets within seven days of the date that a Responsible Officer of the Collateral Manager obtains actual knowledge or receives notice of such indictment. For the purpose of this clause (6) a "Responsible Officer of the Collateral Manager" means any officer of the Collateral Manager who has direct responsibility for the administration of the Collateral Management Agreement; or

(7) the occurrence of a Key Manager Event.

If any of the events specified above in the definition of cause will occur, the Collateral Manager will give prompt written notice thereof to the Issuer and the Trustee upon the Collateral Manager's obtaining actual knowledge of the occurrence of such event. A Majority of the Controlling Class or a Majority of the Subordinated Notes may waive any event described in clause (1), (2), (3), (5), (6) or (7) above as a basis for termination of the Collateral Management Agreement and removal of the Collateral Manager thereunder. For purposes of determining whether the requisite Holders have waived any such event, Debt owned by the Collateral Manager, any Affiliate thereof or any fund or account over which the Collateral Manager or any such Affiliate has discretionary voting authority will be disregarded and deemed to be not Outstanding.

The Collateral Manager may resign upon 90 days' (or such shorter period of time as may be acceptable to the Issuer) written notice to the Issuer and the Trustee; *provided, however*, that the Collateral Manager may resign immediately upon the effectiveness of any material change in applicable law or regulations that renders the performance by the Collateral Manager of its duties under the Collateral Management Agreement or under the Indenture to be a violation of such law or regulation.

Upon any resignation or removal of the Collateral Manager, the Issuer (at the direction of a Majority of the Subordinated Notes) is required within 30 days to appoint, subject to the approval of a Majority of the Controlling

Class, as successor collateral manager an institution which, among other things, (i) has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager, (ii) is legally qualified and has the capacity to act as Collateral Manager under the Collateral Management Agreement and the applicable terms of the Indenture, (iii) does not cause or result in the Co-Issuer becoming, or require the pool of Collateral to be registered as, an investment company under the Investment Company Act, and (iv) satisfies the Rating Condition (any such institution, an “**Eligible Successor**”). If such Eligible Successor is approved by a Majority of the Controlling Class by written notice to the Issuer and the Trustee within 15 days of notice of such appointment, such Eligible Successor shall become the successor Collateral Manager and the resignation or removal of the Collateral Manager will be effective. If such Eligible Successor is not approved as set forth above, then within 30 days after such failure to approve, the Issuer (at the direction of a Majority of the Controlling Class) will appoint, subject to the approval of a Majority of the Subordinated Notes, an Eligible Successor to act as successor Collateral Manager under the Collateral Management Agreement. If such Eligible Successor is approved by a Majority of the Subordinated Notes by written notice to the Issuer and the Trustee within 15 days of notice of such appointment, such Eligible Successor will become the successor Collateral Manager and the resignation or removal of the Collateral Manager will be effective. For purposes of determining whether the requisite Holders have directed the appointment of or approved, as the case may be, an Eligible Successor as successor Collateral Manager in the event that the Collateral Manager is being terminated for cause, Debt owned by the Collateral Manager, any Affiliate thereof or any fund or account over which the Collateral Manager or any such Affiliate has discretionary voting authority will be disregarded and deemed to be not outstanding.

If an Eligible Successor has not been appointed as successor Collateral Manager or has not assumed the obligations of the Collateral Manager under the Collateral Management Agreement within 90 days of any resignation or removal of the Collateral Manager as described above, the Collateral Manager, the Trustee (acting at the direction of a Majority of the Controlling Class or a Majority of the Subordinated Notes) or the Issuer may petition a court of competent jurisdiction for the appointment of an Eligible Successor as successor Collateral Manager.

No resignation, termination or removal (with or without cause) of the Collateral Manager will be effective until the date as of which an Eligible Successor has been appointed as successor Collateral Manager and such Eligible Successor has agreed in writing to assume all of the duties of the Collateral Manager under the Collateral Management Agreement and as specified in the Indenture. On the date as of which an Eligible Successor has agreed in writing to assume all of the Collateral Manager’s duties and obligations pursuant to the Collateral Management Agreement and as specified in the Indenture, all authority and power of the Collateral Manager under the Collateral Management Agreement, whether with respect to the Collateral Debt Obligations or otherwise, will automatically and without further action by any Person pass to and be vested in such Eligible Successor upon the appointment thereof.

Upon the termination of the Collateral Manager’s duties and obligations pursuant to the terms of the Collateral Management Agreement (other than in the event of the resignation of the Collateral Manager pursuant to the terms thereunder), the Collateral Management Fees will be prorated for any partial periods between Payment Dates during which the Collateral Management Agreement was in effect and will be due and payable on the first Payment Date following the date of such termination, subject to the Indenture; *provided* that notwithstanding the foregoing, on each Payment Date following the effective date of the termination of the Collateral Manager’s duties and obligations pursuant to the terms of the Collateral Management Agreement (other than in the event of the resignation of the Collateral Manager pursuant to the terms thereunder), the Collateral Manager shall be paid its Pro Rata Share of the Incentive Collateral Management Fee, if any, due and payable in accordance with the Priority of Payments on such Payment Date; *provided, further*, that the payment of such Collateral Management Fee and expenses to the Collateral Manager shall rank *pari passu* with the payment of the same amounts due to the Eligible Successor. The Collateral Manager’s “**Pro Rata Share**” of the Incentive Collateral Management Fee, if any, due and payable on any Payment Date following the termination of the Collateral Manager’s duties and obligations pursuant to the terms of the Collateral Management Agreement will be the amount (expressed as a percentage) equal to (i) the number of days from and including the Closing Date to and including the effective date of the termination of this Agreement over (ii) the number of days from and including the Closing Date to and including the last day of the Due Period immediately preceding such Payment Date.

Upon the resignation of the Collateral Manager pursuant to the Collateral Management Agreement, the resigning Collateral Manager will not be entitled to any Collateral Management Fees on a particular Payment Date unless such

resigning Collateral Manager is still providing collateral management services to the Issuer as of such Payment Date (or, if the Issuer is in the process of liquidation, unless such resigning Collateral Manager is providing services to the Issuer as a liquidator on such Payment Date).

Upon a successor Collateral Manager agreeing in writing to assume all of the Collateral Manager's duties and obligations under the Collateral Management Agreement, any amendment to the Senior Collateral Management Fee or Subordinated Collateral Management Fee made after the Closing Date and prior to the date of such written agreement shall no longer be given effect and the Senior Collateral Management Fee and the Subordinated Collateral Management Fee payable to such a successor Collateral Manager shall be equal to the Senior Collateral Management Fee and the Subordinated Collateral Management Fee on the Closing Date; *provided* that any amendment increasing the Senior Collateral Management Fee or the Subordinated Collateral Management Fee made after the Closing Date and prior to the date of such written agreement shall remain in full force and effect upon a successor Collateral Manager agreeing in writing to assume all of the Collateral Manager's duties and obligations under the Collateral Management Agreement.

Key Manager Event

A “**Key Manager Event**” means, for so long as Shenkman or any of its Affiliates is the Collateral Manager, any of the following: (a) the failure by the Collateral Manager to propose a replacement Key Manager within the applicable Two-Month Period, (b) the failure by the Collateral Manager, within the Two-Month Period, to propose a different replacement Key Manager following receipt of an Objection Notice or (c) the receipt of another Objection Notice within 20 Business Days after delivery of such a proposal for a different replacement Key Manager to the holders of the Controlling Class and the Subordinated Notes.

For purposes of this section:

“**Approved Replacement Person**” means a replacement or additional Key Manager appointed in accordance with the procedures described in the Collateral Management Agreement.

“**Key Manager**” means any of David H. Lerner, Jonathan A. Savas, Justin Slatky or any such other additional person as may be appointed Key Managers in accordance with the Collateral Management Agreement (or if David H. Lerner, Jonathan A. Savas, Justin Slatky or any such additional Key Managers have been replaced with one or more Approved Replacement Persons, such Approved Replacement Persons).

“**Objection Notice**” means written notice to the Collateral Manager objecting (such objection not to be unreasonably raised) to a proposed replacement or additional Key Manager from a Majority of the Controlling Class or a Majority of the Subordinated Notes, excluding Securities held by the Collateral Manager, any Affiliate of the Collateral Manager and any accounts or investment funds over which the Collateral Manager or an Affiliate has discretionary voting authority.

“**Two-Month Period**” means, at any time, the period of two months following the earliest date as of which the number of Key Managers that are employed on a substantially full-time basis in the position of managing director or other management-level employee by the Collateral Manager (or any of its successors or assigns permitted pursuant to the Collateral Management Agreement) becomes less than two.

During the occurrence of any Two-Month Period, up to four replacement Key Managers may be proposed by the Collateral Manager by notice furnished to the Trustee (for forwarding to the holders of the Controlling Class and the Subordinated Notes). Within 20 Business Days after written notice of such proposed replacement has been forwarded by the Trustee to such holders, the requisite holders may deliver an Objection Notice. If no Objection Notice is received by such twentieth Business Day, such proposed replacement person will become a Key Manager as of such twentieth Business Day.

If an Objection Notice to such proposed replacement is timely received and the Two-Month Period is still in effect, then the Collateral Manager will have the right to propose a different replacement person not later than the date that is the last day of such Two-Month Period. Such different replacement person may be proposed by the Collateral Manager by notice to the Trustee, and within 20 Business Days after written notice of such different proposed replacement person has been forwarded by the Trustee to the holders of the Controlling Class and the Subordinated

Notes, the requisite holders may deliver an Objection Notice. If no Objection Notice is received by the Collateral Manager by such twentieth Business Day, such different proposed replacement person will become a Key Manager as of such twentieth Business Day.

At any time or from time to time while no Two-Month Period is in effect, the Collateral Manager may nominate one or more additional persons to become Key Managers by notice furnished to the Trustee (for forwarding to the holders of the Controlling Class and the Subordinated Notes) and any such nominee will be appointed as an additional Key Manager so long as the requisite holders do not deliver an Objection Notice within 20 Business Days after written notice of such proposed nominee has been forwarded by the Trustee to the holders of the Controlling Class and the Subordinated Notes.

The Collateral Manager will be obligated to provide written notice to the Trustee (for forwarding to the Holders of the Controlling Class and the Subordinated Notes) within ten Business Days following the replacement of any Key Manager or the commencement of any Two-Month Period.

TRUSTEE AND NOTES REGISTRAR

The Bank will be the Trustee under the Indenture and will maintain Notes Register as Notes Registrar. The Issuer and the Collateral Manager and their respective Affiliates may maintain other business relationships in the ordinary course of business with the Bank and its Affiliates.

The payment of fees and expenses of the Trustee under the Indenture is solely the obligation of the Issuer, payable in accordance with the Priority of Payments. The Trustee or its Affiliates or both may receive compensation in connection with the Trustee's investment of trust assets in certain Eligible Investments as provided in the Indenture.

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

The Indenture provides that the Trustee may be removed at any time by a Majority of the Secured Debt (voting as a single class) or, at any time when an Event of Default shall have occurred and be continuing, by a Majority of the Controlling Class. The Issuer will promptly appoint a successor trustee meeting the requirements specified in the Indenture. The Bank will also act as the Collateral Administrator. If the Collateral Administrator resigns or is removed, the Issuer will appoint a successor. The Collateral Administration Agreement contains provisions for the indemnification of the Collateral Administrator by the Issuer for any loss, liability or expense incurred in good faith and without gross negligence, willful misconduct or reckless disregard on its part, arising out of or in connection with the acceptance or administration of the Collateral Administration Agreement.

THE INDENTURE

Events of Default; Acceleration

Events of Default

Each of the following events constitutes an “**Event of Default**” under the Indenture:

(a) a default in the payment, when due and payable, of any interest on any Senior Debt or, if there is no Senior Debt Outstanding, the Highest Ranking Class and a continuation of such default, in each case, for a period of five Business Days (or, in the case of such payment default resulting solely from an administrative error or omission by the Trustee, any paying agent or any registrar, such default continues for a period of seven or more Business Days after the Trustee receives written notice or has actual knowledge of the failure to make such payment);

(b) a default in the payment of principal on any Secured Debt at its Stated Maturity, Redemption Date or Refinancing Date (unless such redemption has been cancelled); *provided* that, in the case of such payment default resulting solely from an administrative error or omission by the Trustee, any paying agent or any registrar, such default continues for a period of five or more Business Days after the Trustee receives written notice or has actual knowledge of the failure to make such payment;

(c) a failure on any Payment Date to disburse amounts in excess of U.S.\$1,000 available in the Payment Account in accordance with the Priority of Payments (other than as provided in clause (a) or (b) above), which failure has a material adverse effect on the Holders and is incapable of remedy or, if capable of remedy, is not remedied within 30 days after notice of such default or failure has been given to the Issuer by the Trustee (or, if such failure can only be remedied on a Payment Date, is not remedied on the next Payment Date);

(d) after the Initial Investment Period, the ratio (expressed as a percentage) of (i) the Aggregate Principal Amount of the Collateral Portfolio divided by (ii) the Aggregate Outstanding Amount of the Class A Notes as of the most recent Measurement Date is less than 102.5%;

(e) either of the Issuers or the pool of collateral becomes an investment company required to be registered under the Investment Company Act;

(f) a material default in the performance of any obligation, or a material breach of any covenant, representation, warranty or other agreement (other than a default or breach pursuant to any other clause of the definition of Event of Default) of the Issuer or the Co-Issuer in the Indenture (provided, that a failure to satisfy a Collateral Quality Test, a Coverage Test, a Concentration Limitation or the Reinvestment Overcollateralization Test does not constitute a default or breach) or in any certificate delivered pursuant hereto or if any representation or warranty of the Issuers in the Indenture or in any certificate delivered pursuant hereto or in connection herewith proves to be incorrect in any material respect when made, and continuance of such default or breach for a period of 30 days after notice thereof shall have been given to the Issuers and the Collateral Manager by the Trustee or to the Issuers, the Collateral Manager and the Trustee by at least a Majority of the Aggregate Outstanding Amount 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; or

(g) the occurrence of a Bankruptcy Event.

Acceleration of Maturity

If an Event of Default (other than a Bankruptcy Event) occurs and is continuing, the Trustee or a Majority of the Controlling Class, by notice to the Issuer may declare the principal of all of the Debt to be immediately due and payable. Upon any such declaration, such principal, together with all accrued and unpaid interest thereon and any other amounts payable in respect thereof, shall become immediately due and payable (except that in the case of a Bankruptcy Event, such an acceleration will occur automatically). Any declaration of acceleration may under certain circumstances be rescinded by a Majority of the Controlling Class.

Notwithstanding the previous paragraph, so long as Senior Debt is Outstanding, the Secured Debt will not be subject to acceleration by Holders of a Majority of the Controlling Class solely as a result of the failure to pay any amount due on Secured Debt that is not Senior Debt.

If an Event of Default has occurred (and has not been cured or waived) and acceleration occurs (and is not rescinded), each Higher Ranking Class (including any accrued and unpaid interest thereon) will be paid in full before any further payment or distribution is made on any Lower Ranking Class in accordance with the Priority of Post-Acceleration Proceeds.

If an acceleration of maturity of the Secured Debt (an “**Enforcement Event**”) occurs following an Event of Default and is continuing, the Trustee will not sell or liquidate any Collateral (except as described below and in “Security for the Secured Debt—Sales of Collateral Debt Obligations—Sales after the Event of Default”), will collect all payments in respect of the Collateral and will make payments in accordance with the Priority of Payments (subject to the subordination provisions described in the preceding paragraph), unless:

(i) the Trustee determines that the anticipated proceeds of a sale or liquidation of all or any portion of the Collateral (after deducting the expenses of such sale or liquidation) would be sufficient to pay in full the sum of (A) the principal and accrued interest with respect to all of the Outstanding Secured Debt, and (B)(1) all Administrative Expenses and (2) all other items prior in the Priority of Payments to distributions to the Holders of the Subordinated Notes, and (C) except with respect to any sale or liquidation resulting from a payment default, 5% of the sum of the amounts described in clauses (A) and (B) above, and a Majority of the Controlling Class agrees with such determination;

(ii) a Supermajority of each Class of Secured Debt, voting separately, subject to the terms and conditions set forth below, direct the sale and liquidation of all or any portion of the Collateral; or

(iii) in the case of an Event of Default specified clause (a), (b) or (d) of the definition thereof, a Majority of the Controlling Class direct the sale and liquidation of all or any portion of the Collateral.

Regardless of whether the conditions set forth in clause (i), (ii) or (iii) above have been satisfied, the Collateral Manager may direct the Trustee to accept an offer or tender offer in accordance with the terms of the Indenture and the Issuer shall continue to hold funds on deposit in the Revolving Credit Facility Reserve Account to the extent required to meet the Issuer’s obligations with respect to the Aggregate Unfunded Amount on any Revolving Credit Facility or Delayed Funding Term Loan. The Trustee shall give written notice of its determination not to retain the

Collateral to the Issuer with a copy to the Co-Issuer. So long as such Event of Default is continuing, any such determination may be made at any time when the conditions specified in clause (i), (ii) or (iii) exist.

The Trustee shall promptly deliver to the Holders of the Debt and, so long as any Class of Debt rated by Fitch is Outstanding, Fitch a report stating the results of any determination required pursuant to clause (i). Subject to receiving an indemnity reasonably satisfactory to it, the Trustee will make such determinations within 30 days after an Event of Default (or such longer period as necessary to receive the required bids) and at the request of a Supermajority of each Class of Secured Debt (voting separately) at any time before the liquidation is directed. In determining whether the Holders of the requisite Aggregate Outstanding Amount of any of the Debt have given any direction to liquidate, any Holder of any Class of Debt that is also a Holder of any other Class of Debt shall be counted as a Holder of each such Class of Debt for all purposes.

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 proceedings for any remedy available to the Trustee, *provided* that (a) such direction will not conflict with any applicable rule of law or the Indenture, (b) the Trustee may take any other action deemed proper by it that is not inconsistent with such direction, except that it need not take any action that it determines might involve it in liability; (c) the Trustee shall have been provided with indemnity satisfactory to it; and (d) any direction to the Trustee to undertake a sale of the Collateral shall be by the required percentage of Holders of Secured Debt. A Majority of the Controlling Class may also, in certain cases, waive any default with respect to the Notes, except a Default: (i) constituting a payment default or (ii) in respect of a covenant or provision hereof that cannot be modified or amended without the consent of the Holder of each Class of Notes materially adversely affected thereby.

No Holder of Notes will have the right to institute any proceeding with respect to the Indenture or the Notes or for the appointment of a receiver or trustee, or for any other remedy under the Indenture unless (i) such Holder previously has given to the Trustee written notice of a continuing Event of Default, (ii) except as otherwise provided in the Indenture, at least 25% of the Aggregate Outstanding Amount of each Class of Secured Debt (voting separately) have made a written request upon the Trustee to institute such proceedings, (iii) such Holders have offered the Trustee an indemnity reasonably satisfactory to it, (iv) the Trustee has for 30 days after the receipt of such notice failed to institute any such proceeding and (v) no direction inconsistent with such written request has been given to the Trustee during such 30-day period by a Supermajority of each Class of Secured Debt (voting separately).

No Holder of Notes may, prior to the date which is one year (or if longer the applicable preference period then in effect) plus one day after the payment in full of all Debt, institute against, or join any other Person in instituting against, the Issuer, the Co-Issuer or any Issuer Subsidiary any bankruptcy, reorganization, arrangement, insolvency, winding up, moratorium or liquidation proceedings, or other proceedings under federal or state bankruptcy or similar laws (including Cayman Islands Law) of any jurisdiction. The Issuer, or Co-Issuer, as applicable, shall timely file an answer and any other appropriate pleading objecting to (i) the institution of any proceeding to have the Issuer or the Co-Issuer, as the case may be, adjudicated as bankrupt or insolvent or (ii) the filing of any petition seeking relief, reorganization, arrangement, adjustment or composition of or in respect of the Issuer or the Co-Issuer, as the case may be, under the Bankruptcy Code or any other applicable law; *provided* that such obligations of the Issuers shall be subject to the availability of funds therefor under the Priority of Payments. The reasonable fees, costs, charges and expenses incurred by the Co-Issuer or the Issuer (including reasonable attorneys' fees and expenses) in connection with taking any such action shall be paid as Administrative Expenses.

In the event one or more Holders or beneficial owners of Debt institutes, or joins in the institution of a proceeding described in clause (i) above against the Issuer in violation of the prohibition described above, such Holder(s) or beneficial owner(s) will be deemed to acknowledge and agree that any claim that such Holder(s) or beneficial owner(s) have against the Issuer or with respect to any Collateral (including any proceeds thereof) shall, notwithstanding anything to the contrary in the Priority of Payments, be fully subordinate in right of payment to the claims of each Holder and beneficial owner of any Secured Debt that does not seek to cause any such filing, with such subordination being effective until each Secured Debt held by each Holder or beneficial owners of any Secured Debt that does not seek to cause any such filing is paid in full in accordance with the Priority of Payments (after giving effect to such subordination). The terms described in the immediately preceding sentence are referred to herein as the “**Bankruptcy Subordination Agreement**”. The Bankruptcy Subordination Agreement is intended to

constitute a “subordination agreement” within the meaning of Section 510(a) of the U.S. Bankruptcy Code (Title 11 of the United States Code, as amended from time to time (or any successor statute)).

The foregoing restrictions are a material inducement for each Holder and beneficial owner of the Debt to acquire such Debt and for the Issuer, the Co-Issuer and the Collateral Manager to enter into the Indenture (in the case of the Issuer and the Co-Issuer) and the other Transaction Documents and are an essential term of the Indenture. Any Holder or beneficial owner of Debt, any Issuer Subsidiary, the Issuer or the Co-Issuer may seek and obtain specific performance of such foregoing restrictions (including injunctive relief), including, without limitation, in any bankruptcy, reorganization, arrangement, insolvency, winding up, moratorium or liquidation proceedings, or other proceedings under Cayman Islands law, United States federal or state bankruptcy law or similar laws.

Payments after an Acceleration of Maturity

If an Event of Default has occurred but no acceleration has occurred, payments will be made on each Payment Date in accordance with the Priority of Interest Proceeds and Priority of Principal Proceeds. If an Enforcement Event has occurred and is continuing, but the Trustee has not received a direction to liquidate the Collateral, payments will be made on each Payment Date in accordance with the Priority of Post-Acceleration Proceeds. Upon receipt of a direction to liquidate the Collateral, the Trustee shall suspend all payments pursuant to the Indenture until the date or dates designated by the Trustee for distribution (the “**Liquidation Payment Date**”). The application of any money thereafter collected by the Trustee (net of any sale expenses) pursuant to the Indenture and any funds that may then be held or thereafter received by the Trustee shall be applied on each Liquidation Payment Date, in accordance with the Priority of Post-Acceleration Proceeds.

Amendments of the Indenture

Supplemental Indentures without Consent. The Issuer, the Co-Issuer and the Trustee may, but will not be required to, amend the Indenture or the Debt:

Without the consent of any Holder (except as described in this section), for the following purposes:

- (a) to evidence the succession of another Person to the Issuer or the Co-Issuer, and the assumption by any such successor Person of the covenants of the Issuer or the Co-Issuer contained herein and in the Debt;
- (b) to add to the covenants of the Issuers or the Trustee for the benefit of the Secured Parties, or to surrender any right or power herein conferred upon the Issuer or the Co-Issuer;
- (c) to convey, transfer, assign, mortgage or pledge any additional property to or with the Trustee, or add to the conditions, limitations or restrictions on the authorized amount, terms and purposes of the issue, authentication and delivery of the Debt;
- (d) 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;
- (e) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or to correct, amplify or otherwise improve any pledge, assignment or conveyance to the Trustee of any property subject or required to be subjected to the lien of the Indenture (including any and all actions necessary or desirable as a result of changes in law or regulations), or to cause any additional property to be subject to the lien of the Indenture;
- (f) otherwise to correct any ambiguities, errors (including typographical errors), mistakes or inconsistencies (i) in the Indenture or (ii) between any provision of the Indenture and the Offering Memorandum;
- (g) to take any action necessary or advisable (i) to prevent the Issuer, any Issuer Subsidiary, the Holders or the Trustee from becoming subject to (or to otherwise minimize) withholding or other taxes, fees or assessments, including by complying with FATCA; or (ii) to reduce the risk that the Issuer will be treated as engaged in a United States trade or business or otherwise will be subject to U.S. federal, state or local income tax on a net income basis;

(h) to enter into any additional agreements not expressly prohibited by the Indenture as well as any amendment, modification or waiver if the Issuer determines that such additional agreement, amendment, modification or waiver would not, upon or after becoming effective, materially and adversely affect the rights or interests of Holders of any Class of Debt; *provided* that (x) any such additional agreements include customary limited recourse and non-petition provisions and (y) a Majority of the Controlling Class consents in writing thereto;

(i) to modify the restrictions on and procedures for resale and other transfer of the Debt in accordance with any change in any applicable law or regulation (or the interpretation thereof) or to enable the Issuers to rely upon any less restrictive exemption from registration under the Securities Act or the Investment Company Act or to remove restrictions on resale and transfer to the extent not required thereunder;

(j) to accommodate the issuance of the Notes in book-entry form through the facilities of the Depository or otherwise;

(k) to take any action necessary or advisable to prevent the Issuers or the pool of collateral from being required to register under the Investment Company Act, or to avoid any requirement that the Collateral Manager or any Affiliate consolidate the Issuer on its financial statements for financial reporting purposes (*provided* that no Holders are materially adversely affected thereby);

(l) to reduce the permitted minimum denomination of the Debt;

(m) to facilitate the listing or de-listing of any of the Notes on or from any non-U.S. exchange (including the Irish Stock Exchange) or compliance with the rules or guidelines of such exchange;

(n) to change the date on which reports are required to be delivered under the Indenture;

(o) to facilitate a Refinancing solely to the extent contemplated by the Indenture;

(p) to amend, modify or otherwise accommodate changes to the Indenture relating to the administrative procedures for reaffirmation of ratings on the Secured Debt;

(q) to modify representations and provisions related to the security interest under the Indenture to conform with applicable law;

(r) to evidence any waiver or elimination by any Rating Agency of any requirement or condition of such Rating Agency set forth herein; *provided* that a Majority of the Controlling Class consents in writing thereto;

(s) to conform to ratings criteria and other guidelines (including, without limitation, any alternative methodology published by either of the Rating Agencies) relating to collateral debt obligations in general published by either of the Rating Agencies; *provided* that a Majority of the Controlling Class consents in writing thereto;

(t) to modify (i) any Collateral Quality Test or the Concentration Limitations, (ii) any defined term utilized in the determination of any Collateral Quality Test or (iii) any defined term in the Indenture that begins with or includes the word “Moody’s” or “Fitch”; *provided* that (A) with respect to (x) any modification of the Moody’s Diversity Test, the Moody’s Weighted Average Rating Factor Test, the Weighted Average Spread Test, the Moody’s Weighted Average Recovery Rate Test, the Weighted Average Fixed Coupon Test or the Weighted Average Life Test, (y) any modification of a defined term pursuant to clause (ii) above utilized in the determination of a Collateral Quality Test specified in clause (x) above and (z) any modification of a defined term pursuant to clause (iii) above that begins with or includes the word “Moody’s,” the Moody’s Rating Condition is satisfied with respect thereto, and (B) other than with respect to modifications to correct ambiguities, errors (including typographical errors), mistakes or inconsistencies otherwise permitted pursuant to clause (f) above, or with respect to modifications to conform to rating criteria or other guidelines published by either Rating Agency pursuant to clause (s) above, a Majority of the Controlling Class consents in writing thereto;

(u) with the prior written consent of a Majority of the Subordinated Notes, to (i) extend the earliest date on which any Class of the Secured Debt may be redeemed pursuant to a Refinancing or a Re-Pricing Redemption or (ii) provide that one or more Classes of Secured Debt is ineligible to be redeemed pursuant to a Refinancing or a Re-Pricing Redemption;

(v) to change the name of the Issuer or the Co-Issuer in connection with the change in name or identity of the Collateral Manager or as otherwise required pursuant to a contractual obligation or to avoid the use of a trade name or trademark in respect of which the Issuer or the Co-Issuer does not have a license;

(w) to facilitate an additional issuance of Debt solely in accordance with the Indenture provisions regarding Additional Debt or replacement notes with respect to a Refinancing or Re-Pricing;

(x) to facilitate hedging transactions; *provided* that a Majority of the Controlling Class consents in writing thereto and the Moody's Rating Condition is satisfied with respect thereto;

(y) to authorize the appointment of any listing agent, transfer agent, paying agent or additional registrar for any Class of Notes required or advisable in connection with the listing of any Class of Notes on the Irish Stock Exchange or any other stock exchange, and otherwise to amend the Indenture to incorporate any changes required or requested by any governmental authority, stock exchange authority, listing agent, transfer agent, paying agent or additional registrar for any Class of Notes in connection therewith;

(z) to amend, modify or otherwise accommodate changes to the Indenture to comply with any rule or regulation enacted by regulatory agencies of the United States federal government, stock exchange authority, listing agent, transfer agent or additional registrar after the Closing Date that are applicable to the Debt;

(aa) to take any action necessary or advisable for any Bankruptcy Subordination Agreement; and to (i) issue new Debt in respect of, or issue one or more new sub-classes of, any Class of Debt, in each case with new identifiers (including CUSIPs, ISINs and Common Codes, as applicable), in connection with any Bankruptcy Subordination Agreement; *provided* that any sub-class of a Class of Debt issued pursuant to this clause shall be issued on identical terms as, and rank *pari passu* in all respects with, the existing Debt of such Class and (ii) provide for procedures under which beneficial owners of such Class that are not subject to a Bankruptcy Subordination Agreement may take an interest in any such new Debt;

(bb) to modify the procedures herein relating to compliance with Rule 17g-5 under the Exchange Act;

(cc) to modify and amend the terms and provisions of the Indenture to permit ERISA-Restricted Notes to be transferred to Benefit Plan Investors or Controlling Persons; *provided* that such holding of ERISA-Restricted Notes by such Persons shall not result in the participation by Benefit Plan Investors in the Issuer being "significant" within the meaning of the Plan Asset Regulations, as modified by Section 3(42) of ERISA (or would exceed any lower threshold percentage as agreed by the Collateral Manager);

(dd) to make any modification or amendment determined by the Issuer or the Collateral Manager (in consultation with legal counsel of national reputation experienced in such matters) as necessary or advisable (A) for any Class of Secured Debt to not be considered an "ownership interest" as defined for purposes of the Volcker Rule or (B) to enable the Issuer to rely upon the exemption or exclusion from registration as an investment company provided by Rule 3a-7 under the Investment Company Act or another exemption or exclusion from registration as an investment company under the Investment Company Act (other than Section 3(c)(1) or Section 3(c)(7) thereof) or (C) for the Issuer to not otherwise be considered a "covered fund" as defined for purposes of the Volcker Rule, in each case so long as any such modification or amendment would not have a material adverse effect on any Class of Notes; or

(ee) to make any modification (other than a modification of the Refinancing Conditions or the Re-Pricing Conditions) determined by the Collateral Manager to be necessary in order for an issuance of Additional Debt, a Re-Pricing or Refinancing not to be subject to any Risk Retention Requirements.

Not later than 15 Business Days (or, in the case of a supplemental indenture pursuant to clause (u), five Business Days) prior to the execution of any proposed supplemental indenture described above, the Trustee, at the expense of the Issuer, shall provide the Holders of the Debt, the Collateral Manager, the Issuers and each Rating Agency a copy of such proposed supplemental indenture. If, not later than one Business Day prior to the execution of any proposed supplemental indenture pursuant to (i) clause (r), (s), (t) or (x) above, a Majority of the Outstanding Notes of any Class provides written notice to the Issuer and the Trustee that such Class would be materially and adversely affected by such proposed supplemental indenture (including in such notice a statement detailing how such Class

would be materially and adversely affected thereby), the Issuers and the Trustee shall not enter into such supplemental indenture (it being understood that any Holder that does not provide such written notice within the timeframe set forth above shall be deemed to have waived any objection to such proposed supplemental indenture on the basis that such Holder would be materially and adversely effected thereby) and (ii) any clause contained above other than clauses (r), (s), (t) and (x), the Holders of at least one-third of the Controlling Class provide written notice to the Issuer and the Trustee that such Class would be materially and adversely affected by such proposed supplemental indenture (including in such notice a statement detailing how such Class would be materially and adversely affected thereby), the Issuers and the Trustee shall not enter into such supplemental indenture without the consent of a Majority of the Controlling Class.

Supplemental Indentures with Consent. With the consent of a Majority of the Outstanding Debt of each Class materially and adversely affected thereby, by Act of said Holders delivered to the Issuers, the Trustee and the Collateral Manager, the Issuers and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture or of modifying in any manner the rights of the Holders of the Debt under the Indenture; *provided* that notwithstanding anything in the Indenture to the contrary, no such supplemental indenture shall, without the consent of each Holder of Outstanding Debt materially and adversely affected thereby:

(a) change the Stated Maturity of any Debt, or the date on which any installment of principal or interest on any Debt is due and payable, or reduce the principal amount thereof or (other than in a Re-Pricing) the Interest Rate thereon or the Redemption Price with respect thereto, change any place where, or the coin or currency in which, any Secured Debt or the principal thereof or interest thereon is payable or any distributions on the Subordinated Notes are made, 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 redemption, on or after the applicable Redemption Date);

(b) reduce the percentage of the Aggregate Outstanding Amount of Debt of each Class the consent of the Holders of which is required for the authorization of any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of the Indenture or certain Defaults thereunder and their consequences provided for in the Indenture;

(c) except as otherwise expressly permitted by the Indenture, permit the creation of any lien, other than the lien of the Indenture or as expressly permitted hereby, with respect to any part of the Collateral or terminate the lien of the Indenture on any property at any time subject hereto or deprive any Secured Party of the security afforded by the lien of the Indenture;

(d) reduce the percentage of the Aggregate Outstanding Amount of Secured Debt of each Class, the consent of the Holders of which is required to request that the Trustee liquidate the Collateral following an Event of Default;

(e) modify any of the provisions related to supplemental indenture requiring consent described in this section, except to increase the percentage of Outstanding Debt with respect to which the consent of the Holders thereof 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 each Holder of Outstanding Debt materially and adversely affected thereby;

(f) modify the definition of the terms Outstanding, Class, Controlling Class, Majority or Supermajority;

(g) other than pursuant to a supplemental indenture pursuant to (u) described under “—Supplemental Indentures without Consent,” change the earliest date on which any Secured Debt may be redeemed in an optional redemption;

(h) modify any of the provisions of the Indenture relating to the application of proceeds of the Collateral to the payment of principal of or interest on the Secured Debt and payments to the Holders of the Subordinated Notes under the Priority of Payments;

(i) materially impair or materially and adversely affect the Collateral except as otherwise permitted in the Indenture;

(j) modify any of the provisions of the Indenture in such a manner as to (i) affect the methodology of calculation of any amount distributable to the Holders of the Subordinated Notes on any Payment Date or (ii) affect the rights of the Holders of the Secured Debt or the Trustee to the benefit of any provisions for the optional redemption of such Secured Debt; or

(k) to modify the Reinvestment Criteria (including the Post-Reinvestment Period Criteria).

Not later than 30 days prior to the execution by the Issuers and the Trustee of any supplemental indenture requiring consent pursuant to this section, the Trustee, at the expense of the Issuers, shall mail to the Holders of the Debt, the Collateral Manager, the Issuers and each Rating Agency a copy of the proposed supplemental indenture. Any such notice of a proposed supplemental indenture shall identify each Class from which consent is being requested, as determined by the Issuer (or the Collateral Manager on its behalf), and shall inform Holders of any Class from which consent is not being requested of their opportunity to assert that such Class will be materially and adversely affected by such proposed supplemental indenture.

Subject to the above, unless the Trustee and the Issuers are notified (within 30 days after notice by the Issuer to the Holders of a proposed supplemental indenture) by a Majority of any Class from whom consent is not being requested that the Holders of such Class giving such notice believe that they will be materially and adversely affected by the proposed supplemental indenture, the interests of such Class will be deemed for all purposes hereunder to not be materially and adversely affected by such proposed supplemental indenture. Such determination shall be conclusive and binding on all present and future Holders of Notes. The Issuer (or the Collateral Manager on its behalf) may conclude and certify to the effect that any Class of Notes will not be materially and adversely affected by any supplemental indenture on the basis of information it deems relevant, including the absence of any such notification.

Any Class of Notes being refinanced will be deemed not to be materially and adversely affected by any terms of the supplemental indenture related to, in connection with or to become effective on or immediately after such refinancing. Any non-consenting Holders of a Re-Priced Class will be deemed not to be materially and adversely affected by any terms of the supplemental indenture related to, in connection with or to become effective on or immediately after the Re-Pricing Redemption Date.

It will not be necessary for Holders to approve the particular form of any proposed supplemental indenture or amendment, but it shall be sufficient if such Holders have approved the substance thereof.

Supplemental Indentures and the Collateral Manager. Upon a successor Collateral Manager agreeing in writing to assume all of the Collateral Manager's duties and obligations under the Collateral Management Agreement, any amendment to the Senior Collateral Management Fee or Subordinated Collateral Management Fee made after the Closing Date and prior to the date of such written agreement shall no longer be given effect and the Senior Collateral Management Fee and Subordinated Collateral Management Fee payable to such a successor Collateral Manager shall be equal to the Senior Collateral Management Fee and Subordinated Collateral Management Fee on the Closing Date; *provided* that any amendment increasing the Senior Collateral Management Fee or the Subordinated Collateral Management Fee made after the Closing Date and prior to the date of such written agreement shall remain in full force and effect upon a successor Collateral Manager agreeing in writing to assume all of the Collateral Manager's duties and obligations under the Collateral Management Agreement.

Unless the Collateral Manager has been given prior notice of such supplemental indenture and has consented thereto, no supplemental indenture may alter or affect the rights or obligations of the Collateral Manager in any way, including (i) modifying the restrictions on the acquisition and disposition of Collateral Debt Obligations or the requirements specified in the definition of Collateral Debt Obligation, (ii) expanding or restricting the Collateral Manager's discretion or (iii) changing the amount or priority of any fees or other amounts payable to the Collateral Manager under and in accordance with the Collateral Management Agreement and the Indenture. In addition, the Collateral Manager will not be bound to follow any amendment or supplement in the Indenture that, as determined by the Collateral Manager in its sole discretion, would cause any of the Collateral Manager, any Affiliate of the Collateral Manager or any Sponsor to be under any additional obligation to purchase any obligations of the Issuer or fail to be in compliance with the Risk Retention Requirements.

Re-Pricing Amendments. In connection with a Re-Pricing, the Issuers and the Trustee may, without regard for the provisions of the above sections entitled “Supplemental Indentures without Consent” and “Supplemental Indentures with Consent”, but at the direction of a Majority of the Subordinated Notes (with the consent of the Collateral Manager) or the Collateral Manager (with the consent of a Majority of the Subordinated Notes), as applicable, enter into a supplemental indenture solely to modify the spread over LIBOR (or, in the case of any Fixed Rate Notes, the stated interest rate) applicable to the Re-Priced Class or, in the case of an issuance of Re-Pricing Replacement Notes, solely to issue such Re-Pricing Replacement Notes.

Method of Payment

Payments on the Securities will be payable in U.S. dollars. The “**Regular Record Date**” (x) with respect to any Physical Notes, the fifteenth day (whether or not a Business Day) preceding such Payment Date and (y) with respect to Global Notes, the Business Day preceding such Payment Date.

Payments will be made by check or wire transfer in immediately available funds to the Holder (which in the case of Global Notes will be DTC) specified in the Notes Register at the close of business on the Regular Record Date related to such Payment Date. Upon final payments with respect to any Physical Note, the Physical Note will be surrendered at the office designated for such purposes under the Indenture.

Any funds deposited with the Trustee or any paying agent in trust for the payment on any Security and remaining unclaimed for two years after such payment has become due and payable will be paid to the Issuer; and the Holder of such Security will thereafter, as an unsecured general creditor, look only to the Issuer for payment of such amounts and all liability of the Trustee or such paying agent with respect to such funds (but only to the extent of the amounts so paid to the Issuer) will thereupon cease.

The Trustee will act as paying agent under the Indenture and the Issuers will have the right to appoint additional paying agents.

Reports Available to Holders

The Issuer will make available, on behalf of the Issuer, monthly reports (each, a “**Monthly Report**”) that will include information regarding the Collateral Debt Obligations, including identification of Defaulted Obligations and Collateral Debt Obligations sold or purchased since the last report and the results of the Coverage Tests and Collateral Quality Tests as of the report’s date of determination. Reports provided with respect to months in which a Payment Date (each, a “**Valuation Report**”) occurs will also include information regarding distributions made on that Payment Date, including payments on the Securities and payments of fees and Administrative Expenses. Reports will be compiled by the Collateral Administrator, on behalf of the Issuer, based on certain information provided to it by the Collateral Manager. Information in the reports will not be audited nor will reports include a review or opinion by a public accounting firm.

Notices

Except as otherwise specified in the Indenture, notices to Holders will be given by first-class mail, postage prepaid, to each Holder (which, in the case of Global Notes, will be DTC) at its address appearing in the Notes Register. In addition, for so long as Securities are listed on the Irish Stock Exchange and the guidelines of the Irish Stock Exchange so require, notice will be provided to the Irish Stock Exchange. Notice will be deemed to have been given on the date of its mailing. In lieu of the foregoing, any documents (including, without limitation, reports, notices or supplemental indentures) required to be delivered by the Trustee to a Holder may be delivered by providing notice of, and access to, the Trustee’s website containing such documents.

Information Regarding Holders

The Trustee will provide to the Collateral Manager and the Issuer a list of participants holding positions in Notes from one or more book-entry depositories. With respect to a Certifying Person, the Trustee will, upon request of the Collateral Manager, unless such Certifying Person instructs the Trustee otherwise, share the identity of such Certifying Person with the Collateral Manager. Upon the request of the Collateral Manager, the Trustee will request a list from DTC of participants holding positions in the Notes and will provide such list to the Collateral Manager.

The Purchaser understands that each registered Holder or Certifying Person will have the right to obtain from the Trustee, promptly upon written request, a complete list of the registered Holders (and, subject to confidentiality requirements imposed by such holders, Certifying Persons).

Each purchaser of Notes, by its acceptance of an interest in Securities, agrees to provide certain information required for FATCA Compliance. See “Transfer and Exchange.”

Compulsory Sales

The Issuer has the right to compel any Non-Permitted Holder to sell its interest in the Securities or may sell such interest in the Securities on behalf of such Non-Permitted Holder. Prior to any sale described in this paragraph, the Holder will be given 30 days’ notice (or, in the case of a Non-Permitted Holder described in clause (c) of the definition thereof, 10 days’) demanding that such Non-Permitted Holder transfer its interest in the Securities to a Person that is not a Non-Permitted Holder. If such Non-Permitted Holder fails to so transfer its interest in the Securities, the Issuer will have the right, without further notice to the Non-Permitted Holder, to sell such interest in the Securities to a purchaser selected by the Issuer that is not a Non-Permitted Holder on such terms as the Issuer may choose. The terms and conditions of any sale described in this paragraph will be determined in the sole discretion of the Issuer, and none of the Issuer, the Collateral Manager nor the Trustee shall be liable to any Person having an interest in the Securities sold as a result of any such sale or the exercise of such discretion.

In addition, if a Holder fails for any reason to comply with the Holder Reporting Obligations or otherwise becomes a Non-Permitted Tax Holder, the Issuer will have the right, in addition to withholding on “passthru payments” (as defined in the Code), to (x) compel such Holder to sell its interest in such Security, (y) sell such interest on such Holder’s behalf in accordance with the procedures described in the preceding paragraph, and/or (z) assign to such Security a separate CUSIP or CUSIPs and, in the case of this subclause (z), to deposit payments on such Notes into a Tax Reserve Account, which amounts shall be either (i) released to the Holder of such Notes at such time that the Issuer determines that the Holder of such Notes complies with its Holder Reporting Obligations and is not a Non-Permitted Tax Holder, or (ii) released to pay costs related to such noncompliance (including Taxes imposed by FATCA); *provided* that any amount remaining in a Tax Reserve Account will be released to the applicable Holder in accordance with the Indenture. Any amounts deposited into the Tax Reserve Account in respect of the Notes held by a Non-Permitted Tax Holder shall be treated for all purposes under the Indenture as if such amounts had been paid directly to the Holder of such Notes. Any such sale shall be conducted in accordance with the procedures set forth above, assuming for this purpose that such Holder is a Non-Permitted Holder.

Margin Stock

The Indenture prohibits the Issuer from purchasing Margin Stock. However, the Issuer may receive Margin Stock in connection with a default, workout, restructuring, plan or reorganization or similar event as part of an exchange of, or distribution on, a Collateral Debt Obligation. In such cases, the Indenture does not permit the Issuer to hold Margin Stock except to the extent that (i) the aggregate Market Value Amount of all Margin Stock held by the Issuer does not exceed 10% of the Aggregate Principal Amount and (ii) such Margin Stock can be attributed to the proceeds of the Subordinated Notes, in accordance with the Indenture. Accordingly, the ability of the Issuer to acquire or hold many types of convertible securities and securities with equity features will be restricted by the limitations imposed on the Issuer’s ability to acquire or hold Margin Stock.

The Indenture provides that the Trustee will be required to segregate on its books and records Subordinated Notes Collateral Obligations (and the proceeds thereof). In the event that any Collateral Debt Obligation that is not a Subordinated Notes Collateral Obligation becomes Margin Stock or Margin Stock is received in exchange for a Collateral Debt Obligation that is not a Subordinated Notes Collateral Obligation, the Collateral Manager will be required to sell such Collateral Debt Obligation to the extent required under the Indenture or, subject to the conditions set forth in the Indenture, may transfer such Margin Stock into the Subordinated Notes collateral custodial account in exchange for one or more non-Margin Stock Subordinated Notes Collateral Obligations.

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 constitutes 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. Regulation U also requires certain Regulation U Lenders

(other than Persons that are banks within the meaning of Regulation U) to register with the FRB. Qualified Institutional Buyers purchasing debt securities in a transaction in compliance with Rule 144A are generally not required to register with the FRB where the proceeds of the securities are not Purpose Credit. In addition, non-U.S. Persons that do not have a principal place of business in a Federal Reserve District of the FRB also are generally not required to register with the FRB under Regulation U.

The provisions of the Indenture and the Collateral Management Agreement are intended to provide that for purposes of Regulation U (i) the proceeds of the Secured Debt are not used in a manner that would cause such Notes to be Purpose Credit, although the purchasers of such Notes should consider whether they are subject to registration requirements under Regulation U to the extent that they do not purchase their Notes under Rule 144A and have a principal place of business in the United States, and (ii) the purchasers of Subordinated Notes are not Regulation U Lenders because no Margin Stock or any other assets are pledged to the Subordinated Notes and, under the Indenture, the Issuer is not permitted to hold Margin Stock with an aggregate Market Value Amount in excess of 10% of the Aggregate Principal Amount; however, such results are not guaranteed. See “Risk Factors—Relating to Regulatory and Other Legal Considerations—Regulation U Requirements may apply.”

Purchasers of Notes that are subject to the registration requirements of Regulation U, as well as any purchasers of the Notes that are banks within the meaning of Regulation U, 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 Notes and such purchaser does not comply with such requirements, such failure may result in a violation of Regulation U and such violation, among other things, could affect the enforceability of such Notes. See “Risk Factors—Relating to Regulatory and Other Legal Considerations—Regulation U Requirements may apply.” Any purchaser of the Notes that is a bank or that 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). Purchasers of the Secured Debt may obtain a Form U-1 or G-3, as applicable, executed by the Applicable Issuer from the Issuer for execution and retention by such purchasers. 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.

Issuer Accounts

The Trustee will establish a number of segregated trust accounts for the benefit of the Secured Parties under the Indenture, including a Payment Account, the Collection Account, the Collateral Account, the Unused Proceeds Account, the Permitted Use Account, the Non-Quarterly Pay Interest Reserve Account, the Expense Reserve Account and the Revolving Credit Facility Reserve Account.

Amounts retained in any of the accounts will be invested in Eligible Investments (as directed by the Collateral Manager) pending further disposition in accordance with the Indenture.

The Trustee will, on or prior to the Closing Date, establish an account designated as the Non-Quarterly Pay Interest Reserve Account. The Trustee will immediately upon receipt deposit in the Non-Quarterly Pay Interest Reserve Account any scheduled distribution of interest with respect to each Non-Quarterly Pay Selected Obligation. The only permitted withdrawal from or application of funds or property on deposit in the Non-Quarterly Pay Interest Reserve Account will be 50% of such interest on the last day of the current Due Period and the last day of the next Due Period, as Interest Proceeds to the Collection Account. On any Determination Date on which the Aggregate Principal Balance of Non-Quarterly Pay Selected Obligations is zero, the Collateral Manager (on behalf of the Issuer) may, at its sole discretion, direct the Trustee to transfer all or a portion of the funds in the Non-Quarterly Interest Reserve Account as Interest Proceeds to the Collection Account.

Governing Law; Jurisdiction

The Debt and the Indenture will be governed by, and construed in accordance with, the laws of the State of New York. All parties to the Indenture will submit to the non-exclusive jurisdiction of the United States District Court

for the Southern District of New York and any court of the State of New York located in the City and County of New York, and any appellate court from any court thereof, in any action, suit or proceeding brought against it, arising out of or relating to the Indenture, the Debt or the transactions contemplated thereby.

Form of Securities

Notes sold to Qualified Institutional Buyers in reliance on Rule 144A will initially be issued either (i) in the form of Physical Notes if requested or (ii) in the form of Rule 144A Global Notes to be deposited with the Trustee as custodian for The Depository Trust Company (“**DTC**”), and registered in the name of DTC or its nominee for credit to the accounts of DTC’s Participants and Indirect Participants. Notes sold to non-“U.S. persons” (as defined in Regulation S) in reliance on Regulation S will initially be issued either (i) in the form of Physical Notes if requested or (ii) in the form of Temporary Global Notes (or, in the case of the Issuer Only Notes, Regulation S Global Notes) to be deposited with the Trustee as custodian for DTC. The Temporary Global Notes will be registered in the name of DTC or its nominee for the respective accounts of Euroclear and Clearstream. On or after the 40th day after the later of the Closing Date and the commencement of the offering of the Securities (the “**Restricted Period**”), interests in a Temporary Global Note will be exchangeable for interests in a Regulation S Global Note upon certification that the beneficial interests in such Temporary Global Note are owned by persons who are not U.S. persons.

A beneficial interest in a Temporary Global Note will not be transferable to a person that takes delivery in the form of an interest in a Rule 144A Global Note or a Physical Note during the Restricted Period. After the Restricted Period, interests in Regulation S Global Notes will only be transferable upon satisfaction of certain conditions described herein, including satisfaction of the certification requirements described herein. See “Transfer and Exchange.” Upon the exchange of a Temporary Global Note for a Regulation S Global Note, the Regulation S Global Note will be deposited with the Trustee as custodian for DTC and registered in the name of DTC or its nominee for the account of Euroclear or Clearstream. Beneficial interests in Temporary Global Notes and Regulation S Global Notes may only be held through Euroclear or Clearstream.

Interests in ERISA-Restricted Notes may be purchased by Benefit Plan Investors or Controlling Persons only on the Closing Date. Subordinated Notes held by Qualified Accredited Investors must be held in the form of Physical Notes.

An interest in a Regulation S Global Note may not be held at any time by a “U.S. person” (as defined in Regulation S). By its acquisition of a beneficial interest in a Regulation S Global Note, its purchaser will be deemed to represent that it is not a U.S. person and that it will transfer such interest only to a person whom it reasonably believes not to be a U.S. person or to a person who takes delivery in the form of an interest in a Rule 144A Global Note or a Physical Note in accordance with the provisions of the Indenture. Securities may be sold in the United States only to Qualified Institutional Buyers that are also Qualified Purchasers for their own account or, in the case of Securities sold in the form of Rule 144A Global Notes, for the account of a Qualified Institutional Buyer that is also a Qualified Purchaser; *provided* that Subordinated Notes in the form of Physical Notes may be sold in the United States to Qualified Accredited Investors. Securities will bear a restrictive legend and are subject to transfer restrictions as described in “Transfer and Exchange” and “ERISA Considerations.” In addition, transfers of beneficial interests in Global Notes are subject to the applicable rules and procedures of DTC and its Participants or Indirect Participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Replacement of Certificates

In case any Physical Note becomes mutilated, defaced, destroyed, lost or stolen, the Applicable Issuer will execute, and, upon its written request, the Trustee will authenticate and the Trustee shall deliver a new certificate of like tenor (including the same date of issuance and of the same Class) and equal principal amount or number of shares, as applicable, registered in the same manner, dated the date of its authentication in exchange and substitution for the certificate (upon surrender and cancellation thereof) or in lieu of and in substitution for such certificate. If such substituted certificate represents Secured Debt, such Secured Debt shall bear interest from the date to which interest has been paid on the applicable Class of Secured Debt. In case of any destroyed, lost or stolen certificate, the applicant for a substituted certificate must furnish to the Applicable Issuer, the Trustee or the Notes Registrar and any transfer agent such security or indemnity as may be required by them to save each of them and any agent of

them harmless, and, in every case of destruction, loss or theft of any certificate, the applicant must also furnish to the Applicable Issuer, the Trustee, the Notes Registrar and any such transfer agent satisfactory evidence of the destruction, loss or theft of such certificate and of the ownership thereof. Upon the issuance of any substituted certificate, the Applicable Issuer may require the payment by the Holder thereof of a sum sufficient to cover fees and expenses connected therewith.

Depositary Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. The Issuers take no responsibility for these operations and procedures and urge investors to contact the systems or their participants directly to discuss these matters.

DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the “**Participants**”) and facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the Initial Purchaser), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the “**Indirect Participants**”). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through Participants or Indirect Participants. DTC has no knowledge of the identity of beneficial owners of securities held by or on behalf of DTC. DTC’s records reflect only the identity of Participants to whose accounts securities are credited. The ownership interests and transfer of ownership interests of each beneficial owner of each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

Pursuant to procedures established by DTC:

- upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the Initial Purchaser with portions of the Aggregate Outstanding Amount of the Global Notes; and
- ownership of such interests in the Global Notes will be maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interests therein directly through DTC, if they are Participants in such system, or indirectly through organizations (including Euroclear and Clearstream) that are Participants or Indirect Participants in such system. Euroclear and Clearstream will hold interests in the Securities on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositaries, which are Euroclear Bank, S.A./N.V. and Clearstream. The depositaries, in turn, will hold interests in the Securities in customers’ securities accounts in the depositaries’ names on the books of DTC.

All interests in a Global Note, including those held through Euroclear or Clearstream, will be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream will also be subject to the procedures and requirements of these systems. The laws of some states require that certain persons take physical delivery of certificates evidencing securities they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of beneficial owners of interests in a Global Note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests. For certain other restrictions on the transferability of the Securities, see “Transfer and Exchange” and “ERISA Considerations.”

Except as described below, owners of interests in the Global Notes will not have Securities registered in their names, will not receive physical delivery of Securities in certificated form and will not be considered the Holders thereof under the Indenture for any purpose.

Payments in respect of a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the Holder of such Securities. The Issuers and the Trustee will treat the persons in whose names the Securities, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, none of the Issuers, the Trustee or any agent of the Issuers or the Trustee has or will have any responsibility or liability for:

- any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interests in the Global Notes, or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or
- any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Issuers that its current practice, upon receipt of any payment in respect of securities such as the Securities (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date in amounts proportionate to their respective holdings in the principal amount of the relevant security as shown on the records of DTC, unless DTC has reason to believe it will not receive payment on such payment date. Payments by the Participants and the Indirect Participants to the beneficial owners of Securities will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee or the Issuers. Neither the Issuers nor the Trustee will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the Securities, and the Issuers and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Except for trades involving only Euroclear and Clearstream participants, interests in the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its Participants.

Subject to the transfer restrictions described herein, transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to the transfer restrictions described herein, cross-market transfers between Participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their depositaries. Cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in that system in accordance with the rules and procedures and within the established deadlines (Brussels time) of that system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositaries to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant in DTC will be credited and reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised the Issuers that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

DTC has advised the Issuers that it will take any action permitted to be taken by a Holder of Securities only at the direction of one or more Participants to whose account with DTC interests in the Global Notes are credited and only

in respect of such portion of the aggregate principal amount of the Securities as to which such Participant or Participants has or have given such direction.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and the procedures may be discontinued at any time. Neither the Issuers nor the Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective Participants or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

The information in this section concerning DTC, Euroclear and Clearstream and their book-entry systems has been obtained from sources that the Issuers believe to be reliable, but the Issuers take no responsibility for the accuracy thereof.

PLAN OF DISTRIBUTION

The Initial Purchaser will, pursuant to and subject to the terms and conditions of the Purchase Agreement, agree to purchase certain of the Notes (other than certain Subordinated Notes expected to be purchased by investors directly from the Issuer). The offering price and other terms of the Offering may be changed at any time without notice. Pursuant to the Purchase Agreement, the Initial Purchaser will receive certain fees and expenses on the Closing Date.

Each Purchaser of Notes (or a beneficial interest therein) will be required to make (or will be deemed to have made) representations and warranties substantially similar to those described under “Transfer and Exchange.”

The Issuers have been advised by the Initial Purchaser that it proposes to resell the Notes that it purchases in reliance on an exemption under the Securities Act to (a)(i) Qualified Institutional Buyers that are also Qualified Purchasers and (ii) in the case of the Subordinated Notes, Qualified Accredited Investors and (b) to non-U.S. persons in offshore transactions in reliance on Regulation S. Any offer or sale of Notes in the Offering will be made by the Initial Purchaser or other broker-dealers, including Affiliates of the Initial Purchaser, who are registered as broker-dealers under the Exchange Act.

The Initial Purchaser will represent and agree that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers; and it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Initial Purchaser will represent and warrant that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the issue of any Notes or do anything in Ireland in respect of any Notes, otherwise than in compliance with the provisions of:

- (i) the Prospectus (Directive 2003/71/EC) Regulations 2005 (and any amendments thereto, including Prospectus (Directive 2003/71/EC) (Amendment) Regulations 2012) and any rules of the Central Bank of Ireland (the “Central Bank”) under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 (as amended) (the “2005 Act”);
- (ii) the Irish Companies Acts 1963-2013;
- (iii) the European Communities (Markets in Financial Instruments) Regulations 2007 (S.I. No. 60 of 2007) (as amended), and it will conduct itself in accordance with any codes or rules of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank with respect to anything done by it in relation to the Notes;
- (iv) the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued by the Central Bank under Section 34 of the 2005 Act; and
- (v) the Central Bank Acts 1942 to 2014 and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), the Initial Purchaser will represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes to the public in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer of Notes may be made to the public in that Relevant Member State:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as

defined in the Prospectus Directive), as permitted under the Prospectus Directive subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or

- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes shall require the publication by the Issuer or any other entity of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the provision above, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

The Initial Purchaser will agree that it has not made and will not make any invitation to the public in the Cayman Islands to subscribe for the Notes.

The Issuers extend to each prospective investor the opportunity, prior to the consummation of the sale of the Securities, to ask questions of, and receive answers from the Issuers or a person or persons acting on behalf of the Issuers, including the Initial Purchaser, concerning the Securities, the initial portfolio of Collateral Debt Obligations and the terms and conditions of this Offering and to obtain any additional information it may consider necessary in making an informed investment decision and any information in order to verify the accuracy of the information set forth herein, to the extent the Issuers possess the same or can acquire the same without unreasonable effort or expense. Requests for such additional information can be directed to the Initial Purchaser at 11 Madison Avenue, New York, New York 10010, Attention: CLO Group, telephone: (212) 325-9207.

No action is being taken or is contemplated by the Issuer or Co-Issuer that would permit a public offering of the Securities or possession or distribution of any offering circular (in preliminary or final form) or any amendment thereof, any supplement thereto or any other offering material relating to the Securities in any jurisdiction where, or in any other circumstances in which, action for those purposes is required. The Initial Purchaser understands and agrees that it is solely responsible for its own compliance with all laws applicable in each jurisdiction in which it offers and sells Securities or distributes any offering circular (in preliminary or final form) or any amendments thereof or supplements thereto or any other material and it agrees to comply with all of these laws.

The Issuers have agreed to indemnify the Initial Purchaser, the Collateral Manager, the Administrator, the Collateral Administrator, and the Trustee against certain liabilities, including liabilities under the Securities Act, or to contribute to payments it may be required to make in respect thereof.

The Credit Suisse Parties will play various roles in relation to the Offering, including acting as the structurer of the transaction and in other roles described below.

As the structurer, Credit Suisse will help coordinate the development of the Concentration Limitations, Coverage Tests, the Collateral Quality Tests, Priority of Payments, and other criteria in and provisions of the Indenture. These may be influenced by discussions that the Initial Purchaser may have with investors, and there is no assurance that investors would agree with the views of one another or that the resulting modifications will not adversely affect the performance of the Notes.

Credit Suisse will purchase certain Notes from the Issuer on the Closing Date and resell them in individually negotiated transactions at varying prices, which may result in a lower fee being paid to the Initial Purchaser in respect of those Notes. Credit Suisse may assist clients and counterparties in transactions related to the Notes (including assisting clients in future purchases and sales of the Notes and hedging transactions). Credit Suisse expects to earn fees and other revenues from these transactions.

The Credit Suisse Parties are part of a global investment banking and securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, they actively make markets in and trade financial instruments for their own account and for the accounts of customers. The Credit Suisse Parties may own positions in and will likely have placed or underwritten certain of the Collateral Debt Obligations (or other obligations of the obligors of Collateral Debt Obligations) when they were originally issued and may have provided or may be providing investment banking services and other services to obligors of certain Collateral Debt Obligations. In addition, the Credit Suisse Parties and their clients may invest in debt obligations and securities that are senior to, or have interests different from or adverse to, Collateral Debt Obligations. Each of the Credit Suisse Parties will act in its own commercial interest in its various capacities without regard to whether its interests conflict with those of the Holders or any other party. Moreover, the Issuer may invest in loans of obligors affiliated with the Credit Suisse Parties or in which one or more Credit Suisse Parties hold an equity or participation interest. The purchase, holding or sale of such Collateral Debt Obligations by the Issuer may increase the profitability of the Credit Suisse Party's own investments in such obligors.

From time to time the Collateral Manager may purchase from or sell Collateral Debt Obligations through or to the Credit Suisse Parties (including a portion of the Collateral Debt Obligations to be purchased on or prior to the Closing Date) and one or more Credit Suisse Parties may act as the selling institution with respect to Participation Interests. The Credit Suisse Parties may act as placement agent and/or initial purchaser or investment manager in other transactions involving issues of collateralized debt obligations or other investment funds with assets similar to those of the Issuer, which may have an adverse effect on the availability of collateral for the Issuer.

The Credit Suisse Parties do not disclose specific trading positions or hedging strategies, including whether they are in a long or short position in any Security or obligation referred to in this Offering Memorandum. Nonetheless, in the ordinary course of business, Credit Suisse Parties and employees or customers of the Credit Suisse Parties may actively trade in the Notes, Collateral Debt Obligations and Eligible Investments for their own accounts and for the accounts of their customers. Accordingly, the Credit Suisse Parties and their employees or customers expect to hold on the Closing Date a long or short position in such Collateral Debt Obligations, and at any time thereafter may hold a long or short position in such Notes or Collateral Debt Obligations, but are not required to do so. Credit Suisse Parties and employees or customers of the Initial Purchaser and its Affiliates may also enter into credit derivative or other derivative transactions with other parties pursuant to which they sell or buy credit protection with respect to such Notes and obligations.

On the Closing Date, the Credit Suisse Parties may purchase Notes of one or more Classes; however, they may sell those Notes at any time. After the Closing Date, the Credit Suisse Parties may purchase Notes from time to time. If a Credit Suisse Party becomes an owner of any of the Notes, through market-making activity or otherwise, any actions that it takes in its capacity as owner, including voting, providing consents or otherwise will not necessarily be aligned with the interests of other owners of the same Class or other Classes of the Notes. To the extent a Credit Suisse Party makes a market in the Notes (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Notes. In connection with any such activity, it will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions and activities based on the potential effect on an investor in the Notes. The price at which a Credit Suisse Party may be willing to purchase Notes, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Notes and significantly lower than the price at which it may be willing to sell the Notes. It is expected that a majority of the Collateral Debt Obligations to be held by the Issuer as of the Closing Date will be purchased prior to the Closing Date in accordance with the terms of the warehouse agreement. See “—Risk Factors—Relating to the Issuer and its Service Providers—Pre-Closing Collateral Accumulation.” The Pre-Closing Parties under the warehouse agreement include Affiliates of Credit Suisse. The warehouse agreement must be terminated on the Closing Date and all amounts owing to the Pre-Closing Parties in connection therewith must be repaid by the Closing Date.

The Initial Purchaser takes no responsibility for, and has no obligations in respect of, the Issuer and will have no obligation to monitor the performance of the Collateral 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 the Issuer. If the Credit Suisse Parties own Notes, they will have no

responsibility to consider the interests of any other owners of Notes in actions they take or refrain from taking in such capacity.

TRANSFER AND EXCHANGE

Terms used in the following discussion that are defined in Rule 144A or Regulation S are used herein as defined therein. Because of the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes. Each purchaser (including transferees and each beneficial owner of an account on whose behalf Notes are being purchased) of Notes is referred to as a “**Purchaser.**” Each Purchaser of Global Notes will be deemed to make the following representations and agreements:

(1) In the case of Regulation S Global Notes, the Purchaser is (A) not a “U.S. person” for purposes of Regulation S or a U.S. resident for purposes of the Investment Company Act, and its purchase of Notes will comply with all applicable laws in any jurisdiction in which it resides or is located and (B) aware that the sale of the Notes to it is being made in reliance on the exemption from registration under the Securities Act provided by Regulation S.

(2) In the case of Rule 144A Global Notes, the Purchaser is (A) a Qualified Institutional Buyer that is not a broker-dealer that owns and invests on a discretionary basis less than \$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 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; (B) aware that the sale of the Notes to it is being made in reliance on the exemption from registration provided by Rule 144A and (C) acquiring the Notes for its own account or for one or more accounts, each holder of which is a Qualified Institutional Buyer, and as to each of which accounts the Purchaser exercises sole investment discretion.

(3) In the case of Rule 144A Global Notes, the Purchaser is (A) a Qualified Purchaser acquiring such Notes as principal for its own account (or for one or more accounts each holder of which is a Qualified Institutional Buyer and a Qualified Purchaser and with respect to which accounts the Purchaser has sole investment discretion) and (B) the Purchaser is acquiring such Notes for investment and not for sale in connection with any distribution thereof, the Purchaser was not formed solely for the purpose of investing in the Notes and is not a partnership, common trust fund, special trust, profit sharing, pension fund or other retirement plan in which partners, beneficiaries or participants, as applicable, may designate the particular investments to be made, and the Purchaser agrees that it will not hold such Notes for the benefit of any other Person and will be the sole beneficial owner thereof for all purposes and that, in accordance with the Indenture, it will not sell participation interests in such Notes or enter into any other arrangement pursuant to which any other Person will be entitled to a beneficial interest in the distributions on such Notes, and further that such Notes purchased directly or indirectly by it constitute an investment of no more than 40% of the Purchaser’s assets. The Purchaser understands and agrees that any purported transfer of Notes to a Purchaser that does not comply with the requirements of this paragraph or that would have the effect of causing either of the Issuers or the pool of collateral to be required to register as an investment company under the Investment Company Act will be null and void *ab initio*.

(4) In the case of Rule 144A Global Notes, if the Purchaser would be an investment company but for the exclusions from the Investment Company Act provided by Section 3(c)(1) or Section 3(c)(7) thereof, (i) all of the beneficial owners of its outstanding securities (other than short-term paper) that acquired such securities on or before April 30, 1996 (“pre-amendment beneficial owners”) have consented to its treatment as a “qualified purchaser” and (ii) all of the pre-amendment beneficial owners of a company that would be an investment company but for the exclusions from the Investment Company Act provided by Section 3(c)(1) or Section 3(c)(7) thereof and that directly or indirectly owned any of its outstanding securities (other than short-term paper) have consented to its treatment as a “qualified purchaser.”

(5) The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in Notes, and the Purchaser is able to bear the economic risk of its investment.

(6) The Purchaser understands that the Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, the Notes have not been and will not be registered under the Securities Act, and, if in the future the Purchaser decides to offer, resell, pledge or otherwise transfer any Notes, such Notes may be offered, resold, pledged or otherwise transferred only in accordance with the applicable legend on such Notes and the terms of the Indenture. The Purchaser acknowledges that no representation

is made by any Transaction Parties or any of their respective Affiliates as to the availability of any exemption under the Securities Act or any other securities laws for resale of the Notes.

(7) The Purchaser agrees that it will not offer or sell, transfer, assign, or otherwise dispose of any Notes or any interest therein except (A) pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, any applicable state securities laws and the applicable laws of any other jurisdiction and (B) in accordance with the provisions of the Indenture to which provisions it agrees it is subject.

(8) The Purchaser is not purchasing Notes with a view to the resale, distribution or other disposition thereof in violation of the Securities Act.

(9) The Purchaser understands that an investment in the Notes involves certain risks, including the risk of loss of all or a substantial part of its investment. The Purchaser has had access to such financial and other information concerning the Issuers, the Collateral Manager, the Notes and the Collateral as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of Notes, including an opportunity to ask questions of and request information from the Issuer and the Collateral Manager.

(10) In connection with its purchase of Notes (A) none of the Transaction Parties or any of their respective Affiliates is acting as a fiduciary or financial or investment adviser for the Purchaser; (B) the Purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Transaction Parties or any of their respective Affiliates; (C) none of the Transaction Parties or any of their respective Affiliates has given to the Purchaser (directly or indirectly through any other Person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) of the Notes or of the Indenture or the documentation for such Notes; (D) the Purchaser has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the documentation for 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 Transaction Parties or any of their respective Affiliates; (E) the Purchaser has read and understands the Offering Memorandum and is not relying on any information or documentation provided by the Issuer, the Collateral Manager or the Initial Purchaser other than the Offering Memorandum; (F) the Purchaser is purchasing such Notes with a full understanding of all of the terms, conditions and risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; (G) the Purchaser understands that the Notes are illiquid and the Purchaser is prepared to hold the Notes until their maturity; (H) the Purchaser is a sophisticated investor and (I) the Purchaser owns Notes in an Authorized Denomination; *provided* that no such representations under subclauses (A) through (D) are made with respect to the Collateral Manager by any Affiliate of the Collateral Manager or any account for which the Collateral Manager or its Affiliates act as investment adviser; *provided, further*, that no such representations under subclauses (A) through (D) are made with respect to the Initial Purchaser by any Affiliate of the Initial Purchaser or any discretionary account for which the Initial Purchaser or its Affiliates act as investment advisor.

(11) The Purchaser will not, at any time, offer to buy or offer to sell Notes by any form of general solicitation or advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or seminar or meeting whose attendees have been invited by general solicitations or advertising.

(12) The Purchaser understands and agrees that (A) no transfer may be made that would result in any Person or entity holding beneficial ownership of any Notes in less than an Authorized Denomination for such Notes set forth in the Indenture and (B) no transfer of Notes that would have the effect of requiring either of the Issuers or the pool of collateral to register as an investment company under the Investment Company Act will be permitted. The Purchaser further understands and agrees that any transfer in violation of the applicable provisions of the Indenture will be null and void. In connection with its purchase of Notes, the Purchaser has complied with all of the provisions of the Indenture relating to such transfer.

(13) On each day that the Purchaser holds such Notes, the Purchaser's acquisition, holding and disposition of the Notes will not constitute or result in a prohibited transaction under Section 406 of ERISA or

Section 4975 of the Code (or in a violation of any Similar Laws or other applicable law), unless an exemption is available and all conditions have been satisfied. The Purchaser understands that the representations made in this paragraph (13) will be deemed made on each day from the date of its acquisition through and including the date it disposes of such Notes.

(14) The Purchaser will provide notice to each Person to whom it proposes to transfer any interest in Notes of the transfer restrictions and representations set forth in Section 2.5 of the Indenture, including the exhibits referenced therein.

(15) The Purchaser understands that (A) the Issuer has the right under the Indenture to compel any Non-Permitted Holder to sell its interest in the Notes or may sell such interest in the Notes on behalf of such Non-Permitted Holder and (B) in the case of Repricable Notes, the Issuer has the right to compel any non-consenting Holder to sell its interest in such Notes, to sell such interest on behalf of such non-consenting Holder or to redeem such Notes.

(16) The Purchaser agrees (A) subject to applicable law to comply with the Holder Reporting Obligations and (B) that the Issuer and/or the Trustee (or a representative or agent thereof) may (1) provide such information and documentation and any other information concerning its investment in the Notes to the Cayman Islands Tax Information Authority, the IRS and any other relevant tax authority or (2) take such other steps as they deem necessary or helpful to achieve FATCA Compliance or compliance with analogous provisions of non-U.S. law. The Purchaser understands and agrees that if it fails for any reason to comply with the Holder Reporting Obligations or otherwise becomes a Non-Permitted Tax Holder, the Issuer will have the right, in addition to withholding on “passthru payments” (as defined in the Code), to (x) compel it to sell its interest in such Note, (y) sell such interest on its behalf in accordance with the procedures required under the Indenture, and/or (z) assign to such Note a separate CUSIP or CUSIPs, and, in the case of this subclause (z), to deposit payments on such Notes into a Tax Reserve Account, which amounts shall be either (i) released to the Holder of such Notes at such time that the Issuer determines that the Holder of such Notes complies with its Holder Reporting Obligations and is not a Non-Permitted Tax Holder, or (ii) released to pay costs related to such noncompliance (including Taxes imposed by FATCA); *provided* that any amount remaining in a Tax Reserve Account will be released to the applicable Holder (a) on the date of final payment for the Class held by such Holder or (b) at the request of the Holder on any Business Day after such Holder has certified to the Issuer and the Trustee that it has transferred all of its Notes in accordance with the Indenture. Any amounts deposited into the Tax Reserve Account in respect of the Notes held by a Non-Permitted Tax Holder shall be treated for all purposes under the Indenture as if such amounts had been paid directly to the Holder of such Notes. The Purchaser agrees to indemnify the Issuer, the Trustee and other beneficial owners of Notes for all damages, costs and expenses that result from its failure to comply with its Holder Reporting Obligations. This indemnification will continue even after the person ceases to have an ownership interest in the Notes.

(17) The Purchaser is not a member of the public in the Cayman Islands.

(18) The Purchaser agrees that the obligations of the Issuer under the Notes and the Indenture are limited recourse obligations of the Issuer and the Co-Issued Notes will be limited recourse obligations of the Issuers, in each case payable solely from the Collateral in accordance with the Priority of Payments. The Purchaser agrees that it will not, prior to the date which is one year (or, if longer, the applicable preference period then in effect) plus one day after the payment in full of all Notes, institute against, or join any other Person in instituting against, either of the Issuers or any Issuer Subsidiary any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings, or other proceedings under Cayman Islands, U.S. federal or state bankruptcy or similar laws of any jurisdiction. The Purchaser agrees and acknowledges that the covenant set forth in the preceding sentence is a material inducement for each Holder and beneficial owner of the Notes to acquire such Notes and for the Issuer, the Co-Issuer and the Collateral Manager to enter into each Transaction Document to which it is a party and is an essential term of the Indenture and the Notes. The Purchaser agrees that it is subject to the Bankruptcy Subordination Agreement.

(19) In respect of the purchase of interests in ERISA-Restricted Notes, if the Purchaser is a bank organized outside the United States, (i) it is acquiring such Notes as a capital markets investment and will not for any purpose treat the assets of the Issuer as loans acquired in its banking business and (ii) it is not acquiring such Notes as part of a plan having as one of its principal purposes the avoidance of U.S. withholding taxes.

(20) In respect of the purchase of interests in ERISA-Restricted Notes, the Purchaser agrees, by its acceptance of Notes, not to treat any income generated by such Notes as derived in connection with the Issuer's active conduct of a banking, financing, insurance, or other similar business for purposes of Section 954(h)(2) of the Code.

(21) The Purchaser understands that (A) the Trustee will provide to the Issuer and the Collateral Manager upon reasonable request all reasonably available information in the possession of the Trustee in connection with regulatory matters, including any information that is necessary or advisable in order for the Collateral Manager (or its parent or Affiliates) to comply with regulatory requirements, (B) the Trustee will provide to the Collateral Manager upon request a list of Holders (and, with respect to each Certifying Person, unless such Certifying Person instructs the Trustee otherwise, the Trustee will upon request of the Collateral Manager share with the Collateral Manager the identity of such Certifying Person), (C) the Trustee will obtain and provide to the Issuer and the Collateral Manager upon request a list of participants in DTC, Euroclear or Clearstream holding positions in such Notes, (D) the Trustee and the Notes Registrar will provide to the Issuer or the Collateral Manager and any of their respective agents or representatives, upon written request at any time, information regarding the Holders and payments on the Notes that is reasonably available to the Trustee or the Notes Registrar, as the case may be, and determined by the Issuer or the Collateral Manager (or any of their respective agents or representatives) as necessary for compliance with FATCA. The Purchaser understands that each registered Holder or Certifying Person will have the right to obtain from the Trustee, promptly upon written request, a complete list of the registered Holders (and, subject to confidentiality requirements imposed by such holders, Certifying Persons).

(22) With respect to the purchase of interests in ERISA-Restricted Notes, for so long as it holds a beneficial interest in ERISA-Restricted Notes, the Purchaser is not (A) except with respect to purchases by Benefit Plan Investors or Controlling Persons on the Closing Date, a Benefit Plan Investor or a Controlling Person or (B) subject to any Other Plan Law. The Purchaser understands that interests in ERISA-Restricted Notes may not at any time, other than with respect to purchases by Benefit Plan Investors or Controlling Persons on the Closing Date, be held by or on behalf of a Benefit Plan Investor or a Controlling Person. The Purchaser understands that the representations made in this paragraph (22) will be deemed to be made on each day from the date of its acquisition through and including the date on which it disposes of such Notes.

(23) The Purchaser agrees to provide upon request certification acceptable to the Applicable Issuer to permit such Applicable Issuer (and other information reasonably requested by the Applicable Issuer) to (A) make payments to it without, or at a reduced rate of, withholding and (B) qualify for a reduced rate of withholding in any jurisdiction from or through which the Applicable Issuer receives payments on its assets. The Purchaser has read the summary of the U.S. federal income tax considerations contained in the Offering Memorandum as it relates to the Notes, and it represents that it will treat the Notes for U.S. tax purposes in a manner consistent with the treatment of such Notes by the Issuer described therein and will take no action inconsistent with such treatment; it being understood that this paragraph shall not prevent a holder of Class E Notes from making a protective "qualified electing fund" election or filing protective information returns.

(24) The Purchaser understands that, subject to certain exceptions set forth in the Indenture, all information delivered to it by or on behalf of the Issuers in connection with and relating to the transactions contemplated by the Indenture (including, without limitation, the information contained in the reports made available to the Purchaser on the Trustee's website) is confidential. The Purchaser agrees that, except as expressly permitted by the Indenture, it will use such information for the sole purpose of administering its investment in the Notes and that, to the extent it discloses any such information in accordance with the Indenture, it will use reasonable efforts to protect the confidentiality of such information.

(25) The Purchaser is not a person with whom dealings are restricted or prohibited under any law relating to economic sanctions or anti-money laundering of the United States, the European Union, Switzerland or any other applicable jurisdiction, and the Purchaser's purchase of such Notes will not result in the violation of any such law by any Transaction Party, whether as a result of the identity of the Purchaser (including its beneficial owners), their source of funds or otherwise.

(26) With respect to the purchase of interests in Secured Debt, either (x) the Purchaser's principal place of business is not located within any Federal Reserve District of the FRB or (y) the 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 the Secured Debt, as applicable.

(27) The Purchaser understands that each Security will bear the applicable legends to the following effect unless the Applicable Issuer determines otherwise in accordance with applicable law:

(a) with respect to Secured Debt:

THIS SECURITY IS SUBJECT TO THE TERMS AND CONDITIONS OF THE INDENTURE REFERRED TO BELOW. THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND NEITHER OF THE ISSUERS HAS BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THIS SECURITY AND INTERESTS HEREIN MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT (A)(1) TO A QUALIFIED PURCHASER (FOR PURPOSES OF THE INVESTMENT COMPANY ACT) THAT THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF 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 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, PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, OR (2) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 (AS APPLICABLE) OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE SUBJECT TO THE SATISFACTION OF CERTAIN CONDITIONS SPECIFIED IN THE INDENTURE REFERRED TO BELOW, AND IN EACH CASE WHICH MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXCEPTION, (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION AND (C) IN AN AUTHORIZED DENOMINATION FOR THE PURCHASER AND FOR EACH SUCH ACCOUNT. EACH PURCHASER OF THIS SECURITY WILL BE DEEMED TO HAVE MADE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN SECTION 2.5 OF THE INDENTURE, OR, IF REQUIRED UNDER THE INDENTURE, MUST DELIVER A TRANSFER CERTIFICATE IN THE FORM PROVIDED IN THE INDENTURE. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE CO-ISSUER, THE TRUSTEE OR ANY INTERMEDIARY. THE ISSUER HAS THE RIGHT, UNDER THE INDENTURE, TO COMPEL ANY NON-PERMITTED HOLDER (AS DEFINED IN THE INDENTURE) OR ANY HOLDER THAT FAILS TO PROVIDE INFORMATION RELATING TO COMPLIANCE BY THE ISSUERS WITH CERTAIN TAX REQUIREMENTS TO SELL ITS INTEREST IN THE SECURITIES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

(b) also with respect to the Secured Debt (other than the Class A Notes and the Class B Notes):

THIS SECURITY 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 SECURITY MAY BE OBTAINED BY WRITING TO THE ISSUER AT ITS REGISTERED OFFICE.

(c) also with respect to the Class E Notes:

THIS SECURITY MAY BE PURCHASED BY A BENEFIT PLAN INVESTOR OR A CONTROLLING PERSON (EACH, AS DEFINED IN THE INDENTURE) ONLY ON THE CLOSING DATE AND SUBJECT TO CERTAIN CONDITIONS AND LIMITATIONS AS SET FORTH IN THE INDENTURE.

(d) with respect to Repricable Notes:

THE ISSUER ALSO HAS THE RIGHT, UNDER THE INDENTURE, TO COMPEL ANY HOLDER THAT DOES NOT CONSENT TO A RE-PRICING WITH RESPECT TO THIS NOTE PURSUANT TO THE APPLICABLE TERMS OF THE INDENTURE TO SELL ITS INTEREST IN THIS NOTE, TO SELL SUCH INTEREST ON BEHALF OF SUCH OWNER OR TO REDEEM THIS NOTE.

(e) with respect to Subordinated Notes:

THIS SECURITY IS SUBJECT TO THE TERMS AND CONDITIONS OF THE INDENTURE REFERRED TO BELOW. THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND NEITHER OF THE ISSUERS HAS BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THIS SECURITY AND INTERESTS HEREIN MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT (A)(1) TO A QUALIFIED ACCREDITED INVESTOR (AS DEFINED IN THE INDENTURE), (2) TO A QUALIFIED PURCHASER (FOR PURPOSES OF THE INVESTMENT COMPANY ACT) THAT THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF 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 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, PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, OR (3) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 (AS APPLICABLE) OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE SUBJECT TO THE SATISFACTION OF CERTAIN CONDITIONS SPECIFIED IN THE INDENTURE REFERRED TO BELOW, AND IN EACH CASE WHICH MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXCEPTION, (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION AND (C) IN AN AUTHORIZED DENOMINATION FOR THE PURCHASER AND FOR EACH SUCH ACCOUNT. EACH PURCHASER OF THIS SECURITY WILL BE DEEMED TO HAVE MADE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN SECTION 2.5 OF THE INDENTURE, OR, IF REQUIRED UNDER THE INDENTURE, MUST DELIVER A TRANSFER CERTIFICATE IN THE FORM PROVIDED IN THE INDENTURE. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRUSTEE OR ANY INTERMEDIARY. THE ISSUER HAS THE RIGHT, UNDER THE INDENTURE, TO COMPEL ANY NON-PERMITTED HOLDER (AS DEFINED IN THE INDENTURE) OR ANY HOLDER THAT FAILS TO PROVIDE INFORMATION RELATING TO COMPLIANCE BY THE ISSUERS WITH CERTAIN TAX

REQUIREMENTS TO SELL ITS INTEREST IN THE SECURITIES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER. THIS SECURITY MAY BE PURCHASED BY A BENEFIT PLAN INVESTOR OR A CONTROLLING PERSON (EACH, AS DEFINED IN THE INDENTURE) ONLY ON THE CLOSING DATE AND SUBJECT TO CERTAIN CONDITIONS AND LIMITATIONS AS SET FORTH IN THE INDENTURE.

Each Purchaser of Physical Notes will provide a subscription agreement or a Transfer Certificate that will make substantially similar representations and agreements set forth in the description above of the representations and agreements applicable to Global Notes and representations as to its status under the Securities Act, the Investment Company Act and ERISA.

Transferors of beneficial interests in a Rule 144A Global Note or a Physical Note being transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note must provide to the Trustee a Transfer Certificate to the effect that the transfer is being made to a non-U.S. person and in accordance with Regulation S. Beneficial interests in a Regulation S Global Note may not be held by a U.S. person at any time.

Transferors of beneficial interests in a Regulation S Global Note or a Physical Note being transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note must provide to the Trustee a Transfer Certificate to the effect that the transfer is being made to a person whom the transferor reasonably believes is a Qualified Institutional Buyer that is also a Qualified Purchaser in a transaction meeting the requirements of Rule 144A in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Transferors of a Physical Note must surrender the certificate at the office of any transfer agent duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to each of the Issuer or Co-Issuer, as applicable, and the Notes Registrar duly executed by the Holder thereof or its attorney duly authorized in writing, with such signature guaranteed by an “eligible guarantor institution” meeting the requirements of the Notes Registrar, which requirements include membership or participation in Securities Transfer Agents Medallion Program (STAMP) or such other “signature guarantee program” as may be determined by the Notes Registrar in addition to, or in substitution for, STAMP, all in accordance with the Exchange Act. Upon such surrender and compliance with the requirements described herein (including a Transfer Certificate from the transferee), a new Physical Note will be issued, registered in the name of the transferee or transferees (and the Holder, in the case of a transfer of only part of such transferor’s Physical Note), in any Authorized Denomination and of a like aggregate principal amount and will be obtainable through any transfer agent. With respect to the transfer of Subordinated Notes, if the purchaser is neither a non-U.S. person nor a Qualified Institutional Buyer, the transferor or the transferee must provide an opinion of counsel satisfactory to the Trustee to the effect that such transfer may be made pursuant to an exemption from registration under the Securities Act. The Trustee will act as transfer agent for the Securities under the Indenture and the Issuer will have the right to appoint additional transfer agents. Subject to the foregoing, the Issuer will have the right at any time to terminate any such appointment and to appoint any other transfer agents in such other places as it may deem appropriate upon notice given in accordance with the Indenture.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in immediately available funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

The Issuer has the right under the Indenture to compel any Non-Permitted Holder to sell its interest in the Securities or may sell such interest in the Securities on behalf of such Non-Permitted Holder.

Title

Subject to applicable law, the Issuer the Co-Issuer and the Trustee and the Notes Registrar will deem and treat the Holder of each Note (which will be DTC or its nominee, in the case of Global Notes, and the Holder appearing in the Notes Register, in the case of Physical Notes) as the absolute owner thereof for all purposes, notwithstanding any notice to the contrary, and all payments to or on the order of the Holder will be valid and effective to discharge the liability of the Issuer, the Co-Issuer, the Trustee and the Notes Registrar on the Securities to the extent of the sum or sums so paid.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

In General

The following summary describes certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Securities. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Securities. In particular, special tax considerations that may apply to certain types of taxpayers, including securities dealers, entities taxed as partnerships or partners therein, banks and insurance companies, tax-exempt organizations, investors whose functional currency is not the U.S. Dollar and subsequent purchasers of Securities, are not addressed. In addition, this summary does not describe any tax consequences arising under the laws of any taxing jurisdiction other than the United States federal government. In general, the summary assumes that a Holder acquires a Note at original issuance (and, in the case of the Secured Debt, at its issue price (as defined below)) and holds such Note as a capital asset and not as part of a hedge, straddle, or conversion transaction.

This summary is based on the U.S. tax laws, regulations, rulings and decisions in effect or available on the date of this Offering Memorandum.” All of the foregoing are subject to change, and any change may apply retroactively and could affect the continued validity of this summary

As discussed in more detail below, withholding or deduction of taxes may be required in certain circumstances in respect of payments on the Securities. In the event that any such withholding or deduction of taxes is required, in any jurisdiction, neither of the Issuers will be under any obligation to make any additional payments to the Holders of the Securities in respect of such withholding or deduction.

Prospective purchasers of the Securities should consult their own tax advisers as to U.S. federal income tax consequences of the purchase, ownership and disposition of the Securities, as well as the possible application of state, local, non-U.S. or other tax laws.

As used in this section, the term “**U.S. holder**” means a beneficial owner of a Note that is, for U.S. federal income tax purposes, a citizen or individual resident of the United States, a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) that was organized under the laws of the United States, any state thereof, or the District of Columbia, or that otherwise is subject to U.S. federal taxation on a net income basis in respect of the Securities.

As used in this section, the term “**non-U.S. holder**” means a beneficial owner of a Note that is not a U.S. holder or an entity treated as a partnership for U.S. federal income tax purposes.

Tax Treatment of the Issuer

Generally. The Issuer will be treated as a foreign corporation for U.S. federal income tax purposes.

United States Federal Income Taxes. The Issuer expects to conduct its affairs so that it will not be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes (including as a result of lending activities). As a consequence, the Issuer expects that its net income will not become subject to U.S. federal income tax. There can be no assurance, however, that the Issuer’s net income will not become subject to U.S. federal income tax. In this regard, on the Closing Date the Issuer will receive an opinion from Seward & Kissel LLP, as special U.S. tax counsel to the Issuer, generally to the effect that, under current law, although no activity closely comparable to that contemplated by the Issuer has been the subject of any Treasury regulation, revenue ruling or judicial decision, and although the matter is not free from doubt, the Issuer’s contemplated activities will not cause it to be engaged in a trade or business within the United States for U.S. federal income tax purposes. The opinion of Seward & Kissel LLP will assume compliance with the Memorandum and Articles of Association, the Indenture, the Collateral Management Agreement, the Tax Guidelines and other related documents and be based upon certain assumptions, covenants and representations regarding restrictions on the future conduct of the activities of the Issuer and the Collateral Manager. The Issuer intends to conduct its business in accordance with the assumptions, representations and agreements upon which the opinion of Seward & Kissel LLP is based, and the Collateral Manager has generally undertaken to comply with the Tax Guidelines. Prospective investors should be aware, however, that the opinion simply represents counsel’s best judgment, and is not binding on the IRS or the courts. In

this regard, there are no authorities that deal with situations substantially identical to the Issuer's, and the Issuer could be treated as engaged in the conduct of a trade or business within the United States for U.S. federal income tax purposes as a result of unanticipated activities, changes in law, contrary conclusions by the IRS or other causes. In addition, prospective investors should be aware that the opinion referred to above will expressly rely on the Collateral Manager's compliance with the Tax Guidelines, which are intended to prevent the Issuer from engaging in activities that could give rise to a trade or business within the United States for U.S. federal income tax purposes. Although the Issuer (and the Collateral Manager acting on its behalf) has generally undertaken to comply with the Tax Guidelines, the Issuer (and the Collateral Manager) is permitted to depart from the Tax Guidelines if it obtains Tax Advice that the departure will not cause the Issuer to be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes. Any such departures would not be covered by the opinion of Seward & Kissel LLP referred to above. Further, the Issuer may, for certain specified purposes, enter into supplemental indentures, some of which may be entered into without the consent of any holders, and no assurance can be given that such supplemental indentures will not affect whether the Issuer is treated as engaged in a trade or business within the United States. The opinion of Seward & Kissel LLP will be based on the documents as of the Closing Date, and accordingly, will not address any potential U.S. federal income tax consequences of any supplemental indenture. The opinion of Seward & Kissel LLP and any such other advice or opinions are not binding on the IRS or the courts, and no ruling will be sought from the IRS regarding this, or any other, aspect of the U.S. federal income tax treatment of the Issuer. Accordingly, in the absence of authority on point, the U.S. federal income tax treatment of the Issuer is not entirely free from doubt, and there can be no assurance that positions contrary to those stated in the opinion of Seward & Kissel LLP or any such other advice or opinions may not be asserted successfully by the IRS.

If the Issuer were determined to be engaged in a trade or business within the United States for U.S. federal income tax purposes, its income (computed possibly without any allowance for deductions) would be subject to U.S. federal income tax at the usual corporate rate, and possibly to a branch profits tax of 30% as well. The imposition of such taxes would materially affect the Issuer's financial ability to make payments on the Securities and might also result in a Tax Event. In addition, certain amounts paid on the Securities could be treated as from U.S. sources and become subject to U.S. withholding tax when paid to a non-U.S. holder. If withholding or deduction of any taxes from payments is required by law in any jurisdiction, the Issuer will be under no obligation to make any additional payments to any person in respect of such withholding or deduction. The remainder of this summary assumes that the Issuer will not be treated as engaged in a trade or business within the United States.

With respect to Cayman Islands taxation, see the discussion under "Cayman Islands Tax Considerations—Cayman Islands Tax Considerations."

Withholding and Gross Income Taxes. Although the Issuer does not intend to be subject to U.S. federal income tax with respect to its net income, income derived by the Issuer may be subject to withholding or gross income taxes imposed by the United States or other countries, and the imposition of such taxes could materially affect its financial ability to make payments on the Securities. In this regard and subject to certain exceptions, the Issuer may generally only acquire a particular Collateral Debt Obligation if, at the time of commitment to purchase, either the interest payments thereon are not subject to withholding tax or the issuer of the Collateral Debt Obligation is required to make "gross-up" payments. The Issuer may, however, be subject to withholding or gross income taxes in respect of (i) commitment fees, facility fees, and other similar fees, dividend or substitute dividend payments and (ii) interest and disposition proceeds in respect of U.S. Collateral Debt Obligations issued or materially modified on or after July 1, 2014 (as discussed in more detail below), and such withholding or gross income taxes may not be grossed up. Notwithstanding the foregoing, there can be no assurance that income derived by the Issuer will not become subject to withholding or gross income taxes as a result of changes in law, contrary conclusions by the IRS, or other causes. In that event, such withholding or gross income taxes could be applied retroactively to fees or other income previously received by the Issuer. To the extent that withholding or gross income taxes are imposed and not paid through withholding, the Issuer may be directly liable to the taxing authority to pay such taxes.

Taxation in Respect of an Issuer Subsidiary. To reduce the risk that the Issuer will be engaged in a trade or business within the United States for U.S. federal income tax purposes, in certain circumstances set forth in the Indenture, Issuer Subsidiary Assets may be owned by one or more Issuer Subsidiaries wholly-owned by the Issuer that will be treated as either U.S. or foreign corporations for U.S. federal income tax purposes. Any foreign Issuer Subsidiary may be treated as engaged in a trade or business within the United States for U.S. federal income tax purposes and

may be subject to U.S. federal income tax (and possibly a 30% branch profits tax) on a net income basis at normal corporate tax rates, and may file U.S. tax returns and reports (or protective U.S. tax returns and reports), and/or the Issuer Subsidiary may be subject to a 30% U.S. withholding tax on some or all of its income. In addition, U.S. holders will not be permitted to use losses recognized by the Issuer Subsidiary to offset gains recognized by the Issuer and may be subject to the adverse PFIC or CFC rules with respect to the Issuer Subsidiary described above under “—Tax Treatment of U.S. Holders of Subordinated Notes.” In the case of a U.S. Issuer Subsidiary, the Issuer Subsidiary would be subject to U.S. federal income tax on a net income basis at normal corporate tax rates, and would be required to file U.S. tax returns and reports. In addition, distributions from the Issuer Subsidiary to the Issuer may be subject to a 30% U.S. withholding tax. Prospective investors should consult their tax advisors regarding their consequences if the Issuer organizes an Issuer Subsidiary.

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

Tax Treatment of U.S. Holders of Secured Debt

Status of, and Interest on, the Class A Notes and the Class B Notes. The Class A Notes and the Class B Notes will be treated as debt for U.S. federal income tax purposes. U.S. holders of Class A Notes and Class B Notes will treat stated interest on the Class A Notes and the Class B Notes, respectively, as ordinary income when paid or accrued, in accordance with their tax method of accounting.

Status of, and Interest and Discount on, the Class C Notes, the Class D Notes and the Class E Notes. The Class C Notes and the Class D Notes will be treated as debt for U.S. federal income tax purposes. The Class E Notes should be treated as debt for U.S. federal income tax purposes. The Class C Notes, the Class D Notes and the Class E Notes will be referred to as the “Deferred Interest Notes.” In general, the characterization of an instrument for such purposes as debt or equity by its issuer as of the time of issuance is binding on a holder, unless the holder takes an inconsistent position and discloses such position in its tax return. This characterization, however, is not binding on the IRS. Investors should consult their own tax advisors regarding the tax rules that would apply if a Class of Notes were recharacterized as equity by the IRS. In general, if a Class of Notes were treated as equity, the discussion under the headings “—Tax Treatment of U.S. Holders of Subordinated Notes” and “—Reporting Requirements” below and elsewhere of the tax consequences of holding Subordinated Notes would be relevant to holders of that Class as well.

Because payments of stated interest on the Deferred Interest Notes are contingent on available funds and subject to deferral, the Deferred Interest Notes will be treated for U.S. federal income tax purposes as having original issue discount (“OID”). The total amount of such discount with respect to a Deferred Interest Note will equal the sum of all payments to be received under such Deferred Interest Note less its issue price (the first price at which a substantial amount of Deferred Interest Notes of the same Class was sold to investors). A U.S. holder of Deferred Interest Notes will be required to include OID in income as it accrues. The amount of OID accruing in any Interest Accrual Period will generally equal the stated interest accruing in that period (whether or not currently due) plus any additional amount representing the accrual under a constant yield method of any additional OID represented by the excess of the principal amount of the Deferred Interest Notes over their issue price. Accruals of any such additional OID will be based on the projected weighted average life of the Deferred Interest Notes rather than their stated maturity. In the case of Deferred Interest Notes, accruals of OID should be calculated by assuming that interest will be paid over the life of the Deferred Interest Note based on the value of LIBOR used in setting interest for the first portion of the first Interest Accrual Period, and then adjusting the income for the second portion of the first Interest Accrual Period and each subsequent Interest Accrual Period for any difference between the actual value of LIBOR used in setting interest for those periods and the assumed rate.

Sale and Retirement of the Secured Debt. In general, a U.S. holder of Secured Debt will have a basis in such Secured Debt equal to the cost of such Secured Debt to such holder, increased by any amount includible in income by such holder as OID and reduced by any payments thereon other than, in the case of the Class A Notes and the Class B Notes only, payments of stated interest. Upon a sale, exchange or other disposition (including a deemed exchange) of the Secured Debt, a U.S. holder will generally recognize gain or loss equal to the difference between the amount realized (less any accrued interest, which would be taxable as such) and the holder’s tax basis in such Secured Debt. Such gain or loss will be long-term capital gain or loss if the U.S. holder has held such Secured Debt for more than one year at the time of disposition. In certain circumstances, U.S. holders that are individuals may be

entitled to preferential treatment for net long-term capital gains. The ability of U.S. holders to offset capital losses against ordinary income is limited.

Re-Pricing. A U.S. holder that continues to own a Note following a Re-Pricing of such Note may be deemed, under Section 1001 of the Code, to have exchanged a debt instrument with the characteristics of such Note prior to the Re-Pricing (the “Original Note”) for a newly issued debt instrument with the characteristics of such Note after the Re-Pricing (the “New Note”). Therefore, as a result of having so participated in the Re-Pricing, such a U.S. holder, among other consequences, may be required to recognize taxable gain during the taxable year in which the Re-Pricing occurs as a result of the deemed exchange, and may recognize short term capital gain or loss if it sells, exchanges, retires or otherwise disposes of the New Note within one year after the Re-Pricing, even if such gain or loss otherwise would have been long term capital gain or loss because such U.S. holder held a Note for more than one year. A deemed exchange of the Original Note for a New Note may alternatively be treated as a tax-free recapitalization if the Original Note and the New Note are both considered to be “securities” under Section 354 of the Code. If a Re-Pricing of a Note is treated as a recapitalization, a U.S. holder will generally not recognize gain or loss upon the deemed exchange and the holder’s tax basis in the New Note will be the same as the holder’s tax basis in the Original Note. However, the timing and amount of income on the New Notes may be affected by the deemed exchange.

A U.S. Holder who does not consent to a Re-Pricing and whose Notes are sold to a transferee pursuant to a Re-Pricing Sale generally will be taxed as described above under “—Sale and Retirement of the Secured Debt.” However, Redemption Premium paid by the Issuer to a Redemption Premium Identified Holder following a Re-Pricing Sale may be treated as ordinary income, rather than as part of the amount realized on the sale of the Notes.

U.S. holders should consult their tax advisors regarding the U.S. federal income tax consequences to them of a Re-Pricing.

Information Regarding OID. Further information regarding OID may be obtained by contacting the Issuer at its registered office as described under “Issuer and Co-Issuer.”

Tax Treatment of U.S. Holders of Subordinated Notes

The Subordinated Notes will be characterized as debt of the Issuer for purposes of Cayman Islands law. However, a strong likelihood exists that the Subordinated Notes will be treated as equity of the Issuer for U.S. federal income tax purposes. The Issuer will treat the Subordinated Notes as equity for U.S. federal income tax purposes. Except where otherwise indicated, this summary also assumes such treatment. No assurance can be given, however, that the IRS will respect the treatment of Subordinated Notes in light of the Subordinated Notes’ status as debt for purposes of Cayman Islands law. In general, the characterization of an instrument for such purposes as debt or equity by its issuer as of the time of issuance is binding on holders (but not the IRS) unless the holder takes an inconsistent position and discloses such position in its tax return.

In general, the timing and character of income under the Subordinated Notes may differ substantially depending on whether the Subordinated Notes are treated for U.S. federal income tax purposes as debt instruments or as equity of the Issuer. Investors should consider the tax consequences of an investment in the Subordinated Notes under either possible characterization.

Investment in a Passive Foreign Investment Company. The Issuer will meet the income and asset tests so as to qualify as a “passive foreign investment company” (“**PFIC**”). In general, to avoid certain adverse tax rules described below that apply to deferred income from a PFIC, a U.S. holder of Subordinated Notes may want to make an election to treat the Issuer as a “qualified electing fund” (“**QEF**”) with respect to such holder. Generally, a QEF election should be made on or before the due date for filing a U.S. holder’s federal income tax return for the first taxable year in which it held Subordinated Notes. If a timely QEF election is made, an electing U.S. holder of Subordinated Notes will be required to include in its ordinary income such holder’s *pro rata* share of the Issuer’s ordinary earnings and to include in its long term capital gain income such holder’s *pro rata* share of the Issuer’s net capital gain, whether or not distributed, assuming either that the holder is not a “U.S. Shareholder” (as defined below) of the Issuer or the Issuer is not a “controlled foreign corporation” as discussed below. Under Section 1293 of the Code, a U.S. holder’s *pro rata* share of the Issuer’s ordinary income and net capital gain is the amount which would have been distributed with respect to such holder’s Subordinated Notes if, on each day during the taxable year of the Issuer, the Issuer had distributed to each holder of Subordinated Notes a *pro rata* share of that day’s ratable

share of the Issuer's ordinary earnings and net capital gain for such year. In certain cases in which a QEF does not distribute all of its earnings in a taxable year, its U.S. holders may also be permitted to elect to defer payment of some or all of the taxes on the QEF's undistributed income but will then be subject to an interest charge on the deferred amount. Prospective purchasers of the Subordinated Notes should be aware that the Collateral Debt Obligations may be purchased by the Issuer with substantial original issue discount. As a result, the Issuer may have significant ordinary earnings from such instruments, but the receipt of cash attributable to such earnings may be deferred, perhaps for a substantial period of time. In addition, under certain circumstances, Interest Proceeds may be used to pay principal of the Secured Debt or to purchase additional Collateral Debt Obligations. Furthermore, if the Issuer discharges its debt at a price less than its adjusted issue price (which may include a deemed discharge arising from a significant modification to the terms of the debt), it could recognize cancellation of debt income equal to that difference, although such income may be deferred if the Issuer is insolvent at the time of the discharge. Thus, absent an election to defer the payment of taxes, U.S. holders that make a QEF election may owe tax on a significant amount of "phantom" income.

The Issuer will provide to each Holder of Subordinated Notes (i) all information that a U.S. holder of Subordinated Notes making a QEF election is required to obtain for U.S. federal income tax purposes (e.g., the U.S. holder's *pro rata* share of ordinary income and net capital gain) and (ii) a "**PFIC Annual Information Statement**" as described in Treasury Regulation section 1.1295-1 (or in any successor IRS release or Treasury regulation), including all representations and statements required by such statement, and will take any other steps it reasonably can to facilitate such election. The Issuer will also provide, upon request, such information to a Holder of Class E Notes that has made a protective QEF election, as described below.

If a U.S. holder of Subordinated Notes does not make a timely QEF election for the year in which it acquired its Subordinated Notes and the PFIC rules are otherwise applicable, such holder will be subject to a special tax at ordinary income tax rates on so-called "excess distributions," including both certain distributions from the Issuer and gain on the sale of Subordinated Notes. The amount of income tax on excess distributions will be increased by an interest charge to compensate for tax deferral calculated as if excess distributions were earned ratably over the period the taxpayer held its Subordinated Notes. In many cases, the tax on excess distributions will be more onerous than the taxes that would apply if a timely QEF election were made. Classification as a PFIC may also have other adverse tax consequences, including in the case of individuals, the denial of a "step up" in the basis of the Subordinated Notes at death.

Where a QEF election is not timely made by a U.S. holder of Subordinated Notes for the year in which it acquired its Subordinated Notes, but is made for a later year, the excess distribution rules can be avoided by making an election to recognize gain from a deemed sale of the Subordinated Notes at the time when the QEF election becomes effective. U.S. holders should consult with their tax counsel regarding the U.S. federal income tax consequences of investing in a PFIC and the desirability of making the QEF election.

As described under "—Tax Treatment of U.S. Holders of Secured Debt—Status of, and Interest and Discount on, the Class C Notes, the Class D Notes and the Class E Notes," the Issuer intends to treat the Class E Notes as debt for U.S. federal income tax purposes, and the Indenture requires holders to treat the Class E Notes as debt for U.S. federal income tax purposes. Nevertheless, the IRS could assert that the Class E Notes are equity in the Issuer for U.S. federal income tax purposes. A U.S. holder of Class E Notes may make a protective QEF election, although doing so may increase the risk of the treatment of such Class as equity for U.S. federal income tax purposes. U.S. holders of Class E Notes should consult with their tax counsel regarding the desirability of making the QEF election.

U.S. HOLDERS OF SUBORDINATED NOTES SHOULD CONSIDER CAREFULLY WHETHER TO MAKE A QEF ELECTION WITH RESPECT TO THE SUBORDINATED NOTES AND THE CONSEQUENCES OF NOT MAKING SUCH AN ELECTION.

PFIC Reporting Requirements. As discussed in more detail below under "—Reporting Requirements—PFIC Reporting (Form 8621)," generally, a U.S. holder of Subordinated Notes will be required to file an annual report containing information with respect to its interest in a PFIC.

Investment in a Controlled Foreign Corporation. Depending on the degree of ownership of the Subordinated Notes by U.S. Shareholders (as defined below), the Issuer may be considered a controlled foreign corporation ("**CFC**"). In general, a foreign corporation will be a CFC if more than 50% of the shares of the corporation, measured by

combined voting power or value, are held, directly or indirectly, by U.S. Shareholders. A “**U.S. Shareholder**” for this purpose is any U.S. person who owns or is treated as owning, under specified attribution rules, 10% or more of the combined voting power of all classes of shares of a corporation. It is possible that the IRS would assert that the Subordinated Notes are voting securities and that U.S. holders owning 10% or more of the Subordinated Notes are U.S. Shareholders. If this argument were successful and more than 50% of the Subordinated Notes were held by such U.S. Shareholders, the Issuer would be treated as a CFC.

If the Issuer were a CFC, subject to certain exceptions, a U.S. Shareholder of the Issuer at the end of a taxable year of the Issuer would be required to recognize ordinary income in an amount equal to that person’s *pro rata* share of the “subpart F income” of the Issuer for the year, whether or not such income is distributed currently to the U.S. Shareholder. Among other items, and subject to certain exceptions, “subpart F income” includes interest, gains from the sale of securities and income from certain notional principal contracts (e.g., swaps and caps). It is likely that, if the Issuer were a CFC, substantially all of its income would be subpart F income. If more than 70% of the Issuer’s income is subpart F income, then 100% of its income will be so treated. The Issuer’s income may include non-cash items, as described under “—Investment in a Passive Foreign Investment Company.”

If the Issuer were a CFC, a U.S. Shareholder of the Issuer would be taxable on the subpart F income of the Issuer under the CFC regime and not under the PFIC rules previously described. As a result, to the extent subpart F income of the Issuer includes net capital gains, such gains would be treated as ordinary income of the U.S. Shareholder, notwithstanding the fact that generally the character of such gains otherwise would be preserved under the PFIC rules if a QEF election were made. Also, the PFIC rule permitting the deferral of tax on undistributed earnings would not apply.

A holder of Subordinated Notes that is a U.S. Shareholder of the Issuer subject to the CFC rules for only a portion of the time in which it holds Subordinated Notes should consult its own tax advisers regarding the interaction of the PFIC and CFC rules.

Indirect Interests in PFICs and CFCs. If the Issuer holds a security of a non-U.S. corporation that is treated as equity for U.S. federal income tax purposes, U.S. holders of Subordinated Notes could be treated as holding an indirect investment in a PFIC or a CFC and could be subject to certain adverse tax consequences (including additional reporting obligations). Prospective purchasers should consult their tax advisers regarding the issues relating to such investments.

Distributions on Subordinated Notes. The treatment of actual cash distributions on the Subordinated Notes, in very general terms, will vary depending on whether a U.S. holder has made a timely QEF election as described above. See “—Investment in a Passive Foreign Investment Company.” If a timely QEF election has been made, dividends (which are distributions up to the amount of current and accumulated earnings and profits of the Issuer) allocable to amounts previously taxed pursuant to the QEF election will not be taxable to U.S. holders. Similarly, if the Issuer is a CFC of which the U.S. holder is a U.S. Shareholder, dividends will be allocated first to amounts previously taxed pursuant to the CFC rules and to this extent will not be taxable to U.S. holders. Dividends in excess of such previously taxed amounts will be taxable to U.S. holders as ordinary income upon receipt. Distributions in excess of any current and accumulated earnings and profits will be treated first as a nontaxable return of capital, to the extent of the holder’s tax basis in the Subordinated Notes, and then as capital gain. The distributions on the Subordinated Notes do not qualify for the benefit of the reduced U.S. tax rate applicable to certain dividends received by individuals.

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

Sale, Redemption or other Disposition of Subordinated Notes. In general, a U.S. holder of Subordinated Notes will recognize gain or loss (which will be capital gain or loss, except as discussed below) upon the sale or exchange of Subordinated Notes equal to the difference between the amount realized and such holder’s adjusted tax basis in the Subordinated Notes. A U.S. holder’s tax basis in Subordinated Notes will generally equal the amount it paid for the Subordinated Notes, increased by amounts taxable to such holder by virtue of a QEF election, or under the CFC

rules, and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or represent a return of capital.

If a U.S. holder does not make a timely QEF election as described above and the PFIC rules are otherwise applicable, any gain realized on the sale or exchange of Subordinated Notes will be treated as an excess distribution and effectively taxed as ordinary income with an interest charge under the special tax rules described above. See “—Investment in a Passive Foreign Investment Company.” The pledge of stock of a PFIC may in some circumstances be treated as a disposition of such stock.

If the Issuer were treated as a CFC and a U.S. holder were treated as a U.S. Shareholder therein, then any gain realized by such holder upon the disposition of Subordinated Notes, other than gain constituting an excess distribution under the PFIC rules, would be treated as ordinary income to the extent of the U.S. holder’s share of the current and accumulated earnings and profits of the Issuer. In this respect, earnings and profits would not include any amounts previously taxed pursuant to a QEF election or pursuant to the CFC rules.

Medicare Contribution Tax on Net Investment Income. Section 1411 of the Code imposes a 3.8% tax (in addition to other federal income taxes) on the net investment income (“**NII**”) of U.S. holders who are individuals, estates or trusts to the extent NII exceeds an income threshold. NII generally includes all income from the Notes.

Special rules apply in the case of a U.S. holder of Subordinated Notes or any other class of Securities that is treated as equity of the Issuer for federal income tax purposes and is not held in a business of trading financial instruments. As described above under “—Investment in a Controlled Foreign Corporation” and “—Investment in a Passive Foreign Investment Company,” such a U.S. holder may be taxable for regular federal income tax purposes on its share of the earnings of the Issuer as those earnings accrue to the Issuer and not when they are distributed (and in that case, such U.S. holder’s basis in such Securities is increased by the amount of earnings that have been taxed to such U.S. holder but not distributed). Pursuant to regulations, a U.S. holder may elect to follow a similar approach in measuring NII. Otherwise, post-2012 earnings that are included in income for regular federal income tax purposes by such a U.S. holder prior to distribution under the CFC rules or PFIC rules for QEFs generally are included in NII only when distributed (i.e., when those earnings are treated for regular federal income tax purposes as previously taxed amounts, as described above under “—Distributions on Subordinated Notes”) and, the U.S. holder’s basis would not be increased to reflect previously taxed undistributed earnings. Such an election by a U.S. holder generally must be made no later than the first taxable year in which the U.S. holder has income from the undistributed earnings of equity interests in CFCs or QEFs and is or would be subject to the tax on NII. The election once made would be irrevocable, and would apply to the taxable year for which it is made and all subsequent taxable years, as well as to all subsequently acquired equity interests in the CFC or QEF (including if the investor exits its interests and later reinvests).

U.S. holders, and in particular U.S. holders of Subordinated Notes or any other class of Securities that is treated as equity of the Issuer for U.S. federal income tax purposes, are urged to consult their tax advisors regarding the effect, if any, of Section 1411 and regulations thereunder on their investment in the Securities in their particular circumstances.

Potential Treatment of Subordinated Notes as Debt

If, contrary to the above discussion, the Subordinated Notes were treated as debt for U.S. federal income tax purposes, they would be subject to certain regulations governing contingent payment debt instruments. In that event, the timing and character of income, gain or loss recognized with respect to an investment in the Subordinated Notes would be materially different from that summarized above. In general, holders would be required to accrue income on the Subordinated Notes based on the Issuer’s normal cost of funds, subject to later adjustment to reflect differences between the accrued and actual income amounts, and all income from the Subordinated Notes (including gains on sale) would be ordinary interest income. Potential U.S. holders of the Subordinated Notes should, in consultation with their tax advisers, carefully consider the potential U.S. income tax characterization of the Subordinated Notes and the potential consequences thereof.

Tax Treatment of Tax-Exempt U.S. Holders of the Securities

In general, a tax-exempt U.S. holder of Securities will not be subject to tax on unrelated business taxable income (“UBTI”) with respect to the income from the Securities regardless of whether they are treated as equity or debt for U.S. federal income tax purposes, except to the extent that the Securities are considered debt-financed property (as defined in the Code) of that entity. A tax-exempt U.S. holder that owns more than 50% of the Outstanding Subordinated Notes and also owns other Classes of Securities should consider the possible application of the special UBTI rules for amounts received from controlled entities.

A tax-exempt entity may not make a QEF election if the tax-exempt entity would not otherwise be subject to tax on income from the Subordinated Notes.

Tax Treatment of Non-U.S. Holders of the Securities

Assuming that the Issuer is not treated as engaged in a trade or business within the United States for U.S. federal income tax purposes, as discussed above under “—Tax Treatment of the Issuer—United States Federal Income Taxes,” payments on the Securities to a non-U.S. holder, or gain realized on a sale, exchange, or redemption of such Securities by such holder, will not be subject to U.S. federal income or withholding tax, as the case may be, unless (i) such non-U.S. holder is subject to backup withholding tax, described under “—Information Reporting and Backup Withholding,” as a result of failing to comply with applicable certification procedures to establish that it is not a U.S. holder; (ii) in the case of gain, such holder is a nonresident alien individual who holds the Securities as a capital asset and who is present in the United States more than 182 days in the taxable year of the sale, exchange, or redemption and certain other conditions are met; or (iii) such non-U.S. holder is subject to withholding as described under “—U.S. Foreign Account Tax Compliance Rules” below. A non-U.S. holder will not be considered to be engaged in a trade or business within the United States for U.S. federal income tax purposes solely by reason of holding Securities. If the Issuer were determined to be engaged in a trade or business within the United States for U.S. federal income tax purposes, and had income effectively connected therewith, then interest paid on the Securities to a non-U.S. holder could be subject to a 30% United States withholding tax.

Information Reporting and Backup Withholding

Information reporting to the IRS generally will be required with respect to payments on the Securities and proceeds of the sale of the Securities to holders other than corporations or other exempt recipients. A “backup” withholding tax will apply to those payments if such holder fails to provide certain identifying information (such as such holder’s taxpayer identification number) to the Trustee or other paying agent. Non-U.S. holders generally will be required to comply with applicable certification procedures to establish that they are not U.S. holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding collected from a payment will be allowed as a credit against the recipient’s U.S. federal income tax liability and may entitle the recipient to a refund, so long as the required information is properly furnished to the IRS. U.S. holders should consult their own tax advisers about any additional reporting requirements that may arise as a result of their purchasing, holding or disposing of Securities.

Reporting Requirements

U.S. holders, and in certain cases non-U.S. holders, of the Securities may be subject to information reporting requirements, described below. Depending on, among other matters, the amount of Securities held by a particular investor, more than one reporting requirement may apply to an investor. The failure to comply with these reporting requirements may result in penalties, which may be substantial, and, in the case of Forms 926, 5471, 8621 and 8938, the failure to file a required form will suspend the statute of limitations with respect to any tax return, event, or period to which such information relates. As a result, even if an investor reports all of its taxable income from its investment in Securities, if the investor fails to file a required information return, the period during which the IRS can assess taxes will remain open, potentially including with respect to items that do not relate to the Holder’s investment in the Securities. These reporting requirements would also apply to any other class of Securities that is treated as equity in the Issuer for U.S. federal income tax purposes. Purchasers of Securities are urged to consult

their own tax advisors regarding these reporting requirements, including, in the case of the Class E Notes, the desirability of filing protective information returns.

Specified Foreign Financial Assets (Form 8938). Individual U.S. holders that own “specified foreign financial assets” with an aggregate value in excess of US\$50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. “Specified foreign financial assets” include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. Regulations have been proposed that would extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. The understatement of income attributable to “specified foreign financial assets” in excess of U.S.\$5,000 extends the statute of limitations with respect to the tax return to six years after the return was filed. U.S. holders who fail to report the required information could be subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisors regarding the possible application of this new legislation to an investment in the Securities.

U.S. Transfers of Property to a Foreign Corporation (Form 926). Treasury regulations require reporting for certain transfers of property (including cash) to a foreign corporation by U.S. persons. In general, U.S. holders who acquire Subordinated Notes will be required to file a Form 926 with the IRS and to supply certain information to the IRS. If a U.S. holder fails to comply with the reporting requirements, the U.S. holder may be subject to a penalty equal to 10% of the gross amount paid for the Subordinated Notes, subject to a maximum penalty of U.S.\$100,000 (except in cases involving intentional disregard). Purchasers of Subordinated Notes are urged to consult their own tax advisers regarding these reporting requirements.

Ownership or Acquisition of a Foreign Corporation (Form 5471). Any U.S. holder that directly or indirectly owns or acquires a significant portion of the voting power or value of the Issuer’s equity (generally 10%, but in some cases more than 50%) is required to comply with certain additional reporting requirements. While it is unclear how the voting power of the Subordinated Notes would be measured for this purpose, a U.S. holder that owns less than 10% (or 50% or less, as applicable) of voting power or value of the Issuer (including the Subordinated Notes) should not be required to file this return. In general, a U.S. holder that is deemed to own or acquire the applicable percentage of the voting power or value of the Issuer’s equity will be required to file a Form 5471 with the IRS and to supply certain information to the IRS, including with respect to the activities and assets of the Issuer and other holders of the Subordinated Notes. If a U.S. holder fails to comply with the reporting requirements, the U.S. holder may be subject to a penalty, depending on the circumstances, equal to U.S.\$10,000 for each failure to comply, subject to a maximum of U.S.\$60,000. Purchasers of Subordinated Notes are urged to consult their own tax advisers regarding these reporting requirements.

PFIC Reporting (Form 8621). Subject to certain exceptions, a U.S. holder of Subordinated Notes is required to file an annual information return, currently on Form 8621, with respect to each PFIC in which it owns an interest directly or, in some cases, indirectly (including through certain pass-through entities). If the Issuer owns an interest in a PFIC, such as a foreign Issuer Subsidiary that is a PFIC, holders of Subordinated Notes would be treated as owning a proportionate amount (by value) of the stock of such other PFIC. The Issuer will use reasonable efforts to provide each holder of Subordinated Notes with the information necessary to comply with the holder’s reporting obligations with respect to such other PFIC. These PFIC reporting requirements generally do not apply to tax-exempt U.S. holders. U.S. holders should consult their own tax advisers regarding the PFIC reporting requirements.

FBAR (FinCEN Report 114). U.S. holders, and non-U.S. holders with certain minimum contacts with the United States, of Subordinated Notes may be required to report certain information on United States Treasury FinCEN Report 114 (the “**FBAR**”) for any calendar year in which they hold such Securities. The FBAR must be received by the United States Treasury by June 30 to report on accounts in the preceding calendar year, is not filed as part of an annual tax return, and the reporting requirements thereunder are not governed by the Code. Purchasers of Subordinated Notes should consult their own tax advisers regarding these reporting requirements.

Reportable Transactions (Form 8886). Any person that is required to file a U.S. federal income tax return or U.S. federal information return and participates in a “reportable transaction” in a taxable year is required to disclose certain information on IRS Form 8886 (or its successor form) attached to such person’s U.S. tax return for such taxable year (and also file a copy of such form with the IRS’s Office of Tax Shelter Analysis) and to retain certain documents related to the transaction. Various penalties and adverse consequences can result from a failure to file. A

person that is a U.S. Shareholder may be considered to participate in any reportable transactions entered into by the Issuer. Although none are anticipated, the Issuer could participate in reportable transactions.

Because of the status of the Issuer as a PFIC (and without regard to whether it is a CFC), a transaction in which a person claims a loss deduction in respect of the Subordinated Notes may be considered a reportable transaction if the amount of such loss exceeds certain thresholds (generally \$2 million in one year or \$4 million in any combination of years for individuals, and \$10 million in one year or \$20 million in any combination of years for corporations), regardless of whether such Subordinated Notes were purchased with cash or were otherwise held with a “qualifying basis” (as such term is defined in IRS Revenue Procedure 2013-11). There is an exception for certain mark-to-market losses.

The definition of reportable transaction is technical, and prospective investors in the Securities should consult their own tax advisors concerning any possible disclosure obligations under the reportable transaction rules with respect to their ownership or disposition of the Securities in light of their particular circumstances.

U.S. Foreign Account Tax Compliance Rules

FATCA potentially imposes a withholding tax of 30% on certain payments made to the Issuer after June 30, 2014, including potentially all interest paid on (and after December 31, 2016, proceeds from the sale or other disposition of) U.S. Collateral Debt Obligations issued or materially modified on or after July 1, 2014, unless the Issuer complies with the Cayman IGA. The Cayman IGA requires, among other things, that the Issuer or its agent collect and provide to the Cayman Islands Tax Information Authority substantial information regarding certain direct and indirect holders of the Securities. In addition, in some cases, future laws or regulations concerning “foreign passthru payments” (as described below) may require withholding on certain payments to certain holders of Securities. The Issuer intends to comply with its obligations under the Cayman IGA. However, in some cases, the ability to avoid such withholding tax will depend on factors outside of the Issuer’s control. For example, the Issuer may not be considered to comply with FATCA if more than 50% of the Subordinated Notes (and any other classes of Securities treated as equity for U.S. federal income tax purposes) are owned by a person that is, or is affiliated with, a foreign financial institution that is not compliant with FATCA. The Issuer or its agent will report information to the Cayman Islands Tax Information Authority, which will exchange such information with the IRS under the terms of the Cayman IGA. Under the terms of the Cayman IGA, withholding will not be imposed on payments made to the Issuer, or on payments made by the Issuer, unless the IRS has specifically listed the Issuer as a non-participating financial institution, the Issuer has otherwise assumed responsibility for withholding under U.S. tax law, or the Issuer cannot comply with FATCA as a result of factors outside of its control, as described above.

In addition, future guidance under FATCA may subject payments on Subordinated Notes (or other classes of Securities that are treated as equity for U.S. federal income tax purposes) and Secured Debt that are materially modified more than six months after the issuance of such future guidance, to a withholding tax of 30% if each foreign financial institution that holds any such Note, or through which any such Note is held, has not entered into an information reporting agreement with the IRS, qualified for an exception from the requirement to enter into such agreement or complied with the terms of a relevant intergovernmental agreement. Each owner of an interest in Securities will be required to provide the Issuer and the Trustee or their agents with information necessary to comply with the Cayman IGA as discussed above. Owners that do not supply required information, or whose ownership of Securities may otherwise prevent the Issuer from complying with FATCA (for example by causing the Issuer to be affiliated with a non-compliant foreign financial institution), may be subjected to punitive measures, including forced transfer of their Securities. There can be no assurance, however, that these measures will be effective, and that the Issuer and owners of the Securities will not be subject to the noted withholding taxes.

CAYMAN ISLANDS TAX CONSIDERATIONS

The following is a discussion of certain Cayman Islands tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider your particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Cayman Islands Tax Considerations

Under existing Cayman Islands laws:

- (i) payments on the Securities will not be subject to taxation in the Cayman Islands and no withholding will be required on such payments to any holder of a Security and gains derived from the sale or other disposition of Securities will not be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax;
- (ii) no stamp duty is payable on the issue of the Securities, except that the holder of any Notes (or a legal personal representative of such holder) whose Notes are executed or brought into the Cayman Islands may be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Notes; and
- (iii) an instrument transferring title to the Notes, if executed in the Cayman Islands or, if brought into the Cayman Islands after execution, on entry into the Cayman Islands would be subject to a nominal stamp duty.

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

“The Tax Concessions Law
(2011 Revision)
Undertaking as to Tax Concessions

In accordance with Section 6 of The Tax Concessions Law (2011 Revision), the Governor in Cabinet undertakes with:

Jackson Mill CLO Ltd. “the Company”

- (a) that no Law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable
 - (i) on or in respect of the shares debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (2011 Revision).

These concessions shall be for a period of THIRTY years from the 19th day of August 2014.

Clerk of the Cabinet”

In the event that Cayman Islands law were to change so that the Issuer were required to withhold tax from payments on the Securities, the Issuer would be responsible for withholding such tax, but would not be responsible to make “gross-up” payments to holders of the Notes.

The Cayman Islands does not have an income tax treaty arrangement with the U.S.

The Cayman Islands has entered into an intergovernmental agreement with the United Kingdom, which imposes requirements similar to those under the Cayman IGA with respect to holders of Notes who are resident in the United Kingdom for tax purposes, and may enter into similar agreements with other jurisdictions in the future. Each owner of an interest in Notes will be required to provide the Issuer and the Trustee or their agents with information necessary to comply with such requirements and any legislation or regulations implemented in relation thereto. Prospective investors should consult their own tax advisers regarding the potential implications of such agreements.

ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), imposes certain requirements on “**employee benefit plans**” (as defined in Section 3(3) of ERISA) subject to Part 4, Subtitle B of Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include, or are deemed to 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 Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed above under “Risk Factors” and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of any Securities it may purchase.

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 to which Section 4975 of the Code applies, such as individual retirement accounts and Keogh plans, including entities whose underlying assets include the assets of such plans (collectively, together with ERISA Plans, “**Plans**”)) and certain persons (referred to as “parties in interest” or “disqualified persons”) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction (each a “**prohibited 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 the Code. In addition, the fiduciary of the Plan that is engaged in such a non-exempt prohibited transaction may be subject to penalties under ERISA and the Code.

The Issuers, the Initial Purchaser, the Trustee, the Collateral Administrator and the Collateral Manager and any of their respective Affiliates may be parties in interest and disqualified persons with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if Securities are acquired or held by a Plan with respect to which the Issuers, the Initial Purchaser, the Trustee, the Collateral Administrator or the Collateral Manager, or any of their respective Affiliates, is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, in certain cases. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions with certain service providers) and Prohibited Transaction Class Exemption (“**PTCE**”) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by “qualified professional asset managers”), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by certain “in-house asset managers”). There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving Securities.

Governmental plans (as defined in Section 3(32) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA and the prohibited transactions provisions of Section 406 of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to non-U.S., federal, state, local or other applicable laws that are substantially similar to the foregoing provisions of ERISA and the Code (“**Similar Laws**”). Moreover, such plans may also be subject to local, state, federal or non-U.S. laws that could cause the underlying assets of the Issuers to be treated as assets of the investor in a Note (or any interest therein) by virtue of its interest and thereby subject either of the Issuers or the Collateral Manager (or other persons responsible for the investment and operation of the Issuers’ assets) to any Similar Laws. Fiduciaries of any such plans should consult with their counsel before purchasing any Securities.

EACH PURCHASER OF SECURITIES IN ERISA-RESTRICTED NOTES IN THE INITIAL OFFERING THEREOF AND EACH SUBSEQUENT TRANSFEREE OF A PHYSICAL NOTE WILL BE REQUIRED TO REPRESENT AND WARRANT, AND EACH PURCHASER OF A SECURITY (INCLUDING TRANSFEREES) REPRESENTED BY AN INTEREST IN ANY GLOBAL NOTE WILL BE DEEMED BY SUCH PURCHASE OR ACQUISITION TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER ACQUIRES SUCH INTEREST THROUGH AND INCLUDING THE DATE ON WHICH THE PURCHASER DISPOSES OF SUCH INTEREST, THAT ITS PURCHASE, HOLDING AND

DISPOSITION OF SUCH INTEREST WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN A VIOLATION OF ANY SIMILAR LAW) UNLESS AN EXEMPTION IS AVAILABLE AND ALL CONDITIONS HAVE BEEN SATISFIED.

In addition, U.S. Department of Labor regulation, 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA, the “**Plan Asset Regulation**”) describes what constitutes the assets of a Plan with respect to the Plan’s investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility 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 that equity participation in the entity by Benefit Plan Investors is not “significant.” Under the Plan Asset Regulation, an “equity interest” means 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. A “**Benefit Plan Investor**” means any (i) “employee benefit plan” (as defined in Section 3(3) of ERISA), subject to Part 4, Subtitle B of Title I of ERISA, (ii) “plan” described in Section 4975(e)(1) of the Code to which Section 4975 of the Code applies, or (iii) entity whose underlying assets include, or are deemed to include, “plan assets” by reason of an employee benefit plan’s or a plan’s investment in the entity within the meaning of the Plan Asset Regulation or otherwise. Such an entity is considered to hold plan assets only to the extent of the percentage of its equity interests held by Benefit Plan Investors.

The Issuers do not intend to treat the Secured Debt (other than the Class E Notes) as “equity interests” in the Issuers. However, the Class E Notes and the Subordinated Notes may be considered “equity interests” in the Issuers for purposes of the Plan Asset Regulation and will not constitute “publicly-offered securities” for purposes of the Plan Asset Regulation. In addition, the Issuers will not be registered under the Investment Company Act, and it is not likely that the Issuers will qualify as an “operating company” for purposes of the Plan Asset Regulation. Therefore, if equity participation in any of the Class E Notes or the Subordinated Notes (“**ERISA-Restricted Notes**”) by Benefit Plan Investors is “significant” within the meaning of the Plan Asset Regulation, the assets of the Issuers could be considered to be the assets of any Plans that purchase ERISA-Restricted Notes. In such circumstances, in addition to considering the applicability of ERISA and Section 4975 of the Code to ERISA-Restricted Notes, a Plan fiduciary considering an investment in ERISA-Restricted Notes should consider, among other things, the applicability of ERISA and Section 4975 of the Code to transactions involving any Transaction Party or their respective Affiliates, including whether such transactions might constitute a prohibited transaction under ERISA or Section 4975 of the Code or otherwise may result in a breach of fiduciary duty under ERISA.

Under the Plan Asset Regulation, equity participation in an entity by Benefit Plan Investors is “significant” on any date if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more of the value of any class of equity interests in the entity is held by Benefit Plan Investors. For purposes of this determination, the value of equity interests held by a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the entity or that provides investment advice for a fee (direct or indirect) with respect to such assets (or any “affiliate” of such a person (as defined in the Plan Asset Regulation)) is disregarded (any such person with respect to the Issuer, a “**Controlling Person**”).

The Issuers intend to limit equity participation by Benefit Plan Investors to less than 25% of each Class of ERISA-Restricted Notes. Each prospective Purchaser of ERISA-Restricted Notes on the Closing Date will be required to make certain representations regarding its status as a Benefit Plan Investor or Controlling Person and other matters as described under “Transfer and Exchange” above. No interest in ERISA-Restricted Notes will be sold to Purchasers that have represented that they are Benefit Plan Investors or Controlling Persons to the extent that such sale may result in Benefit Plan Investors owning 25% or more of the Aggregate Outstanding Amount of interests in any class of ERISA-Restricted Notes, determined in accordance with the Plan Asset Regulation and the Indenture, assuming, for this purpose, that all the representations made by Purchasers of such Class are true. Each interest in the ERISA-Restricted Notes held as principal by any Transaction Party, any of such party’s respective Affiliates and persons that have represented that they are Controlling Persons will be disregarded and will not be treated as outstanding for purposes of determining compliance with such 25% limitation.

Each transferee of interests in ERISA-Restricted Notes will be deemed by its purchasing and holding to represent, warrant and covenant that, for so long as it holds a beneficial interest in such Securities, it (and each account for which it is acquiring such Securities) is not a Benefit Plan Investor or a Controlling Person or subject to any Other Plan Law.

There can be no assurance that there will not be circumstances in which transfers of an interest in ERISA-Restricted Notes will be restricted in order to comply with the aforementioned limitations. Moreover, there can be no assurance that, despite the restrictions relating to purchases by or transfers to Benefit Plan Investors and Controlling Persons and the procedures to be employed by the Initial Purchaser, participation by Benefit Plan Investors in ERISA-Restricted Notes will not be “significant.”

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold Securities should determine whether, under the general fiduciary standards of investment prudence and diversification and under the documents and instruments governing the Plan, an investment in such Securities is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan’s investment portfolio. Any Plan proposing to invest in Securities should consult with its counsel to confirm that such investment will not result in a prohibited transaction and will satisfy the other requirements of ERISA and the Code.

The sale of any Securities to a purchaser is in no respect a representation by any Transaction Party or any of its respective Affiliates that such an investment meets all relevant legal requirements with respect to investments by purchasers generally or any particular purchaser, or that such an investment is appropriate for purchasers generally or any particular purchaser.

LISTING AND GENERAL INFORMATION

1. Application has been made to the Irish Stock Exchange for the Listed Notes to be admitted to the Official List and trading on its Global Exchange Market. There can be no assurance that such listing will be maintained. The Indenture will not require the Issuer to maintain a listing for any Class on an E.U. stock exchange if compliance with related requirements becomes burdensome in the sole judgment of the Collateral Manager.
2. The estimated expenses related to admission to trading on the Irish Stock Exchange is approximately 9,540 Euros.
3. McCann FitzGerald Listing Services Limited is acting solely in its capacity as listing agent for the Issuer (and not on its own behalf) in connection with the application for admission of the Securities to the Official List of the Irish Stock Exchange and to trading on its Global Exchange Market.
4. Other than as described herein, since the date of organization of the Issuers, neither of the Issuers has commenced operations and no annual accounts or reports have been prepared as of the date hereof. The Issuer does not intend to publish annual reports and accounts and is not required to do so under Cayman Islands law. Pursuant to the Indenture, Monthly Reports that provide information with respect to the Collateral and, in a month in which a Payment Date occurs, information with respect to the Securities will be available to holders and may be obtained from the Trustee.
5. For as long as the Notes are Outstanding, electronic copies of the organizational documents of the Issuers may be obtained from the Issuer or the Co-Issuer, as the case may be, and an electronic copy of the Indenture may be obtained from the Trustee.
6. Neither of the Issuers has been since formation, involved in any governmental, litigation or arbitration proceedings relating to claims on amounts which may have a significant effect on the financial position or profitability of the Issuers nor, so far as the Issuers are aware, are any such governmental, litigation or arbitration proceedings involving it pending or threatened.
7. The issuance of the Securities has been authorized by the board of directors of the Issuer by resolutions prior to the Closing Date. The issuance of the Co-Issued Notes has been authorized by the sole manager of the Co-Issuer by resolutions prior to the Closing Date.
8. The CUSIP Numbers for the Physical Notes and Rule 144A Global Notes are shown in the table below. The Regulation S Global Notes have been accepted for clearance through Clearstream and Euroclear under the Common Codes set forth below. The table also lists CUSIP (CINS) Numbers and International Securities Identification Numbers (ISIN) for the Regulation S Global Notes.

	Rule 144A CUSIP Number	Regulation S CUSIP (CINS) Number	Regulation S Global Notes Common Codes	Regulation S ISIN
Class A Notes	468367 AA5	G50010 AA8	123217357	USG50010AA86
Class B Notes	468367 AC1	G50010 AB6	123217632	USG50010AB69
Class C Notes	468367 AE7	G50010 AC4	122706478	USG50010AC43
Class D Notes	468367 AG2	G50010 AD2	123218728	USG50010AD26
Class E Notes	468368 AA3	G50007 AA4	123218736	USG50007AA40
Subordinated Notes*	468368 AC9	G50007 AB2	123218809	USG50007AB23

* Subordinated Notes sold to Qualified Accredited Investors have the following CUSIP Number: 468368 AD7

LEGAL MATTERS

Certain legal matters with respect to the Securities will be passed upon for the Issuers and the Initial Purchaser by Cleary Gottlieb Steen & Hamilton LLP, Washington, D.C. Certain matters with respect to the Cayman Islands law will be passed upon for the Issuer by Appleby (Cayman) Ltd. Certain legal matters will be passed upon for the Collateral Manager and certain tax matters will be passed upon for the Issuer by Seward & Kissel LLP.

GLOSSARY OF CERTAIN DEFINED TERMS

“Accredited Investor”: An accredited investor as defined in Regulation D under the Securities Act that is not also a Qualified Institutional Buyer.

“Administration Agreement”: The Administration Agreement between the Administrator (as administrator and share owner) and the Issuer, as amended from time to time in accordance with its terms.

“Administrative Expenses”: Amounts (including indemnification payments) due or accrued with respect to any Payment Date (other than Closing Date expenses) to: (i) first, *pro rata*, the Bank (or other successor entity) as Trustee and in each other capacity fulfilled by such entity under the Indenture; (ii) second, the Collateral Administrator under the Collateral Administration Agreement; (iii) third, on a *pro rata* basis to (x) the Rating Agencies for fees and expenses in connection with any rating of the Debt or the provision of credit estimates for any of the Collateral and surveillance fees in connection with such ratings or credit estimates, (y) the Independent accountants, agents and counsel of the Issuer for fees (including retainers) and expenses, and (z) to the Collateral Manager in respect of any fees, expenses or indemnification payments permitted under the Indenture or the Collateral Management Agreement (excluding the Collateral Management Fees but including any other monies, fees or expenses owed to the Collateral Manager under the Indenture and the Collateral Management Agreement, including, without limitation, the reasonable fees and expenses of the Collateral Manager (including fees for its accountants, agents and counsel) incurred in connection with the purchase, sale or workout/restructuring of any Collateral Debt Obligations, any other reasonable fees or expenses incurred in connection with the Collateral Debt Obligations and any other amounts payable to the Collateral Manager pursuant to the Collateral Management Agreement, including any indemnification payments provided for therein or in the Indenture and any Excepted Advances); (iv) fourth, any other Person in respect of any governmental fee (including all filing, registration and annual return fees payable to the Cayman Islands government and registered office fees), charge or tax (other than withholding taxes that are withheld by the applicable payor); (v) fifth, following a Re-Pricing Sale, the Redemption Premium, if any, payable to Redemption Premium Identified Holders (and, if a Redemption Premium is payable on both Class A Notes and Class B Notes, first to the Redemption Premium Identified Holders of the Class A Notes and then to the Redemption Premium Identified Holders of the Class B Notes); and (vi) sixth, any other Person in respect of any other fees, expenses or indemnification payments permitted under the Indenture (including, without limitation, (1) any monies owed to the Administrator under the Administration Agreement, (2) registered office fees and (3) any expenses arising from FATCA compliance) and the documents delivered pursuant to or in connection with the Indenture and the Debt. For the avoidance of doubt, all expenses related to an Issuer Subsidiary will be considered to be Administrative Expenses pursuant to clause (vi) above. Notwithstanding the foregoing, (x) the Collateral Manager may direct the payment of Rating Agency fees and expenses other than in the order required above if the Collateral Manager, the Trustee or the Issuer have been advised by a Rating Agency that the non-payment of its fees will imminently result in the withdrawal of any currently assigned rating on any Outstanding Class of Secured Debt, (y) the Collateral Manager, in its reasonable discretion, may direct a non-*pro rata* payment to be paid prior to the payments to be made pursuant to priority third above if required to ensure the delivery of continued accounting services and reports set forth herein and (z) Administrative Expenses pursuant to clause (v) above may only be paid pursuant to clause (T) of the Priority of Interest Proceeds.

“Affiliate”: With respect to a Person, (i) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person or (ii) any other Person who is a director, officer or employee (a) of such Person, (b) of any subsidiary or parent company of such Person or (c) of any Person described in clause (i) above. For the purposes of this definition, control of a Person shall mean the power, direct or indirect, (x) to vote more than 50% of the securities having ordinary voting power for the election of directors of any such Person or (y) to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise. With respect to the Issuers, this definition shall exclude the Administrator or any other entity to which the Administrator is or will be providing administrative services or acts as share trustee.

“Aggregate Outstanding Amount”: When used with respect to (i) any Class of Secured Debt (or any combination of Classes), as of any date, the aggregate principal amount of such Debt Outstanding (including any Deferred Interest previously added to the principal amount of such Notes that remains unpaid) on the date of determination and (ii) the Subordinated Notes, the aggregate principal amount of the Subordinated Notes issued on the Closing Date plus, without duplication, the aggregate principal amount of any additional Subordinated Notes issued after the Closing Date.

“Aggregate Principal Amount”: With respect to the Collateral Portfolio, the Aggregate Principal Balances of the Collateral Debt Obligations and the Balance of Eligible Investments on the date of determination. For the avoidance of doubt, the Balance of Eligible Investments on deposit in the Revolving Credit Facility Reserve Account shall not be included in determining the Aggregate Principal Amount to the extent such amount is included in such determination in connection with the calculation of the Principal Balance of the related Revolving Credit Facility or Delayed Funding Term Loan.

“Aggregate Principal Balance”: When used with respect to any or all of the Pledged Obligations, the aggregate of the Principal Balances of such Pledged Obligations on the date of determination.

“Aggregate Unfunded Amount”: At any time, with respect to Delayed Funding Term Loans and Revolving Credit Facilities, the excess, if any, of (i) the aggregate amount of the commitments with respect to such securities over (ii) the aggregate funded principal amount outstanding on such securities.

“Applicable Issuer”: With respect to the Secured Debt of any Class, the Issuers and, with respect to the Subordinated Notes, the Issuer only.

“Approved Pricing Service”: Markit Group Limited, Interactive Data Corporation, Loan Pricing Corporation, LPC Pricing Service, Loan X, Debt X, Houlihan Lokey (with respect to enterprise valuations of an obligor only) or such other comparable pricing service reasonably designated by the Collateral Manager which is independent of the Issuers and the Collateral Manager; *provided* that notice of such other comparable pricing service shall be given by the Collateral Manager to each Rating Agency.

“Asset Quality Matrix”: The following chart, used to determine which of the Asset Quality Matrix Combinations are applicable for purposes of determining compliance with the Moody’s Diversity Test, the Moody’s Weighted Average Rating Factor Test and the Weighted Average Spread Test, as set forth in the Indenture.

Minimum Weighted Average Spread	Minimum Diversity Score								
	40	45	50	55	60	65	70	75	80
2.05%	1,315	1,340	1,365	1,385	1,400	1,415	1,425	1,440	1,450
2.15%	1,435	1,465	1,490	1,510	1,530	1,545	1,555	1,570	1,580
2.25%	1,535	1,565	1,595	1,615	1,635	1,650	1,665	1,675	1,685
2.35%	1,615	1,645	1,680	1,705	1,725	1,740	1,755	1,765	1,775
2.45%	1,680	1,715	1,750	1,775	1,795	1,815	1,830	1,845	1,855
2.55%	1,740	1,775	1,805	1,830	1,855	1,875	1,890	1,905	1,920
2.65%	1,795	1,830	1,860	1,885	1,910	1,930	1,950	1,965	1,980
2.75%	1,845	1,880	1,915	1,940	1,960	1,985	2,005	2,020	2,030
2.85%	1,895	1,935	1,970	1,995	2,015	2,035	2,055	2,070	2,085
2.95%	1,945	1,985	2,020	2,045	2,070	2,090	2,105	2,125	2,140
3.05%	1,995	2,035	2,070	2,095	2,120	2,140	2,160	2,180	2,195
3.15%	2,045	2,085	2,120	2,145	2,170	2,190	2,210	2,230	2,245
3.25%	2,095	2,135	2,170	2,200	2,225	2,245	2,265	2,285	2,300
3.35%	2,140	2,180	2,220	2,250	2,275	2,295	2,315	2,335	2,350
3.45%	2,185	2,230	2,270	2,300	2,325	2,350	2,370	2,390	2,405
3.55%	2,225	2,275	2,320	2,350	2,375	2,400	2,420	2,440	2,455
3.65%	2,265	2,315	2,365	2,395	2,425	2,450	2,470	2,490	2,505
3.75%	2,300	2,355	2,405	2,440	2,475	2,500	2,520	2,540	2,555
3.85%	2,335	2,390	2,445	2,485	2,525	2,545	2,565	2,585	2,600
3.95%	2,375	2,430	2,485	2,525	2,565	2,590	2,615	2,635	2,650
4.05%	2,415	2,470	2,520	2,565	2,605	2,635	2,660	2,680	2,700
4.15%	2,445	2,505	2,560	2,605	2,645	2,675	2,705	2,730	2,750
4.25%	2,480	2,540	2,600	2,640	2,680	2,715	2,745	2,770	2,795
4.35%	2,520	2,580	2,635	2,680	2,720	2,755	2,785	2,810	2,835

Minimum Weighted Average Spread	Minimum Diversity Score								
	40	45	50	55	60	65	70	75	80
4.45%	2,560	2,615	2,670	2,715	2,755	2,790	2,820	2,850	2,875
4.55%	2,590	2,650	2,710	2,755	2,795	2,830	2,860	2,890	2,915
4.65%	2,625	2,685	2,745	2,790	2,830	2,865	2,895	2,925	2,950
4.75%	2,665	2,725	2,780	2,825	2,865	2,900	2,935	2,960	2,985
4.85%	2,700	2,760	2,815	2,860	2,900	2,935	2,970	2,995	3,020
4.95%	2,730	2,790	2,850	2,895	2,935	2,970	3,005	3,035	3,060
5.05%	2,765	2,825	2,885	2,930	2,970	3,005	3,040	3,070	3,095
5.15%	2,800	2,860	2,920	2,965	3,005	3,040	3,075	3,100	3,125
5.25%	2,835	2,895	2,955	3,000	3,040	3,075	3,110	3,135	3,160
5.35%	2,865	2,925	2,985	3,030	3,070	3,105	3,140	3,165	3,190
5.45%	2,895	2,955	3,015	3,060	3,105	3,140	3,170	3,200	3,225
5.55%	2,925	2,985	3,045	3,090	3,135	3,170	3,200	3,230	3,255
5.65%	2,955	3,015	3,075	3,120	3,165	3,200	3,230	3,260	3,285
5.75%	2,985	3,045	3,105	3,150	3,195	3,230	3,260	3,290	3,315
5.85%	3,015	3,075	3,135	3,180	3,225	3,260	3,290	3,320	3,345
5.95%	3,045	3,105	3,165	3,210	3,255	3,290	3,320	3,350	3,375

Moody's Maximum Weighted Average Rating Factor

“Asset Quality Matrix Combination”: The row/column combination in the Asset Quality Matrix chosen by the Collateral Manager with notice to the Collateral Administrator (or the linear interpolation between two adjacent rows and/or two adjacent columns, as applicable).

“Assigned Moody’s Rating”: The publicly available rating or the estimated rating expressly assigned to a debt obligation (or facility) by Moody’s that addresses the full amount of the principal and interest promised.

“Assignment”: An interest in a loan acquired directly from a selling institution by way of sale or assignment.

“Authorized Denomination”: The authorized denomination specified in the “Summary of Terms—Debt Offered.”

“Bankruptcy Code”: The United States bankruptcy code, as set forth in Title 11 of the United States Code, as amended.

“Bankruptcy Event”: Either (a) the entry of a decree or order by a court having competent jurisdiction adjudging the Issuer or the Co-Issuer as bankrupt or insolvent or granting an order for relief or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Issuer under the Bankruptcy Code, the bankruptcy or insolvency laws of the United States of America, the Cayman Islands 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; or an involuntary case or proceeding shall be commenced against the Issuer or the Co-Issuer seeking any of the foregoing and such case or proceeding shall continue in effect and unstayed or undismissed for a period of 60 consecutive days; or (b) the institution by the Issuer or the Co-Issuer of proceedings to be adjudicated as bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by the Issuer or the Co-Issuer of a petition or answer or consent seeking reorganization or relief under the Bankruptcy Code, the bankruptcy and insolvency laws of the United States of America, the Cayman Islands or any other applicable law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Issuer or the Co-Issuer or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing in a judicial, regulatory or administrative proceeding or filing of its inability to pay its debts generally as they become due, or the taking of any action by the Issuer or the Co-Issuer in furtherance of any such action.

“Bond”: A U.S. dollar denominated fixed rate or floating rate debt security (that is not a loan) that is issued by a corporation, limited liability company, partnership or trust.

“Bridge Loan”: A Collateral Debt Obligation issued in connection with a merger, acquisition, consolidation, sale of all or substantially all of the assets of a Person or similar transaction, which Collateral Debt Obligation by its terms is required to be repaid within one year of the incurrence thereof with proceeds from additional borrowings or other refinancing (other than any additional borrowing or refinancing if one or more financial institutions has provided the issuer of such obligation or security with a binding written commitment to provide the same, so long as (a) such commitment is equal to the outstanding principal amount of the Bridge Loan and (b) such commitment replacement facility has a maturity of at least one year and cannot be extended beyond such one-year maturity pursuant to the terms thereof); *provided* that any Bridge Loan acquired by the Issuer must have an Assigned Moody’s Rating.

“Business Day”: Any day other than a Saturday, Sunday or a day on which commercial banking institutions are authorized or obligated by law, regulation or executive order to close in New York, New York, 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.

“Caa Excess”: The excess, if any, of (x) the Aggregate Principal Balance of all Collateral Debt Obligations (other than Defaulted Obligations) with a Moody’s Rating of “Caa1” or below over (y) 7.5% of the Aggregate Principal Amount of the Collateral Portfolio; *provided* that, in determining which of the Collateral Debt Obligations shall be included in such excess, the Collateral Debt Obligations with the lowest Market Value shall be deemed to constitute such excess.

“Calculation Agent”: The calculation agent appointed under the Indenture, which will initially be the Collateral Administrator.

“Cash”: Such money (as defined in Article 1 of the UCC) or funds denominated in currency of the United States of America as at the time shall be legal tender for payment of all public and private debts, including funds standing to the credit of an account.

“Cayman IGA”: The intergovernmental agreement between the Cayman Islands and the United States signed on November 29, 2013 (including any implementing legislation, rules, regulations and guidance notes), as the same may be amended from time to time.

“CCC Excess”: The excess, if any, of (x) the Aggregate Principal Balance of all Collateral Debt Obligations (other than Defaulted Obligations) with an S&P Rating of “CCC+” or below, over (y) 7.5% of the Aggregate Principal Amount of the Collateral Portfolio; *provided* that, in determining which of the Collateral Debt Obligations shall be included in such excess, the Collateral Debt Obligations with the lowest Market Value shall be deemed to constitute such excess.

“CCC Haircut Amount”: As of any date of determination, an amount equal to the greater of (x) the excess, if any, of (i) the Aggregate Principal Balance of all Collateral Debt Obligations included in the Caa Excess over (ii) the sum of the Market Value Amounts of all Collateral Debt Obligations included in the Caa Excess and (y) the excess, if any, of (i) the Aggregate Principal Balance of all Collateral Debt Obligations included in the CCC Excess over (ii) the sum of the Market Value Amounts of all Collateral Debt Obligations included in the CCC Excess.

“Certifying Person”: Any beneficial owner that provides certification of ownership in the form required under the Indenture, which certification will (x) include a representation that the Holder has not acted on its behalf with respect to the same action and (y) permit such owner to request confidential treatment of its identity.

“Class”: All of the Debt having the same priority (as a single class). For the purpose of exercising any rights to consent, give direction or otherwise vote under the Indenture or the Collateral Management Agreement, except as expressly stated otherwise, Pari Passu Classes shall constitute a single Class except in connection with any supplemental indenture that affects the one such class in a manner that is materially different from the effect of such supplemental indenture on the other such class.

“Class C Coverage Tests”: Collectively, the Class C Note Overcollateralization Test and the Class C Note Interest Coverage Test.

“Class C Note Interest Coverage Test”: The Interest Coverage Test applied to the Class C Notes.

“Class C Note Overcollateralization Test”: The Overcollateralization Test applied to the Class C Notes.

“Class D Coverage Tests”: Collectively, the Class D Note Overcollateralization Test and the Class D Note Interest Coverage Test.

“Class D Note Interest Coverage Test”: The Interest Coverage Test applied to the Class D Notes.

“Class D Note Overcollateralization Test”: The Overcollateralization Test applied to the Class D Notes.

“Class E Note Overcollateralization Test”: The Overcollateralization Test applied to the Class E Notes.

“Clearstream”: Clearstream Banking, *société anonyme*, or any successor clearing corporation.

“Closing Date Reserve”: At least \$1,478,536.

“Code”: The U.S. Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder.

“Collateral Account”: The account established pursuant to and described in the Indenture.

“Collateral Administration Agreement”: The Collateral Administration Agreement dated as of the Closing Date by and among the Issuer, the Collateral Manager and the Collateral Administrator, as amended from time to time in accordance with its terms.

“Collateral Debt Obligation Maturity”: With respect to any Collateral Debt Obligation, the date on which such obligation shall be deemed to mature (or its maturity date) shall be the Stated Maturity of such obligation.

“Collateral Portfolio”: On any date of determination, all Pledged Obligations held in any Accounts (excluding Eligible Investments consisting of Interest Proceeds).

“Collection Account”: The Interest Collection Account and the Principal Collection Account.

“Companies Law”: The Companies Law (2013 Revision) of the Cayman Islands, as amended from time to time.

“Contributor”: A Person that makes a Contribution, including the Collateral Manager, Affiliates of the Collateral Manager or any Holder. If Interest Proceeds or Principal Proceeds are designated as a Contribution by a Majority of the Subordinated Notes as described under “Description of Certain Terms of the Notes—Contributions”, the Holders of the Subordinated Notes shall collectively be the Contributor with respect to such Contribution.

“Controlling Class”: The Class A Notes for so long as any Class A Notes are Outstanding, and thereafter the Highest Ranking Class.

“Coverage Tests”: Collectively, the Senior Coverage Tests, the Class C Coverage Tests, the Class D Coverage Tests and the Class E Overcollateralization Test.

“Cov-Lite Loan”: A senior secured loan that (a) does not contain any financial covenants or (b) requires the underlying obligor to comply with an Incurrence Covenant, but does not require the underlying obligor to comply with a Maintenance Covenant; provided, that a loan which either contains a cross-default provision to or is *pari passu* with, another loan of the underlying obligor that requires the underlying obligor to comply with both an Incurrence Covenant and a Maintenance Covenant shall be deemed not to be a Cov-Lite Loan.

“Credit Improved Criteria”: With respect to any Collateral Debt Obligation, the occurrence of any of the following:

(a) the issuer of such Collateral Debt Obligation has shown improved financial results since the published financial reports first produced after it was purchased by the Issuer;

(b) the obligor of such Collateral Debt Obligation since the date on which such Collateral Debt Obligation was purchased by the Issuer has raised significant equity capital or has raised other capital that has improved the liquidity or credit standing of such obligor;

(c) with respect to which one or more of the following criteria applies:

(i) the rating of such Collateral Debt Obligation has been upgraded or put on a watch list for possible upgrade by either of the Rating Agencies since the date on which such Collateral Debt Obligation was acquired by the Issuer;

(ii) if such Collateral Debt Obligation is a loan, the Sale Proceeds (excluding Sale Proceeds that constitute Interest Proceeds) of such loan would be at least 101% of its purchase price;

(iii) if such Collateral Debt Obligation is a loan, the price of such loan has changed during the period from the date on which it was acquired by the Issuer to the proposed sale date by a percentage either more positive, or less negative, as the case may be, than the percentage change in the average price of the applicable Leveraged Loan Index *plus* 0.25% over the same period;

(iv) if such Collateral Debt Obligation is a loan, the price of such loan or note changed during the period from the date on which it was acquired by the Issuer to the date of determination by a percentage either at least 0.50% more positive, or at least 0.50% less negative, as the case may be, than the percentage change in a nationally recognized loan index selected by the Collateral Manager over the same period;

(v) if such Collateral Debt Obligation is a loan, the spread over the applicable reference rate for such Collateral Debt Obligation has been decreased in accordance with the underlying Collateral Debt Obligation since the date of acquisition;

(vi) with respect to fixed-rate Collateral Debt Obligations, there has been a decrease in the difference between its yield compared to the yield on the relevant United States Treasury security of more than 7.5% since the date of purchase; or

(vii) the projected cash flow interest coverage ratio (earnings before interest and taxes divided by cash interest expense as estimated by the Collateral Manager) of the underlying borrower or other obligor of such Collateral Debt Obligation is expected to be more than 1.15 times the most recent year's cash flow interest coverage ratio; or

(d) a Majority of the Controlling Class votes to treat such Collateral Debt Obligation as a Credit Improved Obligation.

“Credit Improved Obligation”: Any Collateral Debt Obligation that in the commercially reasonable business judgment of the Collateral Manager (which judgment shall not be called into question as a result of subsequent events) has significantly improved in credit quality since the date of acquisition which judgment may (but need not) be based on one or more of the Credit Improved Criteria; provided, that if the Restricted Trading Condition applies, the Credit Improved Criteria has been satisfied with respect to such Collateral Debt Obligation.

“Credit Risk Criteria”: With respect to any Collateral Debt Obligation, the occurrence of any of the following:

(a) the rating of such Collateral Debt Obligation has been downgraded or put on a watch list for possible downgrade by either of the Rating Agencies since the date on which such Collateral Debt Obligation was acquired by the Issuer;

(b) if such Collateral Debt Obligation is a loan, the price of such loan has changed during the period from the date on which it was acquired by the Issuer to the proposed sale date by a percentage either at least 0.25% more negative, or at least 0.25% less positive, as the case may be, than the percentage change in the average price of a Leveraged Loan Index;

(c) if such Collateral Debt Obligation is a loan, the Market Value of such Collateral Debt Obligation has decreased by at least 1.00% of the price paid by the Issuer for such Collateral Debt Obligation;

(d) if such Collateral Debt Obligation is a loan, the spread over the applicable reference rate for such Collateral Debt Obligation has been increased in accordance with the underlying Collateral Debt Obligation since the date of acquisition;

(e) such Collateral Debt Obligation has a projected cash flow interest coverage ratio (earnings before interest and taxes *divided* by cash interest expense as estimated by the Collateral Manager) of the underlying borrower or other obligor of such Collateral Debt Obligation of less than 1.00 or that is expected to be less than 0.85 times the most recent year's cash flow interest coverage ratio;

(f) with respect to fixed-rate Collateral Debt Obligations, an increase since the date of purchase of more than 7.5% in the difference between the yield on such Collateral Debt Obligation and the yield on the relevant United States Treasury security; or

(g) with respect to which a Majority of the Controlling Class consents to treat such Collateral Debt Obligation as a Credit Risk Obligation.

“Credit Risk Obligation”: Any Collateral Debt Obligation that in the commercially reasonable business judgment of the Collateral Manager (which judgment shall not be called into question as a result of subsequent events) has a significant risk of declining in credit quality, price or, with a lapse of time, becoming a Defaulted Obligation which judgment may (but need not) be based on one or more of the Credit Risk Criteria; *provided* that, if the Restricted Trading Condition applies, the Credit Risk Criteria has been satisfied with respect to such Collateral Debt Obligation.

“Current Pay Obligation”: Any Collateral Debt Obligation (other than a DIP Loan) that (i) would otherwise be a Defaulted Obligation but for the exclusion of Current Pay Obligations from clause (a), (b), (c), (d) and (f) of the definition of Defaulted Obligation, (ii) (a) if the issuer of such Collateral Debt Obligation is subject to a bankruptcy proceeding, a bankruptcy court has authorized the issuer to make adequate protection payments and no such adequate protection payments that are due and payable are unpaid and (b) otherwise, no payments, including interest payments or scheduled principal payments, are due and payable that are unpaid, without regard to any grace period applicable thereto, or waiver thereof, after the passage (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) of a three (3) Business Day grace period, and (iii) for so long as any Debt rated by Moody's are Outstanding, satisfies the Moody's Additional Current Pay Criteria; *provided, however*, that to the extent the Aggregate Principal Balance of all Collateral Debt Obligations that would otherwise be Current Pay Obligations exceeds 7.5% in Aggregate Principal Amount of the Collateral Portfolio, such excess over 7.5% shall constitute Defaulted Obligations; *provided, further*, that in determining which of the Collateral Debt Obligations shall be included in such excess, the Collateral Debt Obligations with the lowest Market Value shall be deemed to constitute such excess.

“Current Portfolio”: At any time, the portfolio of Pledged Obligations held by the Issuer.

“Debt Payment Sequence”: The application, in accordance with the Priority of Payments, of Interest Proceeds or Principal Proceeds, as applicable, in the following order:

(a) to the payment of accrued and unpaid interest on the Class A Notes until such amounts has been paid in full;

(b) to the payment of accrued and unpaid interest on the Class B Notes until such amount has been paid in full;

(c) to the payment of principal of the Class A Notes, until the Class A Notes have been paid in full;

(d) to the payment of principal of the Class B Notes, until the Class B Notes have been paid in full;

(e) to the payment of the accrued and unpaid interest on the Class C Notes (including interest on any Class C Note Deferred Interest) and then to any Class C Note Deferred Interest, until such amounts have been paid in full;

(f) to the payment of principal of the Class C Notes, until the Class C Notes have been paid in full;

(g) to the payment of the accrued and unpaid interest on the Class D Notes (including interest on any Class D Note Deferred Interest) and then to any Class D Note Deferred Interest, until such amounts have been paid in full;

(h) to the payment of principal of the Class D Notes, until the Class D Notes have been paid in full;

(i) to the payment of the accrued and unpaid interest on the Class E Notes (including interest on any Class E Note Deferred Interest) and then to any Class E Note Deferred Interest, until such amounts have been paid in full; and

(j) to the payment of principal of the Class E Notes, until the Class E Notes have been paid in full.

“Default”: Any Event of Default or any occurrence that is, or with notice or the lapse of time or both would become, an Event of Default.

“Defaulted Interest”: Any interest due and payable in respect of any Senior Debt or, if no Senior Debt is Outstanding, in respect of the Secured Debt of the Highest Ranking Class of Secured Debt then Outstanding, which was not punctually paid on the applicable Payment Date or at Stated Maturity and remains unpaid.

“Defaulted Obligation”: A Collateral Debt Obligation shall constitute a “Defaulted Obligation” if:

(a) there has occurred and is continuing a payment default (including, without limitation, a failure of a Selling Institution to pay amounts due and payable to the Issuer with respect to the related Participation), without regard to any grace period applicable thereto, or waiver thereof, after the passage (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) of a three Business Day grace period; *provided* that a Current Pay Obligation shall not constitute a Defaulted Obligation under this clause (a);

(b) there has been initiated and is continuing in respect of the issuer of such Collateral Debt Obligation (i) a voluntary bankruptcy, insolvency or receivership proceeding or (ii) an involuntary bankruptcy, insolvency or receivership proceeding if (A) the issuer consents to such proceeding, (B) an order for relief under the United States Bankruptcy Code, or any similar order under a proceeding not taking place under the United States Bankruptcy Code, has been entered, or (C) such proceeding remains unstayed and undismissed for 90 days; *provided*, that a Current Pay Obligation or DIP Loan shall not constitute a Defaulted Obligation under this clause (b) notwithstanding any such bankruptcy, insolvency or receivership proceeding;

(c) the Collateral Manager has received notice or otherwise has actual knowledge that the issuer thereof is in default as to payment of principal or interest on another obligation, without regard to any grace period applicable thereto, or waiver thereof, after the passage (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) of a three Business Day grace period (and such default has not been cured) and either (i) such other obligation and the Collateral Debt Obligation are both full recourse unsecured obligations and the other obligation is senior to or *pari passu* in right of payment with the Collateral Debt Obligation or (ii) such other obligation and the Collateral Debt Obligation are both full recourse secured obligations secured by common collateral, the security interest securing the other obligation is senior to or *pari passu* with the security interest securing the Collateral Debt Obligation and the other obligation is senior to or *pari passu* in right of payment with the Collateral Debt Obligation; *provided* that a Collateral Debt Obligation shall not constitute a “Defaulted Obligation” under this clause (c) if it is a Current Pay Obligation or a DIP Loan;

(d) the obligor of such Collateral Debt Obligation has a “probability of default rating” assigned by Moody’s of “Ca” (or lower) or “LD” or had such rating before such rating was withdrawn, or such Collateral Debt Obligation has a Fitch Rating of “D” or had such rating before such rating was withdrawn; *provided, however*, that a Collateral Debt Obligation shall not constitute a “Defaulted Obligation” under this clause (d) if it is a Current Pay Obligation or a DIP Loan;

(e) such Collateral Debt Obligation is a Participation in a loan that would, if such loan were a Collateral Debt Obligation, constitute a “Defaulted Obligation” (other than under this clause (e)) or with respect to

which the Selling Institution has a “probability of default rating” assigned by Moody’s of “Ca” (or lower) or “LD” or had such rating before such rating was withdrawn;

(f) the Collateral Manager has received written notice or has actual knowledge that a default has occurred under the Underlying Instruments and any applicable grace period has expired such that the holders of such Collateral Debt Obligation have accelerated the repayment of such Collateral Debt Obligation (but only until such default is cured or waived or acceleration has been rescinded) in the manner provided in the Underlying Instrument; *provided* that a Current Pay Obligation shall not constitute a Defaulted Obligation under this clause (f); or

(g) a Distressed Exchange has occurred in connection with such Collateral Debt Obligation.

Notwithstanding the foregoing definition, the Collateral Manager may declare any Collateral Debt Obligation to be a Defaulted Obligation in the Collateral Manager’s reasonable judgment. For the avoidance of doubt, if a Collateral Debt Obligation becomes the subject of a Distressed Exchange, any Equity Security received by the Issuer in connection therewith shall constitute a Collateral Debt Obligation which is a Defaulted Obligation.

“Deferrable Interest Obligation”: Any Collateral Debt Obligation with respect to which under the related Underlying Instruments (a) a portion of the interest due thereon is required to be paid in Cash on each payment date therefor and is not permitted to be deferred or capitalized (which portion shall at least be equal to LIBOR or the applicable index with respect to which interest on such Collateral Debt Obligation is calculated (or, in the case of a fixed rate Collateral Debt Obligation, at least equal to 2%)) and (b) the issuer thereof or obligor thereon may defer or capitalize the remaining portion of the interest due thereon.

“Deferrable Security”: A debt obligation (other than a Deferrable Interest Obligation) which by its terms permits the deferral or capitalization of payment of accrued, unpaid interest.

“Delayed Funding Term Loan”: The portion of any loan which requires one or more future advances to be made to the borrower but which, once advanced, has the characteristics of a term loan; *provided*, that such portion of such loan shall only be considered a Delayed Funding Term Loan for so long as and only to the extent that any future funding obligations remain in effect.

“Determination Date”: With respect to a Payment Date, the last Business Day of the immediately preceding Due Period.

“DIP Loan”: Any interest in a loan or financing facility with a Moody’s Rating that is acquired directly or by way of assignment (i) which is an obligation of a debtor-in-possession as described in Section 1107 of the Bankruptcy Code or a trustee (if appointment of such trustee has been ordered pursuant to Section 1104 of the Bankruptcy Code) (a “Debtor”) organized under the laws of the United States or any State therein, (ii) which is paying interest on a current basis, (iii) the terms of which have been approved by an order of the United States Bankruptcy Court, the United States District Court, or any other court of competent jurisdiction, the enforceability of which order is not subject to any pending contested matter or proceeding (as such terms are defined in the Federal Rules of Bankruptcy Procedure) and which order provides that (a) such DIP Loan is secured by liens on the Debtor’s otherwise unencumbered assets pursuant to Section 364(c)(2) of the Bankruptcy Code, (b) such DIP Loan is secured by liens of equal or senior priority on property of the Debtor’s estate that is otherwise subject to a lien pursuant to Section 364(d) of the Bankruptcy Code, (c) such DIP Loan is secured by junior liens on the Debtor’s encumbered assets and such DIP Loan is fully secured based upon a current valuation or appraisal report, or (d) if the DIP Loan or any portion thereof is unsecured, the repayment of such DIP Loan retains priority over all other administrative expenses pursuant to Section 364(c)(1) of the Bankruptcy Code and (iv) such Collateral Debt Obligation has a Moody’s Rating of at least “Caa2” (which rating shall have been confirmed by Moody’s since the most recent filing of any petition or proceeding in bankruptcy). The Issuer shall notify each Rating Agency in writing of any amendment to any DIP Loan promptly upon receipt by the Issuer of notice of such amendment.

“Discount Obligation”: Any Collateral Debt Obligation (other than a Zero-Coupon Security) that is not a Swapped Non-Discount Obligation and that, at the time of acquisition of such Collateral Debt Obligation, the Collateral Manager determines is either:

(a) a loan that has a Moody’s Rating of “B3” or above and that is acquired by the Issuer at a price that is lower than 80% of par; or

(b) a loan that has a Moody’s Rating below “B3” and that is acquired by the Issuer at a price that is lower than 85% of par; or

(c) a loan that is acquired by the Issuer for a purchase price of less than 100% if designated by the Collateral Manager as a Discount Obligation in its sole discretion; *provided* that Aggregate Principal Amount of Collateral Debt Obligations since the Closing Date that the Collateral Manager may so designate shall not exceed 10% of the Effective Date Target Par Amount;

provided that such Collateral Debt Obligation shall cease to be a Discount Obligation at such time as (1) in the case of a Collateral Debt Obligation that is a Senior Secured Loan, the Market Value of such Collateral Debt Obligation, for any period of 30 consecutive days since the acquisition by the Issuer of such Collateral Debt Obligation equals or exceeds 90% of the Principal Balance of such Collateral Debt Obligation or (2) in the case of a Collateral Debt Obligation that is not a Senior Secured Loan, the Market Value of such Collateral Debt Obligation for any period of 30 consecutive days since the acquisition by the Issuer of such Collateral Debt Obligation equals or exceeds 85% of the Principal Balance of such Collateral Debt Obligation; *provided, further*, that if such Collateral Debt Obligation is a Revolving Credit Facility, if an outstanding non-revolving loan to its obligor ranking *pari passu* with such Revolving Credit Facility and secured by substantially the same collateral as such Revolving Credit Facility has a Market Value of at least 85%, then such Revolving Credit Facility shall be deemed not to be a Discount Obligation; *provided, further*, that a Revolving Credit Facility shall cease to be a Discount Obligation at such time as the Market Value of such Revolving Credit Facility, as determined daily for any period of 30 consecutive days since the acquisition by the Issuer of such Collateral Debt Obligation, equals or exceeds 85% of the Principal Balance of such Revolving Credit Facility.

“Discount Obligation Haircut Amount”: As of any date of determination, an amount equal to the sum of the amount for each Discount Obligation (other than Defaulted Obligations) then comprising the Collateral Debt Obligations as of such date, equal to (i) the outstanding principal amount of such Discount Obligation as of such date, multiplied by (ii) 100% *minus* the purchase price (expressed as a percentage of par) of such Discount Obligation.

“Disposed Obligation”: Any Collateral Debt Obligation with respect to which (x) Sale Proceeds are received in connection with the sale of a Credit Risk Obligation or Credit Improved Obligation or (y) an Unscheduled Principal Payment is received.

“Dissolution Expenses”: The sum of (i) an amount not to exceed the greater of (a) \$40,000 and (b) the amount (if any) reasonably estimated by the Trustee (which estimation may be based on quotes from vendors) as the sum of expenses reasonably likely to be incurred in connection with the discharge of the Indenture, the liquidation of the Collateral and the dissolution of the Issuers and (ii) any accrued and unpaid Administrative Expenses.

“Distressed Exchange”: In connection with any Collateral Debt Obligation, a distressed exchange or other debt restructuring that has occurred, as reasonably determined by the Collateral Manager, pursuant to which the issuer or obligor of such Collateral Debt Obligation has issued to the holders of such Collateral Debt Obligation a new security or package of securities or obligations that, in the sole judgment of the Collateral Manager, amounts to a diminished financial obligation or has the purpose of helping the issuer of such Collateral Debt Obligation avoid 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 meet the definition of Collateral Debt Obligation.

“Distressed Exchange Offer”: An offer by the issuer of a Collateral Debt Obligation to exchange one or more of its outstanding debt obligations for a different debt obligation or to repurchase one or more of its outstanding debt

obligations for Cash, or any combination thereof; *provided* that an offer by such issuer to exchange unregistered debt obligations for registered debt obligations shall not be considered a Distressed Exchange Offer.

“Domicile”: With respect to an issuer of, or obligor with respect to, a Collateral Debt Obligation:

- (a) except as in clause (b) below, its country of organization;
- (b) if it is organized in a Tax Advantaged Jurisdiction, each of (i) such jurisdiction and (ii) 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 source of the majority of revenues, if any, of such issuer or obligor); or
- (c) if its payment obligations in respect of such Collateral Debt Obligation (i) are guaranteed by a person or entity that is organized in the United States and (ii)(A) in the commercially reasonable judgment of the Collateral Manager, such guarantee is enforceable in the United States and that the related Collateral Debt Obligation is supported by U.S. revenue sufficient to service such Collateral Debt Obligation and all obligations senior to or *pari passu* with such Collateral Debt Obligation or (B) such guarantee satisfies the Domicile Guarantee Criteria, then the United States.

“Domicile Guarantee Criteria”: The following criteria:

- (a) The guarantee is one of payment and not of collection;
- (b) The guarantee provides that the guarantor agrees to pay the guaranteed obligations on the date due and waives demand, notice and marshaling of assets;
- (c) The guarantee provides that the guarantor's right to terminate or amend the guarantee is appropriately restricted;
- (d) The guarantee is unconditional, irrespective of value, genuineness, validity, or enforceability of the guaranteed obligations. The guarantee provides that the guarantor waives any other circumstance or condition that would normally release a guarantor from its obligations. The guarantor also waives the right of set-off and counterclaim;
- (e) The guarantee provides that it reinstates if any guaranteed payment made by the primary obligor is recaptured as a result of the primary obligor's bankruptcy or insolvency; and
- (f) In the case of cross-border transactions, the risk of withholding tax with respect to payments by the guarantor is addressed if necessary.

“Due Date”: Each date on which a Distribution is due on a Pledged Obligation.

“Due Period”: With respect to any Payment Date, the period commencing on (and including) the fifth Business Day prior to the preceding Payment Date (or, in the case of the Due Period relating to the first Payment Date, beginning on (and including) the Closing Date) and ending on (and excluding) the fifth Business Day prior to such Payment Date (or, in the case of a Due Period that is applicable to the Payment Date relating to the redemption or Stated Maturity of any Debt ending on (and excluding) such Payment Date).

“Effective Date Aggregate Principal Balance”: The Aggregate Principal Balance (excluding amounts described in clause (b) of the definition of Par Value Numerator), without regard to prepayments, maturities, redemptions or sales; *provided* that sales may only be disregarded to the extent that such sales account for less than or equal to (a) the product of 5.0% multiplied by the Effective Date Target Par Amount (the **“ARUP Sale Amount”**) minus (b) the positive difference, if any, between the Issuer’s purchase price (expressed as a Dollar amount) of the Collateral Debt Obligations sold as part of the ARUP Sale Amount and the sales price (expressed of a Dollar amount) thereof.

“Effective Date Condition”: A condition satisfied if the Issuer has caused to be provided (a) to the Trustee or Collateral Administrator, an accountants’ report (which shall not be distributed to the Rating Agencies) recalculating satisfaction of each Effective Date Tested Item and (b) to Moody’s and Fitch, the Effective Date Report confirming satisfaction of each Effective Date Tested Item as of the Effective Date.

“Effective Date Diversion Amount”: The amount of Interest Proceeds designated by the Collateral Manager as Principal Proceeds for the purchase of Collateral Debt Obligations in connection with obtaining Effective Date Rating Agency Confirmation, reduced to the extent necessary in order to avoid a delay or failure in payment of interest with respect to the Class A Notes or the Class B Notes on the first Payment Date.

“Effective Date Ratings Confirmation”: Confirmation from Moody’s of its initial ratings of each Class of the Secured Debt that it rated.

“Effective Date Ratings Confirmation Failure”: The failure to obtain Effective Date Ratings Confirmation prior to the last day of the Due Period relating to the first Payment Date; *provided* that, if the Effective Date Condition is satisfied, Effective Date Ratings Confirmation will not be required.

“Effective Date Report”: A report prepared by the Collateral Administrator on behalf of the Issuer, dated as of the Effective Date, that (a) contains the information required in a Monthly Report under the Indenture and (b) states whether the Effective Date Tested Items have been satisfied. For the avoidance of doubt, the Effective Date Report shall not include or reference the accountants’ report.

“Effective Date Target Par Amount”: \$550,000,000.

“Effective Date Target Par Balance”: The Effective Date Target Par Amount as reduced by (a) any reduction in the Aggregate Outstanding Amount of the Secured Debt through the application of Principal Proceeds or Interest Proceeds *plus* (b) the aggregate amount of Principal Proceeds that result from the issuance of any Additional Debt (other than amounts designated for deposit in the Permitted Use Account).

“Effective Date Tested Items”: Each applicable Coverage Test, each Collateral Quality Test, each Concentration Limitation and whether the Effective Date Aggregate Principal Balance is at least equal to the Effective Date Target Par Amount.

“Eligible Country”: The United States, Canada, the United Kingdom, Bermuda or the Cayman Islands or any Tax Advantaged Jurisdiction or any other country that has a Moody’s foreign currency country ceiling rating of at least “Aa3,” except that 10% of the Aggregate Principal Amount may consist of Collateral Debt Obligations that, at the time of the Issuer’s commitment to purchase, are issued by an obligor Domiciled in a country with a Moody’s foreign country ceiling rating of “A1,” “A2” or “A3.”

“Eligible Investment”: Any (a) Cash or (b) U.S. dollar denominated investment that, at the time it, or evidence of it, is delivered to the Trustee (directly or through a Clearing Corporation, securities intermediary, bailee or through book-entry crediting to a securities account under the “control” (as defined in Section 8-106 of the UCC) of, the Trustee), is (x) a “cash equivalent” for purposes of the Volcker Rule and (y) one or more of the following obligations or securities:

(i) direct Registered debt obligations of, and Registered debt obligations the timely payment of principal and interest of 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 that at the time of such investment or contractual commitment providing for such investment have, in each case, the Eligible Investment Moody’s Required Ratings and the Eligible Investment Fitch Required Ratings; *provided* that, notwithstanding the foregoing, the following securities shall not be Eligible Investments: (a) General Services Administration participation certificates, (b) U.S. Maritime Administration guaranteed Title XI financings; (c) Financing Corp. debt obligations; (d) Farmers Home Administration Certificates of Beneficial Ownership; and (e) Washington Metropolitan Area Transit Authority guaranteed transit bonds;

(ii) demand and time deposits in, certificates of deposit of, banker’s acceptances issued by, or segregated interest bearing trust accounts held by, any depository institution or trust company incorporated under the

laws of the United States of America (including the Bank) or any state thereof, which depository institution or trust company is subject to supervision and examination by federal or state banking authorities, so long as the commercial paper or 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 Moody's Required Ratings and the Eligible Investment Fitch Required Ratings;

(iii) commercial paper issued by a partnership, limited liability company or trust, or any branch or agency thereof, organized, incorporated or otherwise located in the United States of America or any of its territories, such commercial paper or other short-term obligations (a) having been assigned at the time of such investment the Eligible Investment Moody's Required Ratings and the Eligible Investment Fitch Required Ratings, and (b) being Registered and either (x) interest bearing or (y) sold at a discount from the face amount thereof and having a maturity of not more than 183 days from their date of issuance; and

(iv) registered offshore money market funds which have, at the time of investment, (a) a credit rating of "Aaa-mf" by Moody's and (b) either the highest credit rating assigned by Fitch ("AAAmf") to the extent rated by Fitch or otherwise the highest credit rating assigned by another NRSRO (excluding Moody's); provided, that if the credit rating of any such offshore money market fund has been downgraded below "Aaa-mf" by Moody's or has been downgraded below the highest credit rating referred to in clause (b) above by Fitch or the applicable NRSRO, the Trustee shall dispose of such offshore money market fund as soon as practicable after such downgrade as directed by the Collateral Manager;

and, in each case, (x) mature (giving effect to any applicable grace period) no later than the lesser of (A) the second Business Day (or, in the case of direct Registered debt obligations described in clause (i) above, no later than one Business Day) prior to the Payment Date next following the Due Period in which the date of investment occurs, unless such Eligible Investment is issued by the Bank, in which event such Eligible Investment may mature (giving effect to any applicable grace period) on the Business Day next preceding such Payment Date and (B) 60 days from the date of acquisition by the Issuer, and (y) has a predetermined amount of principal due at maturity which is not subject to change; *provided, however*, that Eligible Investments shall not include any mortgage-backed security, any interest-only security, any security purchased at a price in excess of par, any security that is subject to withholding or similar taxes (including with respect to any gain thereon), other than pursuant to FATCA, unless the issuer thereof is required to make gross-up payments to the Issuer covering the full amount of the withholding tax, any security whose repayment is subject to substantial non-credit related risk as reasonably determined by the Collateral Manager, any security subject to an Offer below par, or any security or obligation that is secured by real property. Eligible Investments may include those investments with respect to which the Trustee or the Collateral Manager or an Affiliate of the Trustee or the Collateral Manager provides services or receives compensation. As used in this definition, ratings may not include ratings with a "p," "pi," "q," "r" or "t" subscript.

"Eligible Investment Fitch Required Ratings": For securities (i) with remaining maturities up to 30 days, a short-term credit rating of at least "F1" and a long-term credit rating of at least "A" (if such long-term rating exists) from Fitch or (ii) with remaining maturities of more than 30 days but not in excess of 60 days, a short-term credit rating of "F1+" and a long-term credit rating of at least "AA-" (if such long-term rating exists) from Fitch.

"Eligible Investment Moody's Required Ratings": A short-term credit rating of "P-1" from Moody's or, if no short-term rating exists, a long-term credit rating of at least "Aa2" from Moody's.

"Eligible Loan Index": With respect to each Collateral Debt Obligation that is a loan, one of the following indices as selected by the Collateral Manager upon the acquisition of such Collateral Debt Obligation: the Credit Suisse Leveraged Loan Indices (formerly the DLJ Leveraged Loan Index Plus), the Deutsche Bank Leveraged Loan Index, the Goldman Sachs/Loan Pricing Corporation Liquid Leveraged Loan Index, the Merrill Lynch Leveraged Loan Index, the S&P/LSTA Leveraged Loan Indices or any successor or other comparable nationally recognized loan index; *provided* that the Collateral Manager may change the index applicable to a Collateral Debt Obligation to another Eligible Loan Index at any time following the acquisition thereof after giving notice to each Rating Agency, the Trustee and the Collateral Administrator so long as the same index applies to all Collateral Debt Obligations for which this definition applies.

“Eligible Principal Investments”: Those Eligible Investments purchased with (or, in the case of Cash, representing) Principal Proceeds, Unused Proceeds or proceeds of the issuance of Additional Debt (if any).

“Equity Security”: (i) Any equity security or other security that is not eligible for purchase by the Issuer as a Collateral Debt Obligation or (ii) any security purchased as part of a “unit” with a Collateral Debt Obligation and that itself is not eligible for purchase by the Issuer as a Collateral Debt Obligation.

“Euroclear”: Euroclear Bank S.A./N.V., as operator of the Euroclear System, and any successor or successors thereto.

“Excepted Advances”: Customary advances made to protect or preserve rights against the borrower of or obligor under a Collateral Debt Obligation or to indemnify an agent or representative for lenders pursuant to the Underlying Instrument.

“Excepted Property”: (i) The amounts (if any) remaining from the U.S.\$250 transaction fee paid to the Issuer in consideration of the issuance of the Notes, (ii) the amounts (if any) remaining from the proceeds of the issuance and allotment of the Issuer’s ordinary shares, (iii) any account in the Cayman Islands maintained in respect of the funds referred to in items (i) and (ii) above (and any amounts credited thereto and any interest thereon), (iv) the membership interests of the Co-Issuer, (v) any Tax Reserve Account and any funds deposited in or credited to any such account and (vi) any Margin Stock or the U.S. dollar amount of any liquidation thereof.

“Exchange Act”: The United States Securities Exchange Act of 1934, as amended.

“Exchange Transaction”: The exchange (by means of (i) a disposition of an Exchanged Obligation and an acquisition of a Received Obligation or (ii) an exchange of an Exchanged Obligation for a Received Obligation (without the payment of any additional funds other than reasonable and customary transfer costs)) of (a) a debt obligation that is a Defaulted Obligation for another debt obligation that is a Defaulted Obligation or (b) a debt obligation that is a Credit Risk Obligation for another debt obligation that is a Credit Risk Obligation, in each case, that in the Collateral Manager’s reasonable judgment has a greater likelihood of recovery or is of better value or quality than the Defaulted Obligation or Credit Risk Obligation, as applicable, for which it was exchanged which, but for the fact that such debt obligation is a Defaulted Obligation or a Credit Risk Obligation, as applicable, would otherwise qualify as a Collateral Debt Obligation and in connection with such exchange the Collateral Manager has determined that, in the Collateral Manager’s reasonable business judgment, (i) at the time of the exchange, the Received Obligation has a better likelihood of recovery or is of better value or quality than the Exchanged Obligation, (ii) at the time of the exchange, the Received Obligation is no less senior in right of payment with regard to such obligor’s other outstanding indebtedness than the Exchanged Obligation, (iii) both prior to and after giving effect to such exchange, each of the Coverage Tests is satisfied, (iv) at the time of the exchange, the Moody’s Rating of the Received Obligation is no lower than that of the Exchanged Obligation, (v) after giving effect to the exchange, the Concentration Limitations and the Collateral Quality Tests would be satisfied, (vi) when determining the period during which the Issuer holds the Received Obligation, the period during which the Issuer held the Exchanged Obligation will be added to the period beginning at the time of acquisition of the Received Obligation and running through the applicable date of determination for all purposes herein and (vii) the Exchanged Obligation was not acquired in an Exchange Transaction; *provided, however*, that if the sale price of the Exchanged Obligation is lower than the purchase price of the Received Obligation, any Cash consideration payable by the Issuer in connection with any Exchange Transaction shall be payable with (x) Interest Proceeds so long as, after giving effect to such acquisition, there would be sufficient proceeds pursuant to the Priority of Payments to pay in full all amounts payable pursuant to the Priority of Payments prior to payments to the Holders of Subordinated Notes on the next succeeding Payment Date and/or (y) Permitted Amounts.

“Exchanged Obligation”: A Defaulted Obligation or Credit Risk Obligation exchanged in an Exchange Transaction.

“Expense Reserve Account”: The account established pursuant to and described in the Indenture.

“FATCA”: Sections 1471 through 1474 of the Code and any applicable intergovernmental agreement entered into in respect thereof (including the Cayman IGA), and any related provisions of law, court decisions or administrative guidance.

“FATCA Compliance”: Compliance with FATCA, as necessary so that no tax will be imposed or withheld thereunder in respect of payments to or for the benefit of the Issuer.

“Fee Basis Amount”: With respect to each Payment Date, the sum of (a) the outstanding principal amount of all Collateral Debt Obligations (including undrawn commitments that have not been irrevocably reduced in respect of Revolving Credit Facilities or Delayed Funding Term Loans and any Collateral Debt Obligation held by an Issuer Subsidiary) and (b) the Balance of any Eligible Principal Investments measured as of the first day of the related Due Period; *provided* that, with respect to the first Payment Date, the Fee Basis Amount shall be the average of such amounts measured as of the Closing Date and the first Business Day of each calendar month thereafter in the first Due Period.

“First LIBOR Period End Date”: The date that is three months prior to the first Payment Date after the Closing Date.

“Fitch”: Fitch Ratings, Inc. and any successor in interest.

“Fitch Eligible Counterparty Rating”: With respect to an institution, investment or counterparty, a short-term credit rating of at least “F1” and a long-term credit rating of at least “A” by Fitch.

“Fixed Rate Collateral Debt Obligations”: Collateral Debt Obligations (other than Defaulted Obligations) that bear interest at a fixed rate, including Collateral Debt Obligations whose fixed interest rate increases periodically over the life of such Collateral Debt Obligations.

“Fixed Rate Notes”: Notes that bear interest at a fixed rate.

“Floating Rate Collateral Debt Obligations”: Collateral Debt Obligations (other than Defaulted Obligations) that are not Fixed Rate Collateral Debt Obligations.

“Floating Rate Notes”: Notes that bear interest at a floating rate.

“Global Note”: Any Rule 144A Global Note, Temporary Global Note or Regulation S Global Note.

“Gross Fixed Rate Excess”: As of any Measurement Date, the product of (a) the greater of zero and the excess, if any, of the Weighted Average Fixed Coupon (calculated without regard to clause (d) of the definition thereof) for such Measurement Date over the Minimum Weighted Average Fixed Rate Coupon and (b) the Aggregate Principal Balance of all Fixed Rate Collateral Debt Obligations held by the Issuer as of such Measurement Date (excluding to the extent of any non-Cash interest any Deferrable Interest Obligation).

“Gross Spread Excess”: As of any Measurement Date, the product of (a) the excess, if any, of the Weighted Average Spread (calculated without regard to clause (d) of the definition thereof) for such Measurement Date over the Minimum Weighted Average Spread and (b) the Aggregate Principal Balance of all Floating Rate Collateral Debt Obligations held by the Issuer as of such Measurement Date (excluding to the extent of any non-Cash interest any Deferrable Interest Obligation).

“Higher Ranking Class”: With respect to any Class of Debt, each Class of Debt specified as such in the “Summary of Terms—Debt Offered.”

“Highest Ranking Class”: The Class A Notes for so long as any Class A Notes are Outstanding, and thereafter the Class of Notes that does not have a Higher Ranking Class of Notes Outstanding at such time.

“Holder”: With respect to any Debt, the Person in whose name such Debt is registered in the Notes Register.

“Holder Reporting Obligations”: The obligation (a) to obtain and provide to the Issuer and the Trustee (including their agents and representatives) information or documentation, or to update or correct such information or documentation, as may be necessary or helpful (in the sole determination of the Issuer or the Trustee or their agents, as applicable) to achieve FATCA Compliance and (b) that the information or documentation described in clause (a) is accurate and complete.

“Illiquid Asset”: A Defaulted Obligation, Equity Security, obligation received in connection with an Offer or other exchange or any other security or debt obligation that is part of the Collateral, in respect of which (i) the Issuer has not received a payment in Cash during the preceding year and (ii) the Collateral Manager certifies that it is not aware, after reasonable inquiry, that the issuer or obligor of such asset has publicly announced or informed the holders of such asset that it intends to make a payment in Cash in respect of such asset within the next year.

“Incurrence Covenant”: A covenant by the underlying obligor under a loan to comply with one or more financial covenants only upon the occurrence of certain actions of the underlying obligor or certain events relating to the underlying obligor, including, but not limited to, a debt issuance, dividend payment, share purchase, merger, acquisition or divestiture, unless, as of any date of determination, such action was taken or such event has occurred, in each case the effect of which causes such covenant to meet the criteria of a Maintenance Covenant.

“Independent”: As to any Person, any other Person who (i) does not have and is not committed to acquire any material direct or indirect financial interest in such Person or in any Affiliate of such Person, (ii) is not connected with such Person as an officer, employee, promoter, underwriter, voting trustee, partner, director or Person performing similar functions and (iii) is not Affiliated with an organization that fails to satisfy the criteria set forth in (i) and (ii). “Independent” when used with respect to any accountant may include an accountant who audits the books of any Person if in addition to satisfying the criteria set forth above the accountant is independent with respect to such Person within the meaning of Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants.

“Initial Investment Period”: The period from, and including, the Closing Date to, but excluding, the Effective Date.

“Initial Rating”: With respect to any Rating Agency, the initial rating specified in the “Summary of Terms—Debt Offered.”

“Institutional Accredited Investor”: An institutional Accredited Investor as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act that is not also a Qualified Institutional Buyer.

“Interest Accrual Period”: The period from and including the Closing Date to but excluding the first Payment Date, and each successive period from and including each Payment Date to but excluding the following Payment Date (or, in the case of each Class of Notes being redeemed on a Refinancing Date or a Re-Pricing Redemption Date, to but excluding such Refinancing Date or Re-Pricing Redemption Date). For the purpose of determining the Interest Accrual Period in respect of any Fixed Rate Notes, the applicable Payment Date will be assumed to be the 15th day of the relevant month (whether or not such day is a Business Day).

“Interest Collection Account”: The sub-account to the Collection Account established under the Indenture.

“Interest Coverage Ratio”: With respect to any designated Class or Classes of Secured Debt and as of any Measurement Date on and after the Determination Date related to the second Payment Date, the ratio (expressed as a percentage) obtained by dividing:

(a) the sum of the scheduled distributions of interest (including all Sale Proceeds received in respect of accrued and unpaid interest which constitute Interest Proceeds) due (including such as are due and paid) in the Due Period in which such Measurement Date occurs (regardless of whether the Due Date for such interest payment has occurred) on the Pledged Obligations (other than Defaulted Obligations and Deferrable Interest Obligations with respect to which a notice of deferral has been received with respect to scheduled distributions of interest during such Due Period, but including Interest Proceeds actually received from Deferrable Interest Obligations (in accordance with the definition of Interest Proceeds)) held in any of the Accounts plus, without duplication, other scheduled amounts of interest payable in respect of Revolving Credit Facilities and Delayed Funding Term Loans in such Due Period plus, without duplication, all other Interest Proceeds due (including such as are due and paid) in such Due Period, *minus* the amounts payable in clauses (A) through (D) of the Priority of Interest Proceeds on the Payment Date related to the Due Period in which such Measurement Date occurs; by

(b) the sum of the Interest Distribution Amounts due for such Class or Classes and any Higher Ranking Class of Secured Debt, in each case, on the Payment Date related to the Due Period in which such Measurement Date occurs.

For the purposes of calculating any Interest Coverage Ratio: (i) interest that (during the Due Period in which such Measurement Date occurs) accrued on any Non-Quarterly Pay Obligation shall be included in such calculation, but only to the extent that the Collateral Manager reasonably believes it shall be paid in Cash when due; (ii) interest that (during the Due Period in which such Measurement Date occurs) is scheduled to be paid on any Non-Quarterly Pay Obligation shall be included in such calculation only to the extent such amount was not included in the calculation of the Interest Coverage Ratio in a prior Due Period pursuant to the immediately preceding clause (i); (iii) scheduled distributions of interest on the Collateral Debt Obligations and the Eligible Investments shall only include scheduled interest payments that the Collateral Manager reasonably believes will be made in Cash during the applicable Due Period; and (iv) interest scheduled to be paid on the applicable Secured Debt on the following Payment Date shall be considered due on any Measurement Date prior to or on such Payment Date even if all or a portion of such interest is expected to become Deferred Interest on such Payment Date.

“Interest Coverage Test”: Each of the Senior Debt Interest Coverage Test, the Class C Note Interest Coverage Test and the Class D Note Interest Coverage Test, which shall be satisfied if the related Interest Coverage Ratio is equal to or greater than the ratio specified below:

Test	Minimum (%)
Senior Debt Interest Coverage Test	120.0
Class C Note Interest Coverage Test	115.0
Class D Note Interest Coverage Test	110.0

For purposes of calculating any Interest Coverage Test, if LIBOR used to determine the applicable Interest Rate of the Floating Rate Notes for a particular Interest Accrual Period is more than 30 basis points higher than the lowest LIBOR determined in respect of the period of 30 Business Days prior to the first day of such Interest Accrual Period, the applicable test will be deemed satisfied as of each Measurement Date during such Interest Accrual Period (including as of the Determination Date in such Interest Accrual Period) so long as such Interest Coverage Test was satisfied as of the immediately preceding Determination Date without reference to this provision.

“Interest Distribution Amount”: With respect to any Class of Secured Debt and any Payment Date, (a) the aggregate amount of interest accrued, at the applicable Interest Rate or Interest Rates, during the related Interest Accrual Period on (i) the Aggregate Outstanding Amount of the Secured Debt of such Class for each day during such Interest Accrual Period and (ii) any Defaulted Interest not previously paid relating thereto, plus (b) any Defaulted Interest not previously paid.

“Interest Proceeds”: With respect to any Payment Date, without duplication:

(a) all payments of interest and other income received by the Issuer during the related Due Period on the Pledged Obligations, including the accrued interest received in connection with a sale thereof during the related Due Period, (including Reinvestment Income, if any, but excluding (w) the Effective Date Diversion Amount (if any) as designated by the Collateral Manager, (x) any interest received on Defaulted Obligations, except as provided in clauses (d), (e) and (f) below, (y) any Purchased Accrued Interest and (z) any interest deposited in the Non-Quarterly Pay Interest Reserve Account);

(b) unless otherwise designated by the Collateral Manager, all amendment and waiver fees, all late payment fees and all other fees and commissions received by the Issuer during such Due Period in connection with the Pledged Obligations (other than fees and commissions received in connection with (x) the lengthening of the maturity of the related Collateral Debt Obligation as determined by the Collateral Manager at its discretion (with notice to the Trustee and the Collateral Administrator), or (y) the reduction of par of the related Collateral Debt Obligation);

(c) commitment fees and other similar fees received by the Issuer during the related Due Period in respect of Revolving Credit Facilities and Delayed Funding Term Loans;

(d) all payments other than principal payments received by the Issuer during the related Due Period on Collateral Debt Obligations that are Defaulted Obligations solely as the result of a Moody’s Rating of “LD” in relation thereto;

(e) if elected by the Collateral Manager, payments received and recoveries by the Issuer on Defaulted Obligations (including interest received on Defaulted Obligations) and proceeds from the sale or other disposition of any Defaulted Obligation; *provided, however*, that, except as set forth in clause (d) above and clause (f) below, payments received and recoveries on Defaulted Obligations and proceeds from the sale or other disposition of any Defaulted Obligation shall be included as Interest Proceeds only to the extent that total payments, recoveries and proceeds received by the Issuer thereon exceed the outstanding principal amount thereof at the time of default;

(f) to the extent such amount was purchased with Interest Proceeds, accrued interest received by the Issuer in connection with any Pledged Obligation;

(f) any Permitted Amounts designated as Interest Proceeds by the Collateral Manager;

(h) all payments of principal and interest on Eligible Investments purchased with Interest Proceeds;

(i) any amounts deposited in the Interest Collection Account as Interest Proceeds from the Non-Quarterly Pay Interest Reserve Account;

(j) any amounts designated as Interest Proceeds from (i) the Revolving Credit Facility Reserve Account, (ii) the Expense Reserve Account, or (iii) monies deposited into the Collection Account from external sources, in each case in accordance with the Indenture;

(k) to the extent not designated by the Collateral Manager as Principal Proceeds, all premiums (including prepayment premiums but, for the avoidance of doubt, excluding amounts representing gains on dispositions of Collateral Debt Obligations) received during such Due Period on the Collateral Debt Obligations;

(l) any withdrawal or distribution by an Issuer Subsidiary characterized as such in accordance with the Indenture;

(m) any Refinancing Proceeds not applied to redeem the Secured Debt being refinanced and designated as Interest Proceeds by the Collateral Manager;

(n) any Re-Pricing Proceeds not applied to redeem the Notes of a Re-Priced Class being redeemed and designated as Interest Proceeds by the Collateral Manager; and

(o) any payments received as repayment for Excepted Advances (other than Excepted Advances made from Principal Proceeds).

With respect to the final Payment Date, Interest Proceeds shall include any amount referred to in clauses (a) through (o) above received on or prior to the Business Day immediately preceding the final Payment Date.

For the avoidance of doubt, except with respect to any Reinvestment Income, amounts on deposit in the Unused Proceeds Account shall not constitute Interest Proceeds.

“Interest Rate”: With respect to the Secured Debt of any Class, the annual rate at which interest accrues on the Secured Debt of such Class, equal to the rate specified in “Summary Debt Offered” (or, if a Re-Pricing becomes effective with respect to such Class, the interest rate resulting from such Re-Pricing).

“Intermediary”: The entity maintaining an account pursuant to an account agreement.

“Internal Rate of Return”: With respect to any Payment Date, an annualized internal rate of return (computed using the “XIRR” function in Microsoft™ Excel 2002 or an equivalent function in another software package), stated on a *per annum* basis, for the following cash flows: (1) an amount in respect of the Subordinated Notes issued on the Closing Date equal to U.S.\$52,000,000, (2) the fair market value (as reasonably determined by the Collateral Manager) of any Contributions by Holders of the Subordinated Notes as of the date of each such Contribution, (3) the Aggregate Outstanding Amount of any Subordinated Notes issued on any date after the Closing Date, (4) each distribution of Interest Proceeds made to the Holders of Subordinated Notes on any prior Payment Date and, to the extent necessary to reach the applicable Internal Rate of Return, such Payment Date, and (5) each distribution of Principal Proceeds made to the Holders of Subordinated Notes on any prior Payment Date and, to the extent necessary to reach the applicable Internal Rate of Return, such Payment Date. For purposes of this calculation, the amounts determined in clauses (1), (2) and (3) above shall be negative.

“Investment Advisers Act”: The U.S. Investment Advisers Act of 1940, as amended.

“Investment Company Act”: The U.S. Investment Company Act of 1940, as amended.

“Investment Criteria Adjusted Balance”: With respect to any Collateral Debt Obligation, the Principal Balance of such Collateral Debt Obligation; provided, that for all purposes the Investment Criteria Adjusted Balance of any:

(a) Deferrable Interest Obligation that has not paid interest in Cash for six consecutive months will be the amount calculated pursuant to clause (c) of the definition of Par Value Numerator with respect to such Deferrable Interest Obligation;

(b) Defaulted Obligations will be the amount calculated pursuant to clause (c) of the definition of Par Value Numerator with respect to such Defaulted Obligation;

(c) Discount Obligation will be the purchase price of such Discount Obligation; and

(d) Collateral Debt Obligation described in clause (x) of the definition of Caa Excess or clause (x) of the definition of CCC Excess will be the Market Value Amount of such Collateral Debt Obligation;

provided, further, that if more than one of the foregoing clauses (a), (b), (c) or (d) is applicable with respect to any Collateral Debt Obligation, the Investment Criteria Adjusted Balance for such Collateral Debt Obligation will be the lowest amount determined pursuant to clauses (a), (b), (c) or (d).

“Issuers”: The Issuer and the Co-Issuer, collectively.

“Knowledgeable Employee”: The meaning specified in Rule 3c-5 under the Investment Company Act.

“Lease Financing Transaction”: Any transaction pursuant to which the obligations of the lessee to pay rent or other amounts on a triple net basis under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, are to be classified and accounted for as a lease on a balance sheet of such lessee under generally accepted accounting principles in the United States; but only if (a) such lease or other transaction provides for the unconditional obligation of the lessee to pay a stated amount of principal no later than a stated maturity date, together with interest thereon, and the payment of such obligation is not subject to any material non-credit related risk, (b) the obligations of the lessee in respect of such lease or other transaction are secured, directly or indirectly, by the property that is the subject of such lease, (c) the interest held in respect of such lease or other transaction is treated as debt for U.S. federal income tax purposes and (d) has an Assigned Moody’s Rating.

“Leveraged Loan Index”: The Daily S&P/LSTA U.S. Leveraged Loan 100 Index, Bloomberg ticker SPBDLLB, any successor index thereto or any comparable U.S. leveraged loan index reasonably designated by the Collateral Manager with notice to each Rating Agency.

“LIBOR”: The London interbank offered rate for U.S. Dollar deposits for the Index Maturity. With respect to the Secured Debt, LIBOR will be the greater of (a) LIBOR as determined pursuant to this definition and (b) 0.00%.

(i) On any LIBOR Determination Date, the rate, as obtained by the Calculation Agent from Bloomberg Financial Markets Commodities News, for Eurodollar deposits of the Index Maturity that are compiled by the British Banker’s Association or any successor thereto, as of 11:00 a.m. (London time) on such LIBOR Determination Date; *provided* that LIBOR for the period from the Closing Date to the First LIBOR Period End Date shall be determined by interpolating linearly between rates with the applicable maturity; *provided, further*, that if a rate for the applicable Index Maturity does not appear thereon, it shall be determined by the Calculation Agent by using Linear Interpolation (as defined in the International Swaps and Derivatives Association, Inc. 2000 ISDA Definitions and substituting the term “Index Maturity” for the term “Designated Maturity” in such definition).

(ii) On any LIBOR Determination Date, if such rate is not reported by Bloomberg Financial Markets Commodities News or other information data vendors selected by the Calculation Agent, the Calculation Agent shall determine the arithmetic mean of the offered quotations of the Reference Banks (as defined below) to leading banks in the London interbank market for Eurodollar deposits of the Index Maturity in an amount determined by the Calculation Agent by reference to requests for quotations as of approximately 11:00 a.m. (London time) on the LIBOR Determination Date made by the Calculation Agent to the Reference Banks. If, on any LIBOR Determination Date, at least two of the Reference Banks provide such quotations, LIBOR shall equal such arithmetic mean of such quotations. If, on any LIBOR Determination Date, only one or none of the Reference Banks provide such quotations, LIBOR shall be deemed to be the arithmetic mean of the offered quotations that leading banks in the City of New York selected by the Calculation Agent (after consultation with the Collateral Manager) are quoting on the relevant LIBOR Determination Date for Eurodollar deposits of the Index Maturity in an amount determined by the Calculation Agent by reference to the principal London offices of leading banks in the London interbank market; *provided, however*, that if the Calculation Agent is required but is unable to determine a rate in accordance with at least one of the procedures provided above, LIBOR shall be LIBOR as determined on the previous LIBOR Determination Date.

(iii) As used herein: “Reference Banks” means four major banks in the London interbank market selected by the Calculation Agent (after consultation with the Collateral Manager); **“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; **“Index Maturity”** means, with respect to the Floating Rate Notes, three months; *provided* that with respect to the period from the Closing Date to the First LIBOR Period End Date, LIBOR shall be determined by interpolating linearly between the rate for the next shorter period of time for which rates are available and the rate for the next longer period of time for which rates are available). If at any time the three-month rate is applicable but not available, LIBOR will be determined by interpolating linearly between the rate for the next shorter period of time for which rates are available and the rate for the next longer period of time for which rates are available. All interpolated rates will be rounded to five decimal places.

(iv) **“LIBOR Determination Date”** means (A) with respect to the first Interest Accrual Period, (i) for the period from the Closing Date to but excluding the First LIBOR Period End Date, the second London Banking Day preceding the Closing Date and (ii) for the remainder of the first Interest Accrual Period, the second London

Banking Day preceding the First LIBOR Period End Date; and (B) with respect to each Interest Accrual Period thereafter, the second London Banking Day preceding the first day of such Interest Accrual Period.

With respect to any Collateral Debt Obligation, LIBOR shall be the London interbank offered rate determined in accordance with the related Underlying Instrument. For purposes of the calculation of any Interest Coverage Test, in respect of the proviso to the definition of “Interest Coverage Test,” LIBOR shall be determined as of each London Banking Day in the period of 30 Business Days prior to the first day of the relevant Interest Accrual Period as if each such London Banking Day were a LIBOR Determination Date.

“**Libor Floor Obligation**”: As of any date, a floating rate Collateral Debt Obligation (a) for which the related Underlying Instruments allow a libor rate option, (b) that provides that such libor rate is (in effect) calculated as the greater of (i) a specified “floor” rate *per annum* and (ii) the London interbank offered rate for the applicable interest period for such Collateral Debt Obligation and (c) that, as of such date, bears interest based on such libor rate option, but only if as of such date the London interbank offered rate for the applicable interest period is less than such floor rate.

“**Liquidation Payment Date**”: The fifth Business Day following the receipt by the Trustee of all proceeds of the sale and liquidation of Collateral pursuant to Article V hereof, or such other date as determined by the Trustee.

“**Listed Notes**”: Each Class of Notes specified as such in the “Summary of Terms—Debt Offered.”

“**Long-Dated Obligation**”: Any obligation with a maturity later than the Stated Maturity of the Debt; *provided*, that, if any Collateral Debt Obligation has scheduled distributions that occur both before and after the Stated Maturity of the Debt, only the scheduled distributions on such Collateral Debt Obligation occurring after the Stated Maturity of the Debt shall constitute a Long-Dated Obligation; *provided, further*, that, in determining the scheduled distributions on such Collateral Debt Obligation occurring after the Stated Maturity of the Debt, such Collateral Debt Obligation shall be deemed to have a maturity and amortization schedule based on zero prepayments.

“**Lower Ranking Class**”: With respect to any Class, each Class specified as such in the “Summary of Terms—Debt Offered.”

“**Maintenance Covenant**”: As of any date of determination, a covenant by the underlying obligor of a loan to comply with one or more financial covenants during each reporting period applicable to such loan, whether or not any action by, or event relating to, the underlying obligor occurs after such date of determination.

“**Majority**”: With respect to the Debt or any Class, the Holders of more than 50% of the Aggregate Outstanding Amount of the Debt of such Class.

“**Margin Stock**”: Margin Stock as defined under Regulation U issued by the Board of Governors of the U.S. Federal Reserve System.

“**Market Value**”: On any date of determination, for any Collateral Debt Obligation, the percentage of par determined by the Collateral Manager based on the following:

- (a) the bid price or value determined by an Approved Pricing Service selected by the Collateral Manager,
- (b) if a bid price or value is not available from an Approved Pricing Service, then
 - (i) the average of the bid side prices or values determined by three broker dealers that are Independent of the Collateral Manager and Independent of each other, selected by the Collateral Manager, and who are active in the trading of such securities, or

(ii) if only two such bid prices or values are available, the lower of such two bid prices or values, or

(iii) if more than one such bid price or value is not available, then the bid price or value determined by a broker dealer that is Independent of the Collateral Manager, selected by the Collateral Manager, and who is active in the trading of such securities, or

(c) if no bid side price is available pursuant to clause (a) or (b) above, then the lower of: (A)(1) so long as the Collateral Manager is a registered adviser under the Investment Advisers Act, the value of such Collateral Debt Obligation determined by the Collateral Manager using its commercially reasonable business judgment (*provided* that the Collateral Manager uses such value as the market value for that Collateral Debt Obligation for all other purposes, whether with respect to the Issuers or otherwise) or (2) if the Collateral Manager is not a registered adviser under the Investment Advisers Act, for a period not to exceed 30 days, the value of such Collateral Debt Obligation determined by the Collateral Manager using its commercially reasonable business judgment (*provided* that the Collateral Manager uses such value as the market value of that Collateral Debt Obligation for all other purposes, whether with respect to the Issuers or otherwise) and after 30 days, zero; and (B) 70%;

provided, that, with respect to clause (c)(A), such bid price, value or bid side market value, as the case may be, shall be the same price or value that the Collateral Manager uses to assign a market value to such Collateral Debt Obligation for any other purpose including outside the context of this transaction; *provided, further*, that, if the market value of any Collateral Debt Obligation cannot be determined by the application of (a), (b) or (c) above within 30 days, the Market Value shall be zero until such determination is made in accordance with clause (a), (b) or (c) above. Equity Securities shall be deemed to have a Market Value of zero.

“Market Value Amount”: With respect to any Collateral Debt Obligation on any date of determination, its outstanding principal balance multiplied by its Market Value.

“Maturity”: With respect to any Debt, the date on which the unpaid principal of such Debt becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

“Measurement Date”: On and after the Effective Date, (i) each date the Reinvestment Criteria apply in connection with the acquisition, distribution or substitution of a Collateral Debt Obligation, (ii) the Effective Date, (iii) each Determination Date, (iv) the date specified in respect of each Monthly Report as the Measurement Date applicable to such Monthly Report and (v) any Business Day specified as a Measurement Date, with not less than two Business Days’ notice, by either Rating Agency.

“Middle Market Loan”: A loan issued by an issuer having a total potential indebtedness (as determined by original issuance size) under all loan agreements, indentures and other underlying instruments entered into directly or indirectly by such issuer as of such date of less than or equal to \$250,000,000.

“Minimum Weighted Average Fixed Rate Coupon”: 7.0%.

“Minimum Weighted Average Spread”: The “Minimum Weighted Average Spread” set forth in the Asset Quality Matrix Combination *minus* the Moody’s Weighted Average Recovery Rate Adjustment.

“Moody’s”: Moody’s Investors Service, Inc. and any successor thereto.

“Moody’s Additional Current Pay Criteria”: Criteria satisfied with respect to any Collateral Debt Obligation if (a) either such Collateral Debt Obligation has (i) a Market Value of at least 85% of its Principal Balance and a Moody’s Rating of at least “Caa2”; or (ii) a Market Value of at least 80% of its Principal Balance and a Moody’s Rating of at least “Caa1,” or (b) if such Collateral Debt Obligation is a loan and the price of the Eligible Loan Index is trading below 90%, such Collateral Debt Obligation has either (i) a Market Value of at least 85% of the average price of the applicable Eligible Loan Index and a Moody’s Rating of at least “Caa2” or (ii) a Market Value of at least 80% of the average price of the applicable Eligible Loan Index and a Moody’s Rating of at least “Caa1”. For purposes of this

definition, with respect to a Collateral Debt Obligation already owned by the Issuer whose facility rating from Moody's is withdrawn, the facility rating shall be the last outstanding facility rating before such withdrawal.

“Moody’s Adjusted Weighted Average Rating Factor”: As of any date of determination, a number equal to the Moody’s Weighted Average Rating Factor determined in the following manner: for purposes of determining a Moody’s Default Probability Rating in connection with determining the Moody’s Weighted Average Rating Factor for purposes of this definition, the last paragraph of the definition of Moody’s Default Probability Rating shall be disregarded, and instead each applicable rating on review by Moody’s for possible upgrade or downgrade that is on (a) review for possible upgrade will be treated as having been upgraded by one rating subcategory, (b) review for possible downgrade will be treated as having been downgraded by two rating subcategories and (c) negative outlook will be treated as having been downgraded by one rating subcategory.

“Moody’s Collateral Value”: With respect to any Defaulted Obligation (including, for purposes of the calculation of the Par Value Numerator, any Deferrable Interest Obligation that is treated as a Defaulted Obligation pursuant to the terms thereof), (a) as of any date of determination during the first 30 days in which the obligation is a Defaulted Obligation, the Moody’s Recovery Amount of such Defaulted Obligation as of such date or (b) as of any date of determination after the 30 day period referred to in clause (a), the lesser of (i) the Moody’s Recovery Amount of such Defaulted Obligation as of such date and (ii) the Market Value Amount of such Defaulted Obligation as of such date.

“Moody’s Counterparty Criteria”: With respect to any Participation proposed to be acquired by the Issuer, criteria that will be met if immediately after giving effect to such acquisition, (a) the percentage in Aggregate Principal Amount of the Collateral Portfolio that consists in the aggregate of Participations with Selling Institutions that have the same or a lower Moody’s credit rating does not exceed the “Aggregate Percentage Limit” set forth below for such Moody’s credit rating and (b) the percentage in Aggregate Principal Amount of the Collateral Portfolio that consists in the aggregate of Participations with any single Selling Institution that has the Moody’s credit rating set forth under “Individual Percentage Limit” below or a lower credit rating does not exceed the “Individual Percentage Limit” set forth below for such Moody’s credit rating:

Moody’s credit rating of Selling Institution (at or below)	Aggregate Percentage Limit	Individual Percentage Limit
Aaa	20.0%	20.0%
Aa1	20.0%	10.0%
Aa2	20.0%	10.0%
Aa3	15.0%	10.0%
A1	10.0%	5.0%
A2* and “P-1” (both)	5.0%	5.0%
A3	0.0%	0.0%

* and not on watch for possible downgrade.

“Moody’s Diversity Test”: A test that will be satisfied on any date of determination if the Diversity Score (rounded to the nearest whole number) equals or exceeds the number set forth in the Asset Quality Matrix Combination under “Minimum Diversity Score.”

For purposes of this definition, the **“Diversity Score”** is a single number that indicates collateral concentration in terms of industry and obligor concentration. It is similar to a score that Moody’s uses to measure default risk for purposes of its ratings. A higher Diversity Score reflects a more diverse portfolio in terms of obligor and industry concentration. The Diversity Score for the Collateral Debt Obligations is calculated as set forth in the Indenture, considering any obligors affiliated with one another as a single obligor, unless they are in different industries.

“Moody’s Rating Condition”: With respect to any action taken or to be taken by or on behalf of the Issuer, a condition that is satisfied if Moody’s has confirmed in writing, including by electronic messages, facsimile, press release, posting to its internet website, or other means then considered industry standard (or has waived the review of such action by such means) to the Issuer, the Trustee and the Collateral Manager that no immediate withdrawal or reduction with respect to its then-current rating of any Class of Secured Debt will occur as a result of such action;

provided that if Moody's has indicated to the Issuer (or the Collateral Manager on its behalf) or has published that it will not provide confirmation with respect to a particular category or type of action or designation (other than not providing confirmation because Moody's has determined that such action or designation would cause a withdrawal or reduction with respect to Moody's then-current rating of any Class of Secured Debt), then such condition will be inapplicable on and after the date that is ten Business Days after the Issuer (or the Collateral Manager on its behalf) provides notice of such proposed action or designation to Moody's; *provided, further*, that the Moody's Rating Condition will be inapplicable if no Class of Secured Debt Outstanding is rated by Moody's.

“Moody's Rating Factor”: With respect to any Collateral Debt Obligation, the number (i) determined pursuant to the Moody's RiskCalc Calculation or a credit estimate from Moody's pursuant to the definition of Moody's Default Probability Rating or (ii) in all other cases, set forth in the table below opposite the Moody's Default Probability Rating of such Collateral Debt Obligation.

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

“Moody's Recovery Amount”: With respect to any Collateral Debt Obligation, an amount equal to the product of (a) the applicable Moody's Recovery Rate and (b) the Principal Balance of such Collateral Debt Obligation.

“Moody's Recovery Rate”: With respect to any Collateral Debt Obligation, as of any date of determination, the recovery rate determined in accordance with the following, in the following order of priority:

- (a) if the Collateral Debt Obligation has been specifically assigned a recovery rate by Moody's (for example, in connection with the assignment by Moody's of an estimated rating), such recovery rate;

(b) if the preceding clause does not apply to the Collateral Debt Obligation, and the Collateral Debt Obligation is not a DIP Loan, the rate determined pursuant to the table below based on the number of rating subcategories difference between the Collateral Debt Obligation's Moody's Rating and its Moody's Default Probability Rating (for purposes of clarification, if the Moody's Rating is higher than the Moody's Default Probability Rating, the rating subcategories difference will be positive and if it is lower, negative):

Number of Moody's Ratings Subcategories Difference Between the Moody's Rating and the Moody's Default Probability Rating	Moody's Senior Secured Loans	Second Lien Loans*	Other Collateral Debt Obligations
+2 or more	60.0%	55.0%	45.0%
+1	50.0%	45.0%	35.0%
0	45.0%	35.0%	30.0%
-1	40.0%	25.0%	25.0%
-2	30.0%	15.0%	15.0%
-3 or less	20.0%	5.0%	5.0%

* If the Collateral Debt Obligation does not have both a corporate family rating from Moody's and an Assigned Moody's Rating, its Moody's Recovery Rate will be determined by reference to the "Other Collateral Debt Obligations" column.

or

(c) if the loan is a DIP Loan (other than a DIP Loan which has been specifically assigned a recovery rate by Moody's), 50%.

"Moody's Weighted Average Rating Factor": The number (rounded up to the nearest whole number) determined by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation (excluding any Defaulted Obligation) by its Moody's Rating Factor, dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Obligations.

"Moody's Weighted Average Rating Factor Test": A test that will be satisfied on any date of determination if the Moody's Adjusted Weighted Average Rating Factor of the Collateral Debt Obligations is less than or equal to the lesser of (a) the sum of (i) the number set forth in the Asset Quality Matrix Combination under "Moody's Maximum Weighted Average Rating Factor" *plus* (ii) the Moody's Weighted Average Recovery Rate Adjustment and (b) 3200.

"Moody's Weighted Average Recovery Rate": As of any date of determination, the number, expressed as a percentage, obtained by summing the product of the Moody's Recovery Rate on such Measurement Date of each Collateral Debt Obligation (excluding any Defaulted Obligation) and the Principal Balance of such Collateral Debt Obligation, dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Obligations and rounding up to the first decimal place.

"Moody's Weighted Average Recovery Rate Adjustment": (a) With respect to the adjustment of the Moody's Weighted Average Rating Factor Test as of any date of determination, the product of (x) the difference (not less than zero) between (i) the product of (A) the Moody's Weighted Average Recovery Rate as of such date of determination times (B) 100, minus (ii) 43 times (y) the number set forth in the column entitled "Moody's Recovery Rate Modifier" in the Recovery Rate Rating Factor Modifier Matrix, based upon the applicable row/column combination (or the linear interpolation between two adjacent rows and/or two adjacent columns, as applicable) then in effect as determined in accordance with the Indenture; or

(b) with respect to the adjustment of the Minimum Weighted Average Spread as of any date of determination, the product of (x) the difference (not less than zero) between (i) the product of (A) the Moody's Weighted Average Recovery Rate as of such date of determination times (B) 100 minus (ii) 43 times (y) the percentage set forth in the column entitled "Moody's Recovery Rate Modifier" in the Recovery Rate Spread Modifier Matrix, based upon the

applicable row (or the linear interpolation between two adjacent rows) then in effect as determined in accordance with the Indenture;

For purposes of this definition, if the Moody's Weighted Average Recovery Rate is greater than or equal to 60%, the Moody's Weighted Average Recovery Rate shall equal 60%.

The Collateral Manager shall in its sole discretion select in writing on each Determination Date and decide how much of the Moody's Weighted Average Recovery Rate Adjustment to allocate to subclause (a) and subclause (b) above, respectively; *provided* that in the absence of express selection by the Collateral Manager in respect of any Determination Date, the selection that applied on the preceding Determination Date will apply to such Determination Date (for the avoidance of doubt unless the Collateral Manager selects otherwise, subclause (a) of the Moody's Weighted Average Recovery Rate Adjustment will apply with respect to the determination of compliance with the Effective Date Condition).

“Moody's Weighted Average Recovery Rate Test”: The test that will be satisfied on any date of determination if the Moody's Weighted Average Recovery Rate equals or exceeds 43.0%.

“Non-Permitted Holder”: (a) Any U.S. Person that becomes the owner of an interest in (i) Notes represented by Rule 144A Global Notes or Physical Notes (other than Subordinated Notes) that is not both a QIB and a Qualified Purchaser or (ii) Subordinated Notes represented by Physical Notes that is not a Qualified Accredited Investor, (b) any “U.S. Person” that becomes the owner of an interest in Regulation S Global Notes, (c) any Person that becomes the owner of an interest in a Note that (i) made or was deemed to have made representations with respect to ERISA, Similar Laws or Other Plan Law that were or became untrue, or (B) in the case of an ERISA-Restricted Note, except with respect to purchases on the Closing Date, is a Benefit Plan Investor or a Controlling Person or (d) any Non-Permitted Tax Holder.

“Non-Permitted Tax Holder”: Any Holder or beneficial owner (a) if the Issuer reasonably determines that such Holder or beneficial owner's direct or indirect acquisition, holding or transfer of an interest in such Note would cause the Issuer to be unable to achieve FATCA Compliance or (b) that is or that the Issuer is required to treat as a “nonparticipating FFI” or a “recalcitrant account holder” of the Issuer, in each case as defined in FATCA.

“Non-Quarterly Pay Interest Reserve Account”: The account established pursuant to and described in the Indenture.

“Non-Quarterly Pay Obligation”: Any Collateral Debt Obligation that pays interest less frequently than quarterly.

“Non-Quarterly Pay Selected Obligation”: Collateral Debt Obligations that pay interest semi-annually with an Aggregate Principal Balance equal to or greater than the excess, if any, of the Aggregate Principal Balance of all Non-Quarterly Pay Obligations that pay interest semi-annually over 5% of the Aggregate Principal Amount of the Collateral Portfolio, as selected by the Collateral Manager.

“Non-U.S. Obligor”: The issuer or obligor of a Collateral Debt Obligation that is located in a sovereign jurisdiction other than (x) the United States of America or (y) a Tax Advantaged Jurisdiction.

“Notes Register”: The register maintained on behalf of the Issuer pursuant to the Indenture.

“Notes Registrar”: The registrar that maintains the Notes Register.

“Obligor”: The obligor or guarantor under a loan, as the case may be.

“Offer”: With respect to any security or debt obligation, (i) any offer by the issuer of such security or borrower with respect to such debt obligation or by any other Person made to all of the holders of such security or debt obligation to purchase or otherwise acquire such security or debt obligation (other than pursuant to any redemption in accordance with the terms of any related Underlying Instrument or for the purpose of registering the security or debt obligation) or to exchange such security or debt obligation for any other security, debt obligation, Cash or other property or (ii) any solicitation by the issuer of such security or borrower with respect to such debt obligation or any other Person to amend, modify or waive any provision of such security or debt obligation.

“Ongoing Expense Excess Amount”: On any Payment Date, an amount equal to the excess, if any, of (i)(a) \$200,000 (per annum) *plus* (b) 0.02% (per annum) of the Aggregate Principal Amount of the Collateral Portfolio, measured on a quarterly basis as of the first day of the Due Period preceding such Payment Date over (ii) the sum of (without duplication) (x) all amounts paid pursuant to clauses (B) and (C) of the Priority of Interest Proceeds or clauses (B) and (C) of the Priority of Post-Acceleration Proceeds on such Payment Date (excluding all amounts being deposited on such Payment Date to the Expense Reserve Account) plus (y) all Administrative Expenses paid during the related Due Period pursuant to the Indenture.

“Ongoing Expense Reserve Shortfall”: On any Payment Date, the excess, if any, of \$200,000 over the amount then on deposit in the Expense Reserve Account without giving effect to any deposit thereto on such Payment Date pursuant to clause (C) of the Priority of Interest Proceeds or clause (C) of the Priority of Post-Acceleration Proceeds.

“Other Plan Law”: Any local, state, federal or non-U.S. laws that could cause the underlying assets of either of the Issuers to be treated as assets of the investor in a Note (or any interest therein) by virtue of its interest and thereby subject either of the Issuers or the Collateral Manager (or other persons responsible for the investment and operation of the Issuers’ assets) to any Similar Laws.

“Outstanding”: With respect to a Class of Debt, as of any date of determination, all of such Class of Debt previously authenticated and delivered under the Indenture except:

(a) Notes previously cancelled by the Notes Registrar or delivered to the Notes Registrar or the Trustee for cancellation or registered in the Notes Register on the date the Trustee provides notice to the Holders that the Indenture has been discharged;

(b) Notes acquired by any of the Issuers or their Affiliates that have not yet been cancelled by the Notes Registrar or the Trustee;

(c) Debt or, in each case, portions thereof for whose payment or redemption funds in the necessary amount have been irrevocably deposited with the Trustee or any Paying Agent in trust for the Holders of such Debt; provided, that if such Debt 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;

(d) 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 original Notes are held by a Protected Purchaser;

(e) Notes alleged to have been mutilated, destroyed, lost or stolen for which replacement Notes have been issued as provided in the Indenture;

(f) Debt with respect to which (i) all outstanding principal, premium (if any) and interest (including any Defaulted Interest and Deferred Interest) has been paid in full and (ii) no further entitlements to receive payments of principal, premium (if any) or interest (or distributions of Principal Proceeds or Interest Proceeds) remain; and

(g) Repurchased Notes and Surrendered Notes that have been cancelled by the Trustee; *provided* that for purposes of calculation of the Overcollateralization Ratio, any Repurchased Notes and any Surrendered Notes shall be deemed to remain Outstanding until all Secured Debt of the applicable Class and each Higher Ranking Class have been retired or redeemed, having an Aggregate Outstanding Amount equal to the Aggregate Outstanding Amount as of the date of repurchase or surrender (without regard to any previous repurchases or surrenders of Debt of the applicable Class), reduced proportionately with, and to the extent of, any payments of principal on Secured Debt of the same Class thereafter;

provided that, in determining whether the Holders of the requisite Aggregate Outstanding Amount have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, (i) Debt owned by the Issuer or the Co-Issuer or any Affiliate of the Issuer or the Co-Issuer (which, for the avoidance of doubt, shall not include the Collateral Manager or any Affiliate of the Collateral Manager) shall be disregarded and deemed not to be Outstanding; (ii) any Debt owned by the Collateral Manager, any of its Affiliates or any fund or account over which

the Collateral Manager or any such Affiliate has discretionary voting authority shall be disregarded and deemed not to be “Outstanding” solely with respect to any vote to remove the Collateral Manager for Cause (as defined in the Collateral Management Agreement) or (in the event that the Collateral Manager has been removed for Cause) approve a successor thereto pursuant to the Collateral Management Agreement; provided with respect to this clause (ii) that Debt so owned that have been pledged in good faith may be regarded as Outstanding and owned by the pledgee if the pledgee establishes to the satisfaction of the Trustee the pledgee’s right so to act with respect to such Debt and the pledgee is not the Issuer, the Co-Issuer, or any other obligor upon the Debt or any Affiliate of the Issuer, the Co-Issuer or such other obligor; and (iii) in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Debt that a Trust Officer of the Trustee has actual knowledge (or has been provided written notice of) to be owned by the Issuer, the Co-Issuer, the Collateral Manager or any Affiliate shall be so disregarded.

“**Overcollateralization Ratio**”: With respect to each of the Co-Issued Notes and the Class E Notes and as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing:

- (a) the Par Value Numerator, by
- (b) the Aggregate Outstanding Amount of such Class or Classes of Secured Debt and all Higher Ranking Classes of Secured Debt, if any (including without duplication any Deferred Interest thereon).

“**Overcollateralization Tests**”: Collectively, the Senior Debt Overcollateralization Test, the Class C Note Overcollateralization Test, the Class D Note Overcollateralization Test and the Class E Note Overcollateralization Test, which shall be satisfied if the related Overcollateralization Ratio is equal to or greater than the ratio specified below.

Test	Minimum (%)
Senior Debt Overcollateralization Test	121.6
Class C Note Overcollateralization Test	114.1
Class D Note Overcollateralization Test	107.9
Class E Note Overcollateralization Test	103.9

“**Par Value Numerator**”: As of any Measurement Date, an amount equal to:

- (a) the Aggregate Principal Balance of the Collateral Debt Obligations (other than Defaulted Obligations and Long-Dated Obligations); *provided* that the Principal Balance of any Collateral Debt Obligation shall not include any deferred interest accrued since the date of acquisition of such Collateral Debt Obligation by the Issuer and that has been added to principal and remains unpaid; *provided, further*, that if any Deferrable Interest Obligation has not paid interest in Cash for six consecutive months, such Deferrable Interest Obligation shall be treated as a Defaulted Obligation for purposes of this definition until such time as all amounts so deferred have been repaid in Cash; plus
- (b) the Balance of any Eligible Principal Investments; plus
- (c) for each Defaulted Obligation that has been a Defaulted Obligation for less than three years, the Moody’s Collateral Value thereof, and for all Defaulted Obligations that have been Defaulted Obligations for three or more years, zero; plus
- (d) for each Long-Dated Obligation, the product of (i) 70% and (ii) the principal amount of such Long-Dated Obligation; *minus*
- (e) the CCC Haircut Amount; *minus*
- (f) the Discount Obligation Haircut Amount;

provided, that, to the extent that the application of clauses (c) through (f) above yields multiple values for a Collateral Debt Obligation, only the result from the clause that yields the lowest Par Value Numerator shall be utilized.

“Pari Passu Class”: With respect to any Class, each Class specified as such in the “Summary of Terms—Debt Offered.”

“Partial Redemption Interest Proceeds”: In connection with a Refinancing or Re-Pricing Redemption, Interest Proceeds in an amount equal to the sum of (a) the Redemption Premium, if any, with respect to the Classes being refinanced or re-priced *plus* (b) the lesser of (i) the amount of accrued interest on the Debt being redeemed and (ii) the amount the Collateral Manager reasonably determines would have been available for distribution under the Priority of Payments for the payment of accrued interest on the Debt being redeemed on the next subsequent Payment Date (or, if the Refinancing Date or Re-Pricing Redemption Date is a Payment Date, such Payment Date) if such Debt had not been redeemed *plus* (c) if the Refinancing Date or Re-Pricing Redemption Date is not a Payment Date, the amount the Collateral Manager reasonably determines would have been available for distribution under the Priority of Payments for the payment of Administrative Expenses on the next subsequent Payment Date.

“Participation”: A participation interest in a loan originated by a bank or financial institution that, at the time of acquisition, or the Issuer’s commitment to acquire the same, satisfies each of the following criteria: (i) such participation would constitute a Collateral Debt Obligation were it acquired directly, (ii) the Selling Institution is a lender on the loan, (iii) the aggregate participation in the loan granted by such Selling Institution to any one or more participants does not exceed the principal amount or commitment with respect to which the Selling Institution is a lender under such loan, (iv) such participation does not grant, in the aggregate, to the participant in such participation a greater interest than the Selling Institution holds in the loan or commitment that is the subject of the participation, (v) the entire purchase price for such participation is paid in full (without the benefit of financing from the Selling Institution or its affiliates) at the time of the Issuer’s acquisition (or, to the extent of a participation in the unfunded commitment under a Revolving Credit Facility or Delayed Funding Term Loan, at the time of the funding of such loan), (vi) the participation provides the participant all of the economic benefit and risk of the whole or part of the loan or commitment that is the subject of the loan participation and (vii) such participation is documented under a Loan Syndications and Trading Association, Loan Market Association or similar agreement standard for loan participation transactions among institutional market participants. For the avoidance of doubt, a Participation shall not include a sub-participation interest in any loan.

“Paying Agent”: Any Person authorized by the Issuers to pay the principal of or interest on any Secured Debt on behalf of the Issuers.

“Payment Account”: The account established pursuant to and described in the Indenture.

“Payment Date”: The 15th day of January, April, July and October of each year, commencing in October 2015 (or, if such day is not a Business Day, then the immediately following Business Day), and the Redemption Date, any Liquidation Payment Date and the Stated Maturity; *provided* that, following the redemption in full of the Secured Debt, Holders of Subordinated Notes may receive payments (including in respect of an optional redemption of the Subordinated Notes) on any dates designated by the Collateral Manager (which dates may or may not be the dates stated above) upon eight Business Days’ prior written notice to the Trustee and the Collateral Administrator (which notice the Trustee shall promptly forward to the Holders of the Subordinated Notes), and each such date shall constitute a “Payment Date.”

“Permitted Amounts”: The amounts on deposit in the Permitted Use Account.

“Permitted Exchange Security”: A bond, note or other security received by the Issuer in connection with the workout, restructuring or modification of a Collateral Debt Obligation that is a loan.

“Permitted Offer”: An offer (a) (i) pursuant to the terms of which the offeror offers to acquire a debt obligation (including a Collateral Debt 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 and (ii) as to which the Collateral Manager has determined in its reasonable business judgment that the offeror has sufficient access to financing to consummate the offer or (b) of publicly registered securities with equal or greater face value and substantially identical terms issued in exchange for securities issued under Rule 144A under the Securities Act.

“Permitted Use”: Any of the following uses: (i) the transfer to the Collection Account for application as Interest Proceeds or Principal Proceeds; (ii) the repurchase of Secured Debt of any Class through a tender offer, in the open

market, or in a privately negotiated transaction (in each case, subject to applicable law); (iii) the application of such amounts in connection with an Exchange Transaction; (iv) to fund a Refinancing or Re-Pricing or related expenses; (v) to make an upfront payment with respect to any Hedge Agreement; (vi) to pay Administrative Expenses, including expenses related to the issuance of Additional Debt, or to make a deposit into the Expense Reserve Account; and/or (vii) any other use for which amounts held by the Issuer are permitted to be used in accordance with the terms of the Indenture.

“Permitted Use Account”: The account established pursuant to and described in the Indenture.

“Person”: An individual, corporation (including a business trust), partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), bank, unincorporated association or government or any agency or political subdivision thereof or any other entity of similar nature.

“Physical Note”: Any Note issued in definitive, fully registered form without interest coupons.

“Pledged Obligations”: On any date of determination, the Collateral Debt Obligations, the Eligible Investments and any Equity Security owned by the Issuer and each Issuer Subsidiary that have been Granted to the Trustee under the Indenture.

“Preferred Index”: The Merrill Lynch US High Yield Master II Constrained Index, Bloomberg ticker HUC0 (or such other nationally recognized index as the Collateral Manager selects and provides notice of to the Rating Agencies).

“Principal Balance”: With respect to any Pledged Obligation, as of any date of determination, the outstanding principal amount of such Pledged Obligation (or Balance of Cash); *provided, however*, that:

(a) the Principal Balance of a Collateral Debt Obligation received upon acceptance of an Offer shall be the outstanding principal amount thereof;

(b) (i) in the calculation of the Par Value Numerator, the Principal Balance of each Defaulted Obligation shall be calculated as specified in the definition of the Par Value Numerator and (ii) for purposes of calculating the Collateral Management Fees, the fee of the Trustee and all other purposes, the Principal Balance of Defaulted Obligations shall be the outstanding principal amount thereof;

(c) the Principal Balance of each Equity Security shall be zero;

(d) the Principal Balance of any Zero-Coupon Security which, by its terms, does not at any time pay Cash interest thereon shall be deemed to be the accreted value of such Collateral Debt Obligation (other than a Defaulted Obligation) or Eligible Investment as of the date of determination;

(e) the Principal Balance of any Pledged Obligation in which the Trustee does not have a perfected security interest shall be zero (for the avoidance of doubt, only after the settlement date of such Pledged Obligation);

(f) in the calculation of the Par Value Numerator, the Principal Balance of each Deferrable Interest Obligation shall be calculated as specified in the definition of the Par Value Numerator;

(g) the Principal Balance of any Revolving Credit Facility or Delayed Funding Term Loan shall be the sum of (i) the funded portion of such Revolving Credit Facility or Delayed Funding Term Loan, and (ii) the amount of funds on deposit in the Revolving Credit Facility Reserve Account for such Revolving Credit Facility or Delayed Funding Term Loan; and

(h) the Principal Balance of any Deferrable Interest Obligation shall not include any deferred interest that is capitalized after the date of purchase.

Notwithstanding the foregoing, the Principal Balance of each Collateral Debt Obligation will include any applicable Purchased Accrued Interest unless the Principal Balance is deemed to be zero as set forth above. If the application of the provisions above yield more than one result for any Collateral Debt Obligation, its Principal Balance shall be the lowest such result.

“Principal Collection Account”: The Secured Debt Principal Collection Account and the Subordinated Notes Principal Collection Account.

“Principal Diversion Amount”: An amount of Principal Proceeds designated by the Collateral Manager not to exceed 1.0% of the Effective Date Target Par Amount.

“Principal Diversion Amount Condition”: A condition that is satisfied if (i) there has been no prior withdrawal of a Principal Diversion Amount from the Collection Account and (ii) the Effective Date Aggregate Principal Balance is at least equal to the Effective Date Target Par Amount after the designation of the Principal Diversion Amount.

“Principal Payments”: With respect to any Payment Date, an amount equal to the sum of any payments of principal (including optional or mandatory redemptions or prepayments) received on the Pledged Obligations during the related Due Period, including payments of principal received in respect of exchange offers and tender offers and recoveries on Defaulted Obligations, but not including Sale Proceeds received during the Reinvestment Period.

“Principal Proceeds”: With respect to any Payment Date, (a) all amounts received by the Issuer during the related Due Period (or, with respect to the final Payment Date, on or prior to the Business Day immediately preceding the final Payment Date) that do not constitute Interest Proceeds or Excepted Property and (b) the Effective Date Diversion Amount (if any).

“Proposed Portfolio”: The portfolio of Collateral Debt Obligations and Eligible Principal Investments resulting from the sale, maturity or other disposition of a Collateral Debt Obligation and/or a proposed reinvestment of Principal Proceeds in a Substitute Collateral Debt Obligation, as the case may be.

“Protected Purchaser”: The meaning specified in Section 8-303 of the UCC.

“Purchase Agreement”: The purchase agreement, dated on or prior to the Closing Date, between the Issuers and the Initial Purchaser, as modified, amended and supplemented and in effect from time to time.

“Purchased Accrued Interest”: With respect to any Collateral Debt Obligation, the amount of accrued interest (if any) (including, with respect to a Collateral Debt Obligation that has been paying interest in Cash at a rate equal to or greater than its original stated rate but also has an additional interest component paid on a deferred basis “in kind,” such deferred additional interest component) purchased with Principal Proceeds or purchased on the Closing Date or with amounts that were on deposit in the Unused Proceeds Account

“QIB” or “Qualified Institutional Buyer”: Any Person that, at the time of its acquisition, purported acquisition or proposed acquisition of Debt, is a qualified institutional buyer as defined in Rule 144A.

“Qualified Collateral Manager Investor”: (a) The Collateral Manager, so long as the Collateral Manager is an Accredited Investor that is also a Qualified Purchaser, (b) an employee of the Collateral Manager that is an Accredited Investor that is also a Knowledgeable Employee or (c) an entity that is an Accredited Investor and is beneficially owned exclusively by (i) employees of the Collateral Manager that are Knowledgeable Employees or Qualified Purchasers or (ii) the Collateral Manager (so long as the Collateral Manager is a Qualified Purchaser).

“Qualified Purchaser”: Any Person that, at the time of its acquisition, purported acquisition or proposed acquisition of Debt, is a qualified purchaser within the meaning of Section 2(a)(51) of the Investment Company Act and the rules promulgated thereunder.

“Rating Agency”: Each of Fitch and Moody’s, or if at any time Fitch or Moody’s ceases to provide rating services generally, any other NRSRO selected by the Issuer and not rejected by a Majority of the Controlling Class. If a Rating Agency is replaced pursuant to the preceding sentence, defined terms and references herein that incorporate provisions relating to the replaced rating agency shall be deemed to be references to those terms and equivalent categories of such other rating agency. If a Rating Agency withdraws all of its ratings on the Secured Debt rated by it on the Closing Date at the request of the Issuer, it shall no longer constitute a Rating Agency for purposes of the Indenture, and any provisions of the Indenture that refer to such Rating Agency and any tests or limitations that incorporate the name of such Rating Agency shall have no further effect.

“Rating Condition”: With respect to any action taken or to be taken by or on behalf of the Issuer, the satisfaction of the Moody’s Rating Condition, together with notice to Fitch of the proposed action or designation at least five Business Days prior to such action or designation taking effect (to the extent applicable).

“Received Obligation”: A debt obligation that is a Defaulted Obligation or Credit Risk Obligation received in an Exchange Transaction.

“Recovery Rate Rating Factor Modifier Matrix”: The following chart, used to determine which of the row/column combination (or the linear interpolation between two adjacent rows and/or two adjacent columns, as applicable) are applicable for purposes of determining the Moody’s Weighted Average Recovery Rate Adjustment, as set forth in the Indenture.

Minimum Weighted Average Spread	Minimum Diversity Score								
	40	45	50	55	60	65	70	75	80
2.05%	30	32	32	32	32	32	33	32	32
2.15%	35	35	35	35	35	35	37	35	35
2.25%	38	38	38	38	37	37	37	38	38
2.35%	40	42	40	38	37	37	37	38	38
2.45%	42	42	42	40	40	38	38	38	38
2.55%	42	42	42	42	40	40	42	42	40
2.65%	42	42	42	42	42	42	42	42	42
2.75%	42	42	42	43	45	43	43	43	45
2.85%	43	42	42	43	45	45	45	45	45
2.95%	45	43	43	45	45	45	47	47	47
3.05%	45	45	45	47	47	47	47	47	47
3.15%	45	45	47	48	48	50	50	50	50
3.25%	45	47	48	48	48	50	50	50	50
3.35%	47	48	48	48	50	52	52	52	52
3.45%	48	48	50	50	52	52	52	52	52
3.55%	48	48	50	50	52	52	52	52	52
3.65%	48	50	52	52	52	52	53	53	53
3.75%	50	52	53	53	52	52	53	53	53
3.85%	52	53	53	55	52	53	55	55	55
3.95%	52	53	53	55	53	55	55	55	55
4.05%	50	52	53	53	53	55	57	57	55
4.15%	53	53	53	53	53	55	57	55	55
4.25%	55	55	53	55	55	55	57	57	57
4.35%	53	53	55	55	55	55	57	57	57
4.45%	52	53	55	55	57	57	57	57	57
4.55%	55	55	55	55	57	57	57	57	57
4.65%	55	55	55	55	57	57	57	57	57
4.75%	55	55	57	57	57	57	57	58	58
4.85%	55	55	57	57	57	57	57	58	58
4.95%	57	57	57	57	58	58	58	57	57
5.05%	57	57	57	57	58	58	58	57	57
5.15%	57	57	57	57	58	58	57	58	58
5.25%	57	57	57	57	58	58	57	58	58
5.35%	57	57	57	57	58	58	57	58	58
5.45%	58	58	58	58	58	58	58	58	58
5.55%	58	58	58	58	58	58	58	58	58
5.65%	58	58	58	58	58	58	58	58	58
5.75%	58	58	58	58	58	58	58	58	58

	Minimum Diversity Score								
Minimum Weighted Average Spread	40	45	50	55	60	65	70	75	80
5.85%	58	58	58	58	58	58	58	58	60
5.95%	58	58	58	58	58	58	58	58	60

Moody's Recovery Rate Modifier

“Recovery Rate Spread Modifier Matrix”: The following chart, used to determine which row (or the linear interpolation between two adjacent rows) is applicable for purposes of determining the Moody's Weighted Average Recovery Rate Adjustment, as set forth in the Indenture.

Minimum Weighted Average Spread	Moody's Recovery Rate Modifier (%)
2.05%	0.017
2.15%	0.033
2.25%	0.033
2.35%	0.050
2.45%	0.050
2.55%	0.050
2.65%	0.067
2.75%	0.067
2.85%	0.070
2.95%	0.070
3.05%	0.075
3.15%	0.083
3.25%	0.083
3.35%	0.083
3.45%	0.100
3.55%	0.100
3.65%	0.100
3.75%	0.100
3.85%	0.100
3.95%	0.117
4.05%	0.117
4.15%	0.133
4.25%	0.133
4.35%	0.133
4.45%	0.133
4.55%	0.133
4.65%	0.150
4.75%	0.150
4.85%	0.150
4.95%	0.150
5.05%	0.150
5.15%	0.150
5.25%	0.167
5.35%	0.167
5.45%	0.183
5.55%	0.183
5.65%	0.183

Minimum Weighted Average Spread	Moody's Recovery Rate Modifier (%)
5.75%	0.200
5.85%	0.200
5.95%	0.200

“Redemption Date”: Any date on which an optional redemption occurs.

“Redemption Make-Whole End Date”: (a) In the case of the Class A Notes, May 21, 2018 and (b) in the case of the Class B Notes, May 21, 2017 (or, in each case if such day is not a Business Day, then the immediately following Business Day).

“Redemption Premium”: With respect to the Class A Notes or the Class B Notes in the case of an optional redemption, Refinancing, Re-Pricing Redemption or Re-Pricing Sale only an amount equal to:

(A) the product of:

(i) the Aggregate Outstanding Amount of the Class A Notes or the Class B Notes, as applicable, as of the applicable date of redemption (or Re-Pricing Sale);

(ii) the spread over LIBOR payable to the Class A Notes or the Class B Notes, as applicable; and

(iii) the number of days from (and including) the applicable date of redemption (or Re-Pricing Sale) to (but excluding) the Redemption Make-Whole End Date *divided by* 360;

divided by

(B) the sum of:

(i) one; *plus*

(ii) the product of:

(x) the London Interbank Offered Rates applicable for the period from such applicable date of redemption (or Re-Pricing Sale) to the Redemption Make-Whole End Date (as determined (as of the second London Banking Day preceding the date of notice to Holders of such redemption or Re-Pricing Sale) by the Calculation Agent by interpolating linearly between the rate for the next shorter period of time for which rates are available and the rate for the next longer period of time for which rates are available (rounded to five decimal places)); and

(y) the number of days from (and including) the applicable date of redemption (or Re-Pricing Sale) to (but excluding) the Redemption Make-Whole End Date *divided by* 360.

“Redemption Premium Identified Holders”: With respect to the Class A Notes and the Class B Notes only, any Holder or beneficial owner of such Notes that was forced to sell its Notes in a Re-Pricing Sale prior to the Redemption Make-Whole End Date and has, no later than five Business Days prior to the Determination Date related to the Payment Date immediately following the Re-Pricing Sale, identified itself to the Trustee and provided all documents required by the Trustee to establish its ownership of the Notes and provide for payment of the Redemption Premium.

“Redemption Premium Payment Procedures”: With respect to the Class A Notes and the Class B Notes that are sold in a Re-Pricing Sale only, the portion of such Notes' Redemption Price attributable to the Redemption Premium will not be paid by the transferee on the date of the Re-Pricing Sale, but will be paid on the immediately following Payment Date in accordance with the Priority of Payments (and to the extent necessary, each subsequent Payment

Date until paid in full); *provided* that a Redemption Premium in connection with a Re-Pricing Sale will only be paid to Redemption Premium Identified Holders.

“Redemption Price”: With respect to (a) each Class of Secured Debt, (i) an amount equal to the Aggregate Outstanding Amount of such Class, *plus* (ii) accrued and unpaid interest thereon at the applicable Interest Rate to but excluding the Redemption Date, the Refinancing Date or the effective date of a Re-Pricing, as applicable, if any, *plus* (iii) in the case of an optional redemption, Refinancing, Re-Pricing Redemption or Re-Pricing Sale that occurs prior to the Redemption Make-Whole End Date, solely in the case of the Class A Notes and the Class B Notes, the unpaid Redemption Premium and (b) with respect to the Subordinated Notes, all amounts available for distribution to the Holders of Subordinated Notes on the Redemption Date in accordance with the Priority of Payments, if any (in each case after giving effect to installments of interest accrued and principal maturing on or prior to such Redemption Date, payment of which shall have been made or duly provided for, if any).

“Redemption Record Date”: With respect to any optional redemption of Notes, the date fixed as the Redemption Record Date in the notice to Holders.

“Refinancing Price”: With respect to any Class of Secured Debt that is subject to a Refinancing, an amount equal to the Redemption Price of such Class of Secured Debt.

“Refinancing Proceeds”: Proceeds from a Redemption Financing or the issuance of replacement notes, as applicable.

“Registered”: A debt obligation that is issued after July 18, 1984 and that is in registered form within the meaning of Section 881(c)(2)(B)(i) of the Code and the Treasury regulations promulgated thereunder.

“Regular Record Date”: The date as of which the Holders of Debt entitled to receive a payment of principal, interest or any other payments (other than in connection with an optional redemption of Secured Debt) on the succeeding Payment Date, Refinancing Date or Re-Pricing Redemption Date are determined, such date as to any Payment Date, Refinancing Date or Re-Pricing Redemption Date being (x) with respect to any Physical Notes, the fifteenth day (whether or not a Business Day) preceding such Payment Date, Refinancing Date or Re-Pricing Redemption Date and (y) with respect to Global Notes, the Business Day preceding such Payment Date, Refinancing Date or Re-Pricing Redemption Date.

“Regulation S”: Regulation S under the Securities Act.

“Regulation S Global Note”: Any Note sold outside the United States to non-“U.S. persons” (as defined in Regulation S) in reliance on Regulation S and issued in the form of a permanent Global Note in definitive, fully registered form without interest coupons.

“Regulation U”: Regulation U (12 C.F.R. 221) issued by the Board of Governors of the Federal Reserve System.

“Reinvestment Income”: Any interest or other earnings on amounts in the Unused Proceeds Account.

“Reinvestment Overcollateralization Test”: A test that applies on or after the Effective Date and during the Reinvestment Period, which test will be satisfied as of any Measurement Date if the Overcollateralization Ratio applied to the Class E Notes as of such Measurement Date is at least equal to 104.9%.

“Re-Pricing Date”: The date on which a Re-Pricing occurs.

“Re-Pricing Redemption Date”: Any Re-Pricing Date on which a Re-Pricing Redemption occurs.

“Re-Pricing Sale”: The sale of Notes of a proposed Re-Priced Class held by Holders that do not consent to a Re-Pricing to transferees designated by the Issuer, or the Re-Pricing Intermediary on its behalf.

“Restricted Trading Condition”: A condition which is met on each day on which

(a) either (i) the Moody’s rating or the Fitch rating of the Class A Notes is one or more subcategories below its initial rating as of the Closing Date or the Moody’s rating of the Class A Notes has been withdrawn and

not reinstated, or (ii) (A) the Moody's rating of the Class B Notes, Class C Notes, Class D Notes or Class E Notes is two or more subcategories below its initial rating as of the Closing Date or has been withdrawn and not reinstated and (B) after giving effect to any proposed sale of Collateral Debt Obligations or investment or reinvestment in Substitute Collateral Debt Obligations, as applicable, the Aggregate Principal Balance of the Collateral Debt Obligations owned by the Issuer and Eligible Principal Investments held by the Issuer shall be less than the Effective Date Target Par Balance;

- (b) the Moody's Weighted Average Rating Factor Test is not satisfied; and
- (c) any of the Coverage Tests is not satisfied;

provided that if the Restricted Trading Condition is in effect, a Majority of the Controlling Class may elect to waive such condition, which waiver shall remain in effect until the earlier of (x) revocation of such waiver by a Majority of the Controlling Class and (y) a further downgrade or withdrawal of the rating of any Class of Notes that, notwithstanding such waiver, would cause one of the conditions set forth in clause (a), (b) or (c) to be true.

“Revolver Funding Reserve Amount”: With respect to the Issuer or any Issuer Subsidiary, an amount (not less than zero) equal to the sum of the aggregate undrawn and outstanding commitment amounts under each Revolving Credit Facility and Delayed Funding Term Loan held by the Issuer or such Issuer Subsidiary.

“Revolving Credit Facility”: As the context requires, (i) an agreement which provides the borrower with a line of credit against which one or more borrowings may be made up to the stated principal amount of such facility and which provides that such borrowed amount may be repaid and reborrowed from time to time or (ii) the aggregate borrowings outstanding thereunder. In the case of any loan that consists of a combination of a Revolving Credit Facility and a term loan, only that portion of the loan that consists of a Revolving Credit Facility shall be treated as a Revolving Credit Facility.

“Revolving Credit Facility Reserve Account”: The reserve account established pursuant to the Indenture.

“Risk Retention Requirements”: The credit risk retention requirements under Section 15G of the Exchange Act and the applicable rules and regulations.

“Rule 144A”: Rule 144A under the Securities Act.

“Rule 144A Global Note”: Any Note sold in reliance on Rule 144A and issued in the form of a permanent global security in definitive, fully registered form without interest coupons.

“S&P” or “Standard & Poor’s”: Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor or successors thereto.

“S&P Rating”: With respect to any Collateral Debt Obligation, shall be determined as follows:

- (a) With respect to any Collateral Debt Obligation other than a DIP Loan or a Current Pay Obligation,
 - (i) if there is an issuer credit rating of the issuer of such Collateral Debt Obligation, or the guarantor who unconditionally and irrevocably guarantees such Collateral Debt Obligation, then the S&P Rating of such issuer, or the guarantor of such issuer, shall be such rating (regardless of whether there is a published rating by S&P on the Collateral Debt Obligation of such issuer held by the Issuer); and
 - (ii) if such Collateral Debt Obligation is rated by S&P, then the S&P Rating of such Collateral Debt Obligation shall be the rating assigned thereto by S&P;
 - (ii) if the above clauses are not applicable and such Collateral Debt Obligation has a Moody's rating, then the S&P Rating of such Collateral Debt Obligation shall be the S&P equivalent of the rating assigned by Moody's; and
 - (iv) if the above clauses are not applicable, the S&P Rating of such Collateral Debt Obligation shall be “CCC”;

- (b) With respect to any Collateral Debt Obligation that is a DIP Loan or a Current Pay Obligation,
 - (i) if such Collateral Debt Obligation is rated by S&P, the S&P Rating of such Collateral Debt Obligation shall be the rating assigned there by S&P;
 - (ii) if the above clause is not applicable and the Issuer has obtained a credit estimate from S&P, then the S&P Rating of such Collateral Debt Obligation shall be such credit estimate;
 - (iii) if the above clauses are not applicable and such Collateral Debt Obligation has a Moody's rating, then the S&P Rating of such Collateral Debt Obligation shall be the S&P equivalent of the rating assigned by Moody's; and
 - (iv) if the above clauses are not applicable, the S&P Rating of such Collateral Debt Obligation shall be "CCC".

"Sale Proceeds": All amounts representing (i) proceeds from the sale or other disposition of any Collateral Debt Obligation (including Purchased Accrued Interest but excluding any accrued interest purchased with Interest Proceeds) or any Equity Security (other than proceeds from the sale or other disposition of any Defaulted Obligation until such time as the outstanding principal amount thereof has been received by the Issuer) and (ii) any proceeds of the foregoing, including from the sale of Eligible Investments purchased with any proceeds described in clause (i) above (including any accrued interest thereon). Sale Proceeds with respect to any Payment Date shall only include proceeds received on or prior to the last day of the relevant Due Period and shall be net of any reasonable amounts expended by the Collateral Manager or the Trustee in connection with such sale or other disposition; *provided, however*, that, with respect to the final Payment Date, "Sale Proceeds" shall include any amount referred to above received on or prior to the Business Day immediately preceding the final Payment Date.

"Second Lien Loan": A loan (whether constituting an Assignment or Participation or other interest therein) that (i) is not (and by its terms is not permitted to become) subordinate in right of payment, except with respect to liquidation preferences, to any other debt for borrowed money incurred by the obligor under the loan, (other than a Senior Secured Loan, or a Senior Secured Note) and (ii) is secured by a valid and perfected security interest or lien on specified collateral securing the obligor's obligations under such loan, which security interest or lien is not subordinate to the security interest or lien securing any other debt for borrowed money (other than a Senior Secured Loan or a Senior Secured Note); *provided, however*, that, with respect to clauses (i) and (ii) above, such right of payment, security interest or lien may be subordinate to customary permitted liens, including tax liens, and/or subject to a liquidation preference with respect to specified collateral.

"Secured Debt Collateral Account": A sub-account of the Collateral Account.

"Secured Parties": The Holders of the Secured Debt, the Administrator, the Collateral Manager, the Trustee, the Collateral Administrator and the Bank in each of its other capacities under the Transaction Documents. For the avoidance of doubt, the Holders of the Subordinated Notes are not Secured Parties.

"Securities Act": The U.S. Securities Act of 1933, as amended.

"Securities Lending Agreement": An agreement between the Issuer and any securities lending counterparty relating to the loan of Collateral Debt Obligations to such securities lending counterparty and the posting by such securities lending counterparty of collateral to secure its obligation to return to the Issuer the Collateral Debt Obligations.

"Selling Institution": The entity obligated to make payments to the Issuer under the terms of a Participation.

"Senior Coverage Tests": Collectively, the Senior Debt Overcollateralization Test and the Senior Debt Interest Coverage Test.

"Senior Debt": Collectively, the Class A Notes and the Class B Notes.

“Senior Debt Interest Coverage Test”: The Interest Coverage Test applied to the Class A Notes and the Class B Notes.

“Senior Debt Overcollateralization Test”: The Overcollateralization Test applied to the Class A Notes and the Class B Notes.

“Senior Secured Loan”: A loan (whether constituting an Assignment or Participation or other interest therein) that (a) is secured by a valid first priority perfected security interest on specified collateral (including *pari passu* with other obligations of the obligor, but subject to customary permitted liens, such as, but not limited to, any tax liens); or (b) (i) is secured by a valid second priority perfected security interest on specified collateral, subject to customary permitted liens, including tax liens and (ii) is not (and cannot by its terms become) subordinated in right of payment to any other obligation of the obligor, other than, with respect to a loan described in clause (a) above, if any, with respect to the liquidation of such obligor or collateral for such loan.

“Senior Secured Note”: Any note that is secured by the pledge of collateral and has the most senior pre-petition priority (including *pari passu* with other obligations of the obligor, but subject to any super-priority lien imposed by operation of law, such as, but not limited to, any tax liens, and liquidation preferences with respect to pledged collateral, and any Senior Secured Loan) in any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings. For the avoidance of doubt, the term Senior Secured Note shall not include Senior Secured Loans.

“Share Trustee”: Appleby Trust (Cayman) Ltd., as share trustee under a declaration of trust related to the issued ordinary share capital of the Issuer, and any successor or successors thereto.

“Special Purpose Vehicle”: A special purpose vehicle organized under the laws of a Tax Advantaged Jurisdiction.

“Sponsor”: Any “sponsor” of the Issuer for purposes of the Risk Retention Requirements.

“Step-Up Coupon Security”: A security that provides that (i) it does not pay interest over a specified period of time ending prior to its maturity, but which does provide for the payment of interest after the expiration of such specified period or (ii) the interest rate of which increases over a specified period of time other than due to the increase of the index relating to a Floating Rate Collateral Debt Obligation.

“Structured Finance Security”: Any debt obligation secured directly by, or representing ownership of, a pool of consumer receivables, auto loans, auto leases, equipment leases, home or commercial mortgages, corporate debt or sovereign debt obligations, including collateralized bond obligations, collateralized loan obligations or any similar security or other asset backed security or similar investment or equipment trust certificate or trust certificate of the type generally considered to be a repackaged security, but not including any Synthetic Security.

“Subordinated Notes Collateral Account”: A sub-account of the Collateral Account.

“Subordinated Notes Collateral Obligations”: (a) The Collateral Debt Obligations that were purchased on or prior to the Closing Date with funds from the sale of the Subordinated Notes, (b) the Collateral Debt Obligations that are purchased after the Closing Date with funds in the Subordinated Notes Unused Proceeds Account or the Subordinated Notes Principal Collection Account, (c) any Transferable Margin Stock that have been transferred to the Subordinated Notes Collateral Account and (d) any Collateral Debt Obligations that were purchased by the Issuer with Permitted Amounts, and, with respect to each of clause (a), (b), (c) and (d) above, that have been transferred to the Subordinated Notes Collateral Account and designated by the Collateral Manager as Subordinated Notes Collateral Obligations; *provided* that the aggregate amount of Collateral Debt Obligations so designated (measured by the Issuer’s acquisition cost (including accrued interest)) pursuant to clauses (a) and (b) above shall not exceed the Subordinated Notes Reinvestment Ceiling.

“Subordinated Notes Principal Collection Account”: A sub-account of the Principal Collection Account.

“Subordinated Notes Reinvestment Ceiling”: U.S.\$27,000,000, plus any amounts described in clause (d) of the definition of Subordinated Notes Collateral Obligations.

“Subordinated Notes Unused Proceeds Account”: A sub-account of the Unused Proceeds Account.

“Substitute Collateral Debt Obligation”: A Collateral Debt Obligation that is acquired by the Issuer in accordance with the Post-Reinvestment Period Criteria or otherwise acquired as permitted by and in accordance with the Indenture with the proceeds of the disposition of or in exchange for a Collateral Debt Obligation.

“Supermajority”: With respect to the Debt or any Class thereof, the Holders of at least two-thirds of the Aggregate Outstanding Amount of the Debt of such Class, as the case may be.

“Swapped Non-Discount Obligation”: Any Collateral Debt Obligation that would otherwise be considered a Discount Obligation, but that is purchased with the proceeds of a sale of a Collateral Debt Obligation that was not a Discount Obligation at the time of its purchase, and will not be considered a Discount Obligation so long as such purchased Collateral Debt Obligation (a) is purchased or committed to be purchased within 20 Business Days of such sale, (b) is purchased at a price (as a percentage of par) equal to or greater than the sale price of the sold Collateral Debt Obligation, (c) is purchased at a purchase price not less than 65% of the principal balance thereof, and (d) has Moody’s Rating(s) equal to or greater than the Moody’s Rating(s) of the sold Collateral Debt Obligation; provided, that to the extent the aggregate principal balance of Swapped Non-Discount Obligations exceeds 5.0% of the Aggregate Principal Amount, such excess shall not constitute Swapped Non-Discount Obligations; *provided, further*, that a Collateral Debt Obligation shall cease to be a Swapped Non-Discount Obligation at such time as such Collateral Debt Obligation would no longer otherwise be considered a Discount Obligation; *provided, further*, that the Aggregate Principal Balance of all Collateral Debt Obligations that are treated as Swapped Non-Discount Obligations, measured cumulatively from the Closing Date onward, shall not exceed 10% of the Effective Date Target Par Amount.

“Synthetic Security”: A security or swap transaction, other than a Participation, 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.

“Tax”: Any present or future tax, levy, impost, duty, charge, assessment, deduction, withholding or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority other than a stamp, registration, documentation or similar tax.

“Tax Advantaged Jurisdiction”: (a) One of the jurisdictions of the Bahamas, Bermuda, the British Virgin Islands, the Cayman Islands, the Channel Islands, Jersey, Luxembourg, Singapore, Curacao and Saint Maarten or the U.S. Virgin Islands so long as each such jurisdiction is rated at least “Aa3” by Moody’s or (b) upon satisfaction of the Rating Condition with respect to the treatment of another jurisdiction as a Tax Advantaged Jurisdiction, such other jurisdiction.

“Tax Advice”: Written advice (which may be in the form of an e-mail) from Seward & Kissel LLP or an opinion from tax counsel of nationally recognized standing in the United States experienced in transactions of the type being addressed that (i) is based on knowledge by the person giving the advice of all relevant facts and circumstances of the Issuer and action (which are described in the advice or in a written description referred to in the advice which may be provided by the Issuer or Collateral Manager) and (ii) is intended by the person rendering the advice to be relied upon by the Issuer in determining whether to take such action.

“Tax Event”: An event that occurs if on or prior to the next Payment Date (i) any obligor is, or on the next scheduled payment date under any Collateral Debt Obligation or Eligible Investment, will be, required to deduct or withhold from any payment to the Issuer for or on account of any tax for whatever reason (other than a withholding tax on letter of credit fees or commitment fees, to the extent that such withholding tax does not exceed 30% of the amount of such fees) 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 (after payment of all taxes, whether assessed against such obligor or the Issuer) equals the full amount that the Issuer would have received had no such taxes been imposed, (ii) any jurisdiction imposes or will impose tax on the Issuer, or (iii) the Issuer is or will be required to deduct or withhold from any payment to any counterparty for or on account of any tax and the Issuer is obligated to make a gross up payment (or otherwise pay additional amounts) to the counterparty, and the aggregate amount of such a tax or taxes imposed on the Issuer or withheld from payments to the Issuer and with respect to which the Issuer receives less than the full amount that the Issuer would have received had no such deduction occurred, or “gross up payments” required to be made by the Issuer is in excess of 5% of the aggregate interest due and payable on the Collateral Debt Obligations during the Due Period in which such event occurs.

“Tax Guidelines”: The tax guidelines set forth in Annex A of the Collateral Management Agreement.

“Tax Reserve Account”: A segregated non-interest bearing account established in the name of the Issuer pursuant to the Indenture.

“Temporary Global Note”: Any Note sold outside the United States to non-U.S. persons in reliance on Regulation S and issued under the Indenture in the form of a temporary Global Note as specified herein in definitive, fully registered form without interest coupons.

“Trading Plan”: Any trading plan (a) pursuant to which the Collateral Manager believes all trades contemplated thereby will be entered into within 10 Business Days and before the end of the current Due Period, (b) specifying certain (i) amounts received or expected to be received as Principal Proceeds in connection with a Trading Plan, (ii) Collateral Debt Obligations related to such Principal Proceeds and (iii) Collateral Debt Obligations acquired or intended to be acquired as a result of such Trading Plan, (c) for which the Collateral Manager believes such plan can be executed according to its terms, (d) as to which the Aggregate Principal Balance of Collateral Debt Obligations expected to be acquired thereunder constitutes no more than 5% of the Aggregate Principal Amount of the Collateral Portfolio, (e) solely with respect to any Trading Plan entered into after the Reinvestment Period, as to which no Collateral Debt Obligation acquired as part of such Trading Plan has a remaining maturity of less than 12 months and (f) solely with respect to any Trading Plan entered into after the Reinvestment Period, as to which the difference in the remaining maturity of the Collateral Debt Obligation acquired as part of such Trading Plan (i) with the shortest remaining term to maturity and (ii) the longest remaining maturity, is not greater than 24 months; *provided*, that, in no event may there be more than one outstanding Trading Plan at any time; *provided, further*, that the Collateral Manager will provide concurrent notice to the Collateral Administrator of the implementation of any Trading Plan (which notice will include the identity of all sales and purchases forming part of such Trading Plan); *provided, further*, that the Collateral Manager shall provide notice to the Rating Agencies if any Trading Plan is not successfully completed within the specified time period and thereafter the Issuer may not commence any other Trading Plan without satisfaction of the Rating Condition until a subsequent Trading Plan for which the Rating Condition was satisfied is successfully completed. The time period for such Trading Plan will be measured from the earliest trade date to the latest trade date of any such amounts. A Trading Plan will be considered to be no longer outstanding once the series of reinvestments has been traded.

“Transaction Document”: The Indenture, the Collateral Management Agreement, the Collateral Administration Agreement, the Administration Agreement and the Account Agreement.

“Transaction Party”: Each of the Issuer, the Co-Issuer, the Collateral Manager, the Initial Purchaser, the Trustee (in all of its capacities under the Indenture), the Collateral Administrator and the Administrator.

“Transfer Certificate”: A duly executed transfer certificate substantially in the form required under the Indenture.

“Underlying Instrument”: The indenture, credit agreement or other agreement pursuant to which a Collateral Debt Obligation has been issued or created and each other agreement that governs the terms of or secures the obligations represented by such Collateral Debt Obligation or of which the holders of such Collateral Debt Obligation are the beneficiaries.

“Unsalable Asset”: (a) (i) A Defaulted Obligation, (ii) an Equity Security, (iii) an obligation received in connection with an Offer, in a restructuring or plan of reorganization with respect to the related obligor or any other exchange or (iv) any other security or debt obligation that is part of the Collateral Portfolio, in the case of (i), (ii), (iii) or (iv) in respect of which the Issuer has not received a payment in Cash during the preceding 12 months or (b) any Pledged Obligation identified in an Officer’s Certificate of the Collateral Manager as having a Market Value Amount of less than \$10,000, in each case of (a) and (b) with respect to which the Collateral Manager certifies to the Trustee that (x) it has made commercially reasonable efforts to dispose of such Pledged Obligation for at least 90 days and (y) in its commercially reasonable judgment such Pledged Obligation is not expected to be saleable for the foreseeable future.

“Unscheduled Principal Payments”: Any principal payments received with respect to a Collateral Debt Obligation during and after the Reinvestment Period as a result of optional redemptions, exchange offers, tender offers, consents or other payments or prepayments made at the option of the issuer thereof.

“Unsecured Loan”: A loan that is not secured by a valid perfected security interest on specified collateral.

“Unused Proceeds”: That portion of the net proceeds deposited into the Unused Proceeds Account on the Closing Date.

“Unused Proceeds Account”: The account established pursuant to and described in the Indenture.

“Volcker Rule”: Section 13 of the Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations promulgated thereunder.

“Voting Rights”: Any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Indenture or the Collateral Management Agreement to be given or taken by Holders.

“Weighted Average Fixed Coupon”: As of any Measurement Date, a fraction (expressed as a percentage) obtained by (a) multiplying the Principal Balance of each Fixed Rate Collateral Debt Obligation held by the Issuer as of such Measurement Date by the current *per annum* rate at which it pays interest, (b) summing the amounts determined pursuant to clause (a), (c) dividing such sum by the Aggregate Principal Balance of all Fixed Rate Collateral Debt Obligations held by the Issuer as of such Measurement Date and (d) if such quotient is less than the Minimum Weighted Average Fixed Rate Coupon, adding to such quotient an amount equal to (i) the Gross Spread Excess, as of such Measurement Date, divided by (ii) the Aggregate Principal Balance of all Fixed Rate Collateral Debt Obligations held by the Issuer as of such Measurement Date; *provided, however*, that the calculation of the Weighted Average Fixed Coupon shall exclude any security that in accordance with its terms is making payments due thereon “in kind” in lieu of Cash until the issuer thereof has resumed the payment of interest in Cash.

“Weighted Average Fixed Coupon Test”: The test that is satisfied on any date of determination if the Weighted Average Fixed Coupon equals or exceeds the Minimum Weighted Average Fixed Rate Coupon.

“Weighted Average Life”: As of any Measurement Date, the number obtained by (i) for each Collateral Debt Obligation (other than Defaulted Obligations), multiplying each scheduled distribution of principal by the number of years from the Measurement Date until such scheduled distribution is scheduled to be paid; (ii) summing all of the products calculated pursuant to clause (i); and (iii) dividing the sum calculated pursuant to clause (ii) by the sum of all scheduled distributions of principal due on all of the Collateral Debt Obligations (excluding Defaulted Obligations) as of such Measurement Date.

“Weighted Average Life Test”: A test that will be satisfied on any Measurement Date if the Weighted Average Life of the Collateral Debt Obligations as of such date is less than or equal to the greater of (i) zero and (ii) 8 years less 0.25 for each full quarter elapsed since the Closing Date.

“Weighted Average Spread”: As of any Measurement Date, with respect to the Floating Rate Collateral Debt Obligations, a fraction (expressed as a percentage) obtained by (a) *multiplying* (i) the Principal Balance of each Floating Rate Collateral Debt Obligation held by the Issuer as of such Measurement Date by (ii) the current per annum rate at which it pays interest in excess of LIBOR or such other floating rate index upon which such Floating Rate Collateral Debt Obligation bears interest (such rate, the “Spread”), (b) *summing* the amounts determined pursuant to clause (a), (c) *dividing* such sum by the Aggregate Principal Balance of all Floating Rate Collateral Debt Obligations held by the Issuer as of such Measurement Date and (d) if such quotient is less than the greater of the percentages set forth in clauses (a) and (b) of the definition of Weighted Average Spread Test for such Measurement Date, adding to such quotient an amount equal to (i) the Gross Fixed Rate Excess, as of such Measurement Date, *divided by* (ii) the Aggregate Principal Balance of all Floating Rate Collateral Debt Obligations held by the Issuer as of such Measurement Date; *provided*, that for purposes of calculating the Weighted Average Spread, (A) the spread of any Floating Rate Collateral Debt Obligation that bears interest based on a non-LIBOR based floating rate index shall be deemed to be the then-current base rate applicable to such Floating Rate Collateral Debt Obligation *plus* the rate at which such Floating Rate Collateral Debt Obligation pays interest in excess of such base rate *minus* LIBOR (determined for purposes of this clause by reference to Eurodollar deposits with a three month maturity), (B) the spread of any Floating Rate Collateral Debt Obligation shall be excluded from such calculation to the extent that the Issuer or the Collateral Manager has actual knowledge that payment of interest on such Floating Rate Collateral Debt Obligation will not be made by the issuer thereof during the applicable due period, (C) such calculation will exclude any Floating Rate Collateral Debt Obligation to the extent of any non-Cash interest and (D) the Spread of

any Revolving Credit Facility or Delayed Funding Term Loan will be the sum of (1) the product of (x) the Spread payable on the funded portion of such Revolving Credit Facility or Delayed Funding Term Loan and (y) the percentage equivalent of a fraction, the numerator of which is equal to the funded portion of such Revolving Credit Facility or Delayed Funding Term Loan and the denominator of which is equal to the commitment amount of such Revolving Credit Facility or Delayed Funding Term Loan and (2) the product of (x) the scheduled amounts (other than interest) of commitment fee and/or facility fee payable on the Aggregate Unfunded Amount of such Revolving Credit Facility or Delayed Funding Term Loan and (y) the percentage equivalent of a fraction, the numerator of which is equal to the Aggregate Unfunded Amount of such Revolving Credit Facility or Delayed Funding Term Loan and the denominator of which is equal to the commitment amount of such Revolving Credit Facility or Delayed Funding Term Loan.

“Weighted Average Spread Test”: A test satisfied if, as of any Measurement Date, the Weighted Average Spread of the portfolio is equal to or greater than the greater of (a) 2.05% and (b) the Minimum Weighted Average Spread.

“Withholding Tax Security”: A Collateral Debt Obligation (a) that requires the issuer or agent of the issuer to withhold amounts for purposes of paying tax or taxes and (b) the Underlying Instrument with respect thereto does not contain a “gross-up” provision which would compensate the Issuer for the full amount of any such withholding tax on an after-tax basis.

“Zero-Coupon Security”: A security that, at the time of determination, does not make periodic payments of interest; *provided, however*, that a Zero-Coupon Security shall not include a security that is a Step-Up Coupon Security.

MOODY'S RATING SCHEDULE

“Moody’s Credit Estimate”: With respect to any Collateral Debt Obligation as of any date of determination, an estimated credit rating for such Collateral Debt Obligation (or, if such credit estimate is the Moody’s Rating Factor, the credit rating corresponding to such Moody’s Rating Factor) provided or confirmed by Moody’s in the previous 13 months or, if such estimate was provided or confirmed by Moody’s more than 13 months but less than 15 months previously, the Moody’s rating that is one subcategory lower than such estimated credit rating (or corresponding credit rating); *provided* that if Moody’s has been requested by the Issuer, the Collateral Manager or the issuer of such Collateral Debt Obligation to assign or renew an estimate with respect to such Collateral Debt Obligation but such rating estimate has not been received, pending receipt of such estimate, the Moody’s Rating or Moody’s Default Probability Rating of such Collateral Debt Obligation shall be (1) “B3” if the Collateral Manager certifies to the Trustee and the Collateral Administrator that the Collateral Manager believes that such estimate shall be at least “B3” and if the Aggregate Principal Balance of Collateral Debt Obligations determined pursuant to this subclause (1) does not exceed 5% in Aggregate Principal Amount of the Collateral Portfolio of all Collateral Debt Obligations or (2) otherwise, “Caa1” if the Collateral Manager certifies to the Trustee and the Collateral Administrator that the Collateral Manager believes that such estimate shall be at least “Caa1”.

“Moody’s Default Probability Rating”: With respect to a Collateral Debt Obligation other than a DIP Loan:

(a) if the Obligor of such Collateral Debt Obligation has a corporate family rating by Moody’s, such rating;

(b) if not determined pursuant to clause (a) above, if the senior unsecured debt of the Obligor of such Collateral Debt Obligation has a public rating by Moody’s (a **“Moody’s Senior Unsecured Rating”**), such Moody’s Senior Unsecured Rating;

(c) if not determined pursuant to clause (a) or (b) above, if the senior secured debt of the Obligor has a public rating by Moody’s, the Moody’s rating that is one subcategory lower than such rating;

(d) if not determined pursuant to clause (a), (b) or (c) above, the Collateral Manager may elect to use (i) a Moody’s Credit Estimate or (ii) a rating estimated in good faith by the Collateral Manager in accordance with the Moody’s RiskCalc Calculation, in each case to determine the Moody’s Rating Factor for such Collateral Debt Obligation for purposes of the Moody’s Weighted Average Rating Factor Test; *provided* that no more than 20% (or such higher percentage as Moody’s may confirm) of the Aggregate Principal Balance of the Collateral Debt Obligations may have Moody’s Rating Factors assigned using the Moody’s RiskCalc Calculation;

(e) if the Moody’s Default Probability Rating is not determined pursuant to clause (a), (b), or (c) above (and a Moody’s Rating Factor is not determined pursuant to clause (d) above), the Moody’s Derived Rating, if any; or

(f) if the Moody’s Default Probability Rating is not determined pursuant to clause (a), (b), (c) or (e) above (and a Moody’s Rating Factor is not determined pursuant to clause (d) above), the Moody’s Default Probability Rating will be “Caa3”.

(g) With respect to a DIP Loan:

(i) the rating which is one subcategory below the facility rating (whether public or private) of such DIP Loan rated by Moody’s; or

(ii) with respect to any DIP Loan if not determined pursuant to clause (a) above, a rating of “Caa3”.

For purposes of determining a Moody’s Default Probability Rating, if an Obligor does not have a Moody’s corporate family rating and any entity in such Obligor’s corporate family has a Moody’s corporate family rating, the Moody’s

corporate family rating from Moody’s of such entity will be deemed to be the Moody’s corporate family rating of the Obligor.

“Moody’s Derived Rating”: With respect to a Collateral Debt Obligation, the Moody’s Rating or the Moody’s Default Probability Rating determined in the manner set forth below.

(a) With respect to any Current Pay Obligation, the Moody’s rating which is one subcategory below the facility rating (whether public or private) of such Current Pay Obligation rated by Moody’s.

(b) If not determined pursuant to clause (a) above, if another obligation of the Obligor is rated by Moody’s, by adjusting the rating of the related Moody’s rated obligations of the related Obligor by the number of rating subcategories according to the table below:

Obligation Category of Rated Obligation	Rating of Rated Obligation	Number of Subcategories Relative to Rated Obligation Rating
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

(c) If not determined pursuant to clause (a) or (b) above, by using any one of the methods provided below:

(i) pursuant to the table below:

Type of Collateral Debt Obligation	Rating by S&P (Public and Monitored)	Collateral Obligation Rated by S&P	Number of Subcategories Relative to Moody’s Equivalent of Rating by S&P
Not Structured Finance Security	= >BBB-	Not a Loan or Participation in a Loan	-1
Not Structured Finance Security	= <BB+	Not a Loan or Participation in a Loan	-2
Not Structured Finance Security		Loan or Participation in a Loan	-2

(ii) if such Collateral Debt 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”), the rating of such parallel security shall at the election of the Collateral Manager be determined in accordance with the table set forth in subclause (i) above, and the Moody’s Rating or Moody’s Default Probability Rating of such Collateral Debt Obligation shall be determined in accordance with the methodology set forth in clause (b) above (for such purposes treating the parallel security as if it were rated by Moody’s at the rating determined pursuant to this subclause (ii));

provided that not more than 10.0% in Aggregate Principal Amount of the Collateral Portfolio may consist of Collateral Debt Obligations with Moody’s Derived Ratings derived from a rating by S&P.

“Moody’s Rating”: (a) With respect to a Collateral Debt Obligation that is a Moody’s Senior Secured Loan:

(i) if Moody’s has assigned such Collateral Debt Obligation a public rating or a private letter rating, such rating;

(ii) if not determined pursuant to clause (i), (A) if the Obligor of such Collateral Debt Obligation has a corporate family rating by Moody’s, the Moody’s rating that is one subcategory higher than such corporate family rating or (B) if the Issuer has obtained a Moody’s Credit Estimate with respect to such Collateral Debt Obligation, the Moody’s rating that is one subcategory higher than such Moody’s Credit Estimate;

- (iii) if not determined pursuant to clause (i) or (ii), if the Obligor of such Collateral Debt Obligation has a Moody's Senior Unsecured Rating, the Moody's rating that is two subcategories higher than such Moody's Senior Unsecured Rating;
 - (iv) if not determined pursuant to clause (i), (ii) or (iii), the Moody's Derived Rating, if any; or
 - (v) if not determined pursuant to clause (i), (ii), (iii) or (iv), "Caa3".
- (b) With respect to a Collateral Debt Obligation that is not a Moody's Senior Secured Loan:
- (i) if Moody's has assigned such Collateral Debt Obligation a public rating or a private letter rating, such rating;
 - (ii) if not determined pursuant to clause (i), if the Obligor of such Collateral Debt Obligation has a Moody's Senior Unsecured Rating, such Moody's Senior Unsecured Rating;
 - (iii) if not determined pursuant to clause (i) or (ii), (A) if the Obligor of such Collateral Debt Obligation has (A) a corporate family rating by Moody's, the Moody's rating that is one subcategory lower than such corporate family rating or (B) if the Issuer has obtained a Moody's Credit Estimate with respect to such Collateral Debt Obligation, the Moody's rating that is one subcategory lower than such Moody's Credit Estimate;
 - (iv) if not determined pursuant to clause (i), (ii) or (iii), if the subordinated debt of the Obligor of such Collateral Debt Obligation has a public rating from Moody's, the Moody's rating that is one subcategory higher than such rating;
 - (v) if not determined pursuant to clause (i), (ii), (iii) or (iv), the Moody's Derived Rating, if any; or
 - (vi) if not determined pursuant to clause (i), (ii), (iii), (iv) or (v), "Caa3".

For purposes of determining a Moody's Rating, if an Obligor does not have a Moody's corporate family rating and any entity in such Obligor's corporate family has a Moody's corporate family rating, the Moody's corporate family rating from Moody's of such entity will be deemed to be the Moody's corporate family rating of the Obligor.

"Moody's RiskCalc Calculation": For purposes of the definition of Moody's Default Probability Rating, the calculation made as follows, as modified by any updated criteria provided to the Collateral Manager by Moody's:

1. For purposes of this calculation, the following terms have the meanings provided below. **"EDF"** means, with respect to any loan, the lowest five year expected default frequency for such loan as determined by running the current version Moody's RiskCalc in both the Financial Statement Only (FSO) and the Credit Cycle Adjusted (CCA) modes in accordance with Moody's published criteria in effect at the time. In the CCA mode, the model will be run for the current year, as well as for each of the previous four years (12, 24, 36 and 48 months prior).

"Pre-Qualifying Conditions" means, with respect to any loan, conditions that will be satisfied if the obligor or, if applicable, the Underlying Instrument with respect to the applicable loan satisfies the following criteria for the most recent fiscal year:

- (a) the independent accountants of such obligor shall have issued an unqualified audit opinion prepared in accordance with GAAP with respect to the most recent fiscal year financial statements, including no explanatory paragraph addressing "going concern" or other issues; for LBOs, a full one-year audit of the firm after the acquisition has been completed should be available;

- (b) the obligor's EBITDA is equal to or greater than U.S.\$5,000,000;
- (c) the obligor's annual sales are equal to or greater than U.S.\$10,000,000;
- (d) the obligor's book assets are equal to or greater than U.S.\$10,000,000;
- (e) for the current and prior fiscal year, such obligor's:
 - (i) EBIT/interest expense ratio is greater than 1.0:1.0 and 1.25:1.00 with respect to retail (adjusted for rent expense);
 - (ii) debt/EBITDA ratio is less than 6.0:1.0;
- (f) no greater than 25% of the company's revenue is generated from any one customer of the obligor;
- (g) the obligor is a for profit operating company in any one of the Moody's industry classifications with the exception of (i) Banking, Finance, Insurance and Real Estate and (ii) Sovereign and Public Finance;
- (h) none of the financial covenants of the Underlying Instrument have been modified, amended or waived within the preceding three months; and
- (i) the Underlying Instrument (including any financial covenants contained therein) has not been modified or waived within the preceding three months except for waivers or modifications determined by the Collateral Manager in its reasonable discretion not to relate to a decline in credit quality.

2. The Collateral Manager shall calculate the .EDF for each of the loans to be rated pursuant to this calculation. The Collateral Manager shall also provide Moody's with the .EDF and the information necessary to calculate such .EDF, such information to include: (i) audited financial statements used for RiskCalc model inputs, (ii) RiskCalc model inputs, (iii) documentation that Pre-Qualifying Conditions have been met, (iv) all model runs and mapped rating factors and (v) documentation for any loan amendments or modifications. Moody's shall have the right (in its sole discretion) to (i) amend or modify any of the information utilized to calculate the .EDF and recalculate the .EDF based upon such revised information, in which case such .EDF shall be determined using the table in paragraph 3 below in order to determine the applicable Moody's Default Probability Rating, or (ii) have a Moody's credit analyst provide a credit estimate for any loan, in which case such credit estimate provided by such credit analyst shall be the applicable Moody's Default Probability Rating.

3. As of any date of determination, the Moody's Rating Factor for each loan that satisfies the Pre-Qualifying Conditions shall be the weaker of (i) the Collateral Manager's internal rating or (ii) the Moody's Rating Factor based on the .EDF for such loan determined in accordance with the table below:

RiskCalc-Derived .EDF	Moody's Rating Factor
Baa3.edf and above	1766
Ba1.edf, Ba2.edf, Ba3.edf, or B1.edf	2720
B2.edf or B3.edf	3490
Caa.edf	4470

4. As of any date of determination, the Moody's Recovery Rate for each loan that meets the Pre-Qualifying Conditions shall be the lower of (i) the Collateral Manager's internal recovery rate or (ii) the recovery rate as determined in accordance with the table below (and the Collateral Manager shall give the Collateral Administrator notice of such Moody's Recovery Rate):

Type of Loan	Moody's Recovery Rate
First-lien, senior secured loans	50%
All other loans	25%

provided that Moody's shall have the right (in its sole discretion) to issue a recovery rate assigned by one of its credit analysts, in which case such recovery rate provided by such credit analyst shall be the applicable Moody's Recovery Rate.

“Moody's Senior Secured Loan”:

(a) A loan that:

(i) 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) 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) 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 the 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 seniority secured by a first lien or security interest in the same collateral; and

(b) the loan is not:

(i) a DIP Loan; or

(ii) 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.

FITCH RATING SCHEDULE

“Fitch CDS-IR”: With respect to a Pledged Obligation, the Fitch CDS Implied Rating specified by Fitch in accordance with the Fitch CDS Implied Ratings model available through the Reference Entity Feed at www.fitchratings.com, as the same may be updated by Fitch from time to time.

“Fitch Rating”: As of any date of determination, the Fitch Rating of any Collateral Debt Obligation will be determined as follows:

(a) if Fitch has issued an issuer default rating with respect to the issuer of such Collateral Debt Obligation, or the guarantor which unconditionally and irrevocably guarantees such Collateral Debt Obligation, then the Fitch Rating will be such issuer default rating (regardless of whether there is a published rating by Fitch on the Collateral Debt Obligations of such issuer held by the Issuer);

(b) if Fitch has not issued an issuer default rating with respect to the issuer or guarantor of such Collateral Debt Obligation but Fitch has issued an outstanding long-term financial strength rating with respect to such issuer, the Fitch Rating of such Collateral Debt Obligation will be one sub-category below such rating;

(c) if a Fitch Rating cannot be determined pursuant to clause (a) or (b), but

(i) Fitch has issued a senior unsecured rating on any obligation or security of the issuer of such Collateral Debt Obligation, then the Fitch Rating of such Collateral Debt Obligation will equal such rating; or

(ii) Fitch has not issued a senior unsecured rating on any obligation or security of the issuer of such Collateral Debt Obligation but Fitch has issued a senior rating, senior secured rating or a subordinated secured rating on any obligation or security of the issuer of such Collateral Debt Obligation, then the Fitch Rating of such Collateral Debt Obligation will (x) equal such rating if such rating is “BBB-” or higher and (y) be one sub-category below such rating if such rating is “BB+” or lower, or

(iii) Fitch has not issued a senior unsecured rating or a senior rating, senior secured rating or a subordinated secured rating on any obligation or security of the issuer of such Collateral Debt Obligation but Fitch has issued a subordinated, junior subordinated or senior subordinated rating on any obligation or security of the issuer of such Collateral Debt Obligation, then the Fitch Rating of such Collateral Debt Obligation will be (x) one sub-category above such rating if such rating is “B+” or higher and (y) two sub-categories above such rating if such rating is “B” or lower;

(d) if a Fitch Rating cannot be determined pursuant to clause (a), (b) or (c) and

(i) Moody’s has issued a publicly available corporate family rating for the issuer of such Collateral Debt Obligation, then, subject to subclause (viii) below, the Fitch Rating of such Collateral Debt Obligation will be the Fitch equivalent of such Moody’s rating;

(ii) Moody’s has not issued a publicly available corporate family rating for the issuer of such Collateral Debt Obligation but has issued a long-term issuer rating for such issuer, then, subject to subclause (viii) below, the Fitch Rating of such Collateral Debt Obligation will be the Fitch equivalent of such Moody’s rating;

(iii) Moody’s has not issued a publicly available corporate family rating for the issuer of such Collateral Debt Obligation but Moody’s has issued an outstanding insurance financial strength rating for such issuer, then, subject to subclause (viii) below, the Fitch Rating of such Collateral Debt Obligation will be one sub-category below the Fitch equivalent of such Moody’s rating;

(iv) Moody’s has not issued a publicly available corporate family rating for the issuer of such Collateral Debt Obligation but has issued outstanding corporate issue ratings for such issuer, then, subject to subclause (viii) below, the Fitch Rating of such Collateral Debt Obligation will be (x) if such corporate issue rating relates to senior unsecured obligations of such issuer, the Fitch equivalent of the Moody’s

rating for such issue, if there is no such corporate issue ratings relating to senior unsecured obligations of the issuer then (y) if such corporate issue rating relates to senior, senior secured or subordinated secured obligations of such issuer, (1) one sub-category below the Fitch equivalent of such Moody's rating if such obligations are rated "Ba1" or above or "Ca" by Moody's or (2) two sub-categories below the Fitch equivalent of such Moody's rating if such obligations are rated "Ba2" or below but above "Ca" by Moody's, or if there is no such corporate issue ratings relating to senior unsecured, senior, senior secured or subordinated secured obligations of the issuer then (z) if such corporate issue rating relates to subordinated, junior subordinated or senior subordinated obligations of such issuer, (1) one sub-category above the Fitch equivalent of such Moody's rating if such obligations are rated "B1" or above by Moody's or (2) two sub-categories above the Fitch equivalent of such Moody's rating if such obligations are rated "B2" or below by Moody's;

(v) S&P has issued a publicly available issuer credit rating for the issuer of such Collateral Debt Obligation, then, subject to subclause (viii) below, the Fitch Rating of such Collateral Debt Obligation will be the Fitch equivalent of such S&P rating;

(vi) S&P has not issued a publicly available issuer credit rating for the issuer of such Collateral Debt Obligation but S&P has issued an outstanding insurance financial strength rating for such issuer, then, subject to subclause (viii) below, the Fitch Rating of such Collateral Debt Obligation will be one sub-category below the Fitch equivalent of such S&P rating;

(vii) S&P has not issued a publicly available issuer credit rating for the issuer of such Collateral Debt Obligation but has issued outstanding corporate issue ratings for such issuer, then, subject to subclause (viii) below, the Fitch Rating of such Collateral Debt Obligation will be (x) if such corporate issue rating relates to senior unsecured obligations of such issuer, the Fitch equivalent of the S&P rating for such issue, if there is no such corporate issue ratings relating to senior unsecured obligations of the issuer then (y) if such corporate issue rating relates to senior, senior secured or subordinated secured obligations of such issuer, (1) the Fitch equivalent of such S&P rating if such obligations are rated "BBB-" or above by S&P or (2) one sub-category below the Fitch equivalent of such S&P rating if such obligations are rated "BB+" or below by S&P, or if there is no such corporate issue ratings relating to senior unsecured, senior, senior secured or subordinated secured obligations of the issuer then (z) if such corporate issue rating relates to subordinated, junior subordinated or senior subordinated obligations of such issuer, (1) one sub-category above the Fitch equivalent of such S&P rating if such obligations are rated "B+" or above by S&P or (2) two sub-categories above the Fitch equivalent of such S&P rating if such obligations are rated "B" or below by S&P; and

(viii) both Moody's and S&P provide a public rating of the issuer of such Collateral Debt Obligation or a corporate issue of such issuer, then the Fitch Rating will be the lowest of the Fitch Ratings determined pursuant to any of the subclauses of this clause (d); and

(e) if a rating cannot be determined pursuant to clauses (a) through (d) then, (i) at the discretion of the Collateral Manager, the Collateral Manager on behalf of the Issuer may apply to Fitch for a Fitch credit opinion, and the issuer default rating provided in connection with such rating shall then be the Fitch Rating, or (ii) the Issuer may assign a Fitch Rating of "CCC" or lower to such Collateral Debt Obligation which is not in default;

provided, that on the Closing Date, if any rating described above is (i) on rating watch negative or negative credit watch, the rating will be the lower of (A) the Fitch CDS-IR (if such rating is available) or (B) the Fitch Rating as determined above adjusted down by one sub-category, (ii) on outlook negative, the rating will be the lower of (A) the Fitch CDS-IR (if such rating is available) or (B) the Fitch Rating as determined above or (iii) rating watch positive or positive credit watch, the rating will not be adjusted; *provided, further*, that the Fitch Rating may be updated by Fitch from time to time as indicated in the "Criteria for Corporate CDOs" report issued by Fitch and available at www.fitchratings.com. For the avoidance of doubt, the Fitch Rating takes into account adjustments for assets that are on rating watch negative or negative credit watch, as well as negative outlook prior to determining the issue rating or in the determination of the lower of the Moody's and S&P rating public ratings.

Fitch Equivalent Ratings

Fitch Rating	Moody's rating	S&P rating
AAA	Aaa	AAA
AA+	Aa1	AA+
AA	Aa2	AA
AA-	Aa3	AA-
A+	A1	A+
A	A2	A
A-	A3	A-
BBB+	Baa1	BBB+
BBB	Baa2	BBB
BBB-	Baa3	BBB-
BB+	Ba1	BB+
BB	Ba2	BB
BB-	Ba3	BB-
B+	B1	B+
B	B2	B
B-	B3	B-
CCC+	Caa1	CCC+
CCC	Caa2	CCC
CCC-	Caa3	CCC-
CC	Ca	CC
C	C	C

Fitch IDR Equivalency Map from Corporate Ratings

Rating Type	Rating Agency(s)	Issue Rating	Mapping Rule
Corporate Family Rating LT Issuer Rating	Moody's	NA	0
Issuer Credit Rating	S&P	NA	0
Senior unsecured	Fitch, Moody's, S&P	Any	0
Senior, Senior secured or Subordinated secured	Fitch, S&P	"BBB-" or above	0
	Fitch, S&P	"BB+" or below	-1
	Moody's	"Ba1" or above	-1
	Moody's	"Ba2" or below	-2
	Moody's	"Ca"	-1
Subordinated, Junior subordinated or Senior subordinated	Fitch, Moody's, S&P	"B+", "B1" or above	1
	Fitch, Moody's, S&P	"B", "B2" or below	2

The following steps are used to calculate the Fitch IDR equivalent ratings:

- 1 Public or private Fitch-issued IDR.
- 2 If Fitch has not issued an IDR, but has an outstanding Long-Term Financial Strength Rating, then the IDR equivalent is one rating lower.
- 3 If Fitch has not issued an IDR, but has outstanding corporate issue ratings, then the IDR equivalent is calculated using the mapping in the table above.
- 4 If Fitch does not rate the issuer or any associated issuance, then determine a Moody's and S&P equivalent to Fitch's IDR pursuant to steps 5 and 6.

- 5a A public Moody's-issued Corporate Family Rating (CFR) is equivalent in definition terms to the Fitch IDR. If Moody's has not issued a CFR, but has an outstanding LT issuer Rating, then this is equivalent to the Fitch IDR.
- 5b If Moody's has not issued a CFR, but has an outstanding Insurance Financial Strength Rating, then the Fitch IDR equivalent is one rating lower.
- 5c If Moody's has not issued a CFR, but has outstanding corporate issue ratings, then the Fitch IDR equivalent is calculated using the mapping in the table above.
- 6a A public S&P-issued Issuer Credit Rating (ICR) is equivalent in terms of definition to the Fitch IDR.
- 6b If S&P has not issued an ICR, but has an outstanding Insurance Financial Strength Rating, then the Fitch IDR equivalent is one rating lower.
- 6c If S&P has not issued an ICR, but has outstanding corporate issue ratings, then the Fitch IDR equivalent is calculated using the mapping in the table above.
- 7 If both Moody's and S&P provide a public rating on the issuer or an issue, the lower of the two Fitch IDR equivalent ratings will be used in PCM. Otherwise the sole public Fitch IDR equivalent rating from Moody's or S&P will be applied.

INDEX OF DEFINED TERMS

Accepted Purchase Request.....	56
Accredited Investor.....	117
Actions.....	67
Adams Mill.....	40
Additional Debt.....	51
Administration Agreement.....	117
Administrative Expenses.....	117
Administrator.....	1
Affiliate.....	117
Aggregate Outstanding Amount.....	117
Aggregate Principal Amount.....	118
Aggregate Principal Balance.....	118
Aggregate Unfunded Amount.....	118
AIF.....	31
AIFMD.....	31
Applicable Issuer.....	118
Approved Pricing Service.....	118
Approved Replacement Person.....	72
ARUP Sale Amount.....	127
Asset Quality Matrix.....	118
Asset Quality Matrix Combination.....	119
Assigned Moody's Rating.....	119
Assignment.....	119
Authorized Denomination.....	119
Bank.....	1
Bankruptcy Code.....	119
Bankruptcy Event.....	119
Bankruptcy Subordination Agreement.....	76
Benefit Plan Investor.....	113
Bond.....	120
Bridge Loan.....	120
Brookside Mill.....	39
Business Day.....	120
Caa Excess.....	120
cause.....	69
Cayman IGA.....	120
CCC Excess.....	120
CCC Haircut Amount.....	120
CEA.....	30
Certifying Person.....	120
CFC.....	104
CFTC.....	30
Class.....	120
Class A Notes.....	1
Class B Notes.....	1
Class C Coverage Tests.....	120
Class C Note Interest Coverage Test.....	121
Class C Note Overcollateralization Test.....	121
Class C Notes.....	1
Class D Coverage Tests.....	121
Class D Note Interest Coverage Test.....	121
Class D Note Overcollateralization Test.....	121
Class D Notes.....	1

Class E Note Overcollateralization Test.....	121
Class E Notes.....	1
Clearstream.....	121
Closing Date.....	1
Closing Date Reserve.....	121
Code.....	121
Co-Issued Notes.....	1
Co-Issuer.....	1
Collateral.....	41
Collateral Account.....	121
Collateral Administration Agreement.....	121
Collateral Administrator.....	1
Collateral Debt Obligation.....	41
Collateral Debt Obligation Maturity.....	121
Collateral Management Fees.....	68
Collateral Manager Breach.....	67
Collateral Portfolio.....	121
Collateral Quality Tests.....	50
Collection Account.....	121
Companies Law.....	121
Concentration Limitations.....	43
Contribution.....	64
Contributor.....	121
Controlling Class.....	121
Controlling Person.....	113
Coverage Tests.....	121
Cov-Lite Loan.....	121
CPO.....	30
Credit Improved Criteria.....	121
Credit Improved Obligation.....	122
Credit Risk Criteria.....	122
Credit Risk Obligation.....	123
Credit Suisse.....	1
Credit Suisse Parties.....	27
CS.....	28
CTA.....	30
Current Pay Obligation.....	123
Current Portfolio.....	123
Debt.....	1
Debt Payment Sequence.....	123
Default.....	124
Defaulted Interest.....	58, 124
Defaulted Obligation.....	124
Deferrable Class.....	3
Deferrable Interest Obligation.....	125
Deferrable Security.....	125
Deferred Interest.....	58
Delayed Funding Term Loan.....	125
Determination Date.....	2, 125
DIP Loan.....	125
Discount Obligation.....	126
Discount Obligation Haircut Amount.....	126
Discretionary Sale.....	45
Disposed Obligation.....	126
Dissolution Expenses.....	126
Distressed Exchange.....	126

Distressed Exchange Offer	126
Diversity Score	139
Dodd Frank Act	29
Dollars	i
Domicile	127
Domicile Guarantee Criteria	127
DTC	85
Due Date	127
Due Period	2, 127
EEA	30
EEA AIF	31
Effective Date	2
Effective Date Aggregate Principal Balance	127
Effective Date Condition	128
Effective Date Cut-Off	2
Effective Date Diversion Amount	128
Effective Date Ratings Confirmation	128
Effective Date Ratings Confirmation Failure	128
Effective Date Report	128
Effective Date Target Par Amount	5, 128
Effective Date Target Par Balance	128
Effective Date Tested Items	128
Eligible Country	128
Eligible Investment	128
Eligible Investment Fitch Required Ratings	129
Eligible Investment Moody's Required Ratings	129
Eligible Loan Index	129
Eligible Successor	71
employee benefit plans	112
Enforcement Event	75
Equity Security	130
ERISA	112
ERISA Plans	112
ERISA-Restricted Notes	113
EU	7
Euroclear	130
Event of Default	74
Excepted Advances	130
Excepted Property	130
Exchange Act	130
Exchange Transaction	130
Exchanged Obligation	130
Expense Reserve Account	130
Expenses	67
FATCA	130
FATCA Compliance	131
FBAR	108
Fee Basis Amount	131
First LIBOR Period End Date	131
Fitch	131
Fitch Eligible Counterparty Rating	131
Fitch Rating Schedule	164
Fixed Rate Collateral Debt Obligations	131
Fixed Rate Notes	131
Floating Rate Collateral Debt Obligations	131
Floating Rate Notes	131

FRB	33
Global Note	131
Gross Fixed Rate Excess	131
Gross Spread Excess.....	131
Hedge Agreement.....	50
Higher Ranking Class.....	131
Highest Ranking Class.....	131
holder.....	i
Holder	i, 131
Holder Proposed Re-Pricing Rate.....	56
Holder Purchase Request.....	56
Holder Reporting Obligations.....	131
Illiquid Asset	132
Incentive Collateral Management Fee	68
Incurrence Covenant.....	132
Indemnified Party	67
Independent	132
Index Maturity	136
Indirect Participants.....	86
Initial Investment Period	132
Initial Purchaser	1
Initial Rating	132
Institutional Accredited Investor	132
Interest Accrual Period	132
Interest Collection Account	132
Interest Coverage Ratio	133
Interest Coverage Test.....	133
Interest Distribution Amount.....	133
Interest Proceeds.....	134
Interest Rate.....	135
Intermediary	135
Internal Rate of Return	135
Investment Advisers Act	135
Investment Company Act	135
Investment Criteria Adjusted Balance	135
IRS.....	13
Issuer	1
Issuer Only Notes	1
Issuer Ordinary Shares.....	36
Issuer Subsidiary	46
Issuer Subsidiary Assets	47
Issuers.....	1, 135
Junior Notes.....	52
Key Manager	72
Key Manager Event.....	72
Knowledgeable Employee	135
Lease Financing Transaction	136
Leveraged Loan Index	136
Liabilities	67
LIBOR	136
LIBOR Determination Date.....	136
Libor Floor Obligation.....	137
Liquidation Payment Date	77, 137
Listed Notes.....	137
London Banking Day.....	136
Long-Dated Obligation.....	137

Lower Ranking Class.....	137
Magnus	40
Maintenance Covenant	137
Majority	137
Manager Information	ii
Mandatory Redemption	2
Margin Stock	137
Market Value	137
Market Value Amount	138
Maturity	138
Measurement Date	138
Minimum Weighted Average Fixed Rate Coupon	138
Minimum Weighted Average Spread	138
Monthly Report	82
Moody's.....	138
Moody's Additional Current Pay Criteria	138
Moody's Adjusted Weighted Average Rating Factor.....	139
Moody's Collateral Value	139
Moody's Counterparty Criteria.....	139
Moody's Diversity Test	139
Moody's Rating Condition	139
Moody's Rating Factor.....	140
Moody's Rating Schedule	159
Moody's Recovery Amount	140
Moody's Recovery Rate	140
Moody's Weighted Average Rating Factor	141
Moody's Weighted Average Rating Factor Test	141
Moody's Weighted Average Recovery Rate	141
Moody's Weighted Average Recovery Rate Adjustment.....	141
Moody's Weighted Average Recovery Rate Test	142
New Security	14
NII	106
Non-Call Period	2
non-EEA AIF.....	31
Non-Permitted Holder	142
Non-Permitted Tax Holder	142
Non-Quarterly Pay Interest Reserve Account.....	142
Non-Quarterly Pay Obligation.....	142
Non-Quarterly Pay Selected Obligation	142
non-U.S. holder	100
Non-U.S. Obligor	142
Notes.....	1
Notes Register	142
Notes Registrar	142
NRSROs	12
Objection Notice.....	72
Obligor.....	142
Offer	142
Offering	ii
Offering Memorandum.....	i
OID.....	102
Ongoing Expense Excess Amount.....	143
Ongoing Expense Reserve Shortfall	143
Original Security	14
Other Plan Law	143
Outstanding.....	143

Overcollateralization Ratio	144
Overcollateralization Tests	144
Par Value Numerator	144
Pari Passu Class	145
Partial Redemption Interest Proceeds	145
Participants	86
Participation.....	145
Paying Agent”:	145
Payment Account.....	145
Payment Date.....	145
Payment Dates	1
Permitted Amounts	145
Permitted Exchange Security.....	145
Permitted Offer.....	145
Permitted Use	145
Permitted Use Account.....	146
Person	146
PFIC.....	103
PFIC Annual Information Statement	104
Physical Note.....	146
Plan Asset Regulation.....	113
Plans	112
Pledged Obligations.....	146
Post-Reinvestment Period Criteria.....	48
Pre-Closing Parties	28
Preferred Index	146
Principal Balance.....	146
Principal Collection Account.....	147
Principal Diversion Amount.....	147
Principal Diversion Amount Condition	147
Principal Payments	147
Principal Proceeds	147
Priority of Interest Proceeds	59
Priority of Payments	59
Priority of Post-Acceleration Proceeds.....	62
Priority of Principal Proceeds.....	61
Priority of Refinancing Proceeds.....	64
Pro Rata Share	71
prohibited transaction	112
Proposed Portfolio.....	147
Protected Purchaser	147
PTCE	112
Purchase Agreement.....	147
Purchased Accrued Interest	147
Purchaser	93
Purpose Credit	33
QEF	103
QIB	147
Qualified Accredited Investor.....	5
Qualified Collateral Manager Investor	147
Qualified Institutional Buyer	147
Qualified Purchaser	147
Rating Agency	147
Rating Condition	148
Received Obligation	148
Recovery Rate Rating Factor Modifier Matrix	148

Recovery Rate Spread Modifier Matrix.....	149
Redemption Date.....	150
Redemption Make-Whole End Date.....	150
Redemption Premium.....	150
Redemption Premium Identified Holders.....	150
Redemption Premium Payment Procedures.....	150
Redemption Price.....	151
Redemption Record Date.....	151
Reference Banks.....	136
Refinancing.....	54
Refinancing Conditions.....	54
Refinancing Date.....	54
Refinancing Price.....	151
Refinancing Proceeds.....	54, 151
Registered.....	151
Regular Record Date.....	82, 151
Regulation S.....	151
Regulation S Global Note.....	151
Regulation U.....	151
Regulation U Lenders.....	33
Reinvestment Criteria.....	48
Reinvestment Income.....	151
Reinvestment Overcollateralization Test.....	151
Reinvestment Period.....	2
Reinvestment Period Criteria.....	47
Related Entities.....	26
Repricable Notes.....	1
Re-Priced Class.....	3
Re-Pricing.....	3
Re-Pricing Conditions.....	57
Re-Pricing Date.....	151
Re-Pricing Intermediary.....	3
Re-Pricing Proceeds.....	56
Re-Pricing Rate.....	55
Re-Pricing Redemption.....	3
Re-Pricing Redemption Date.....	151
Re-Pricing Replacement Notes.....	56
Re-Pricing Sale.....	3, 151
Repurchased Notes.....	11, 52
Restricted Period.....	85
Restricted Trading Condition.....	151
Revolver Funding Reserve Amount.....	152
Revolving Credit Facility.....	152
Revolving Credit Facility Reserve Account.....	152
Risk Retention Requirements.....	152
Rule 144A.....	152
Rule 144A Global Note.....	152
S&P.....	152
S&P Rating.....	152
Sale Proceeds.....	153
SCMC.....	40
Second Lien Loan.....	153
Secured Debt.....	1
Secured Debt Collateral Account.....	153
Secured Debt Redemption Amount.....	53
Secured Parties.....	153

Securities	1
Securities Act.....	153
Securities Credit	34
Securities Lending Agreement	153
Selling Institution	153
Senior Collateral Management Fee	68
Senior Coverage Tests	153
Senior Debt.....	153
Senior Debt Interest Coverage Test.....	154
Senior Debt Overcollateralization Test.....	154
Senior Secured Loan.....	154
Senior Secured Note.....	154
Share Trustee	154
Similar Laws.....	112
Slater Mill.....	39
Special Payment Date.....	58
Special Purpose Vehicle	154
Special Record Date	58
Sponsor.....	154
Standard & Poor's	152
Stated Maturity.....	2
Step-Up Security	154
Structured Finance Security.....	154
Subordinated Collateral Management Fee.....	68
Subordinated Notes Collateral Account	154
Subordinated Notes Collateral Obligations	154
Subordinated Notes Principal Collection Account	154
Subordinated Notes Reinvestment Ceiling	154
Subordinated Notes Unused Proceeds Account.....	154
Substitute Collateral Debt Obligation.....	155
Sudbury Mill.....	39
Supermajority	155
Supplemental Reserve Amount	61
Surrendered Notes	11, 53
Swapped Non-Discount.....	155
Synthetic Security.....	155
Target Return.....	68
Tax.....	155
Tax Advantaged Jurisdiction	155
Tax Advice	155
Tax Event.....	155
Tax Guidelines.....	156
Tax Reserve Account.....	156
Temporary Global Note.....	156
Trading Plan	156
Transaction Document.....	156
Transaction Investments	66
Transaction Party	156
Transfer Certificate.....	156
Two-Month Period	72
U.S. Dollars	i
U.S. holder.....	100
U.S. Shareholder.....	105
U.S.\$	i
UBTI.....	107
Underlying Instrument.....	156

Unsalable Asset	46, 156
Unscheduled Principal Payments.....	156
Unsecured Loan.....	157
Unsolicited Ratings.....	13
Unused Proceeds.....	157
Unused Proceeds Account	157
Valuation Report.....	82
Volcker Rule.....	157
Voting Rights.....	157
Warehouse Accrued Interest.....	28
Washington Mill.....	39
Weighted Average Fixed Coupon	157
Weighted Average Fixed Coupon Test.....	157
Weighted Average Life	157
Weighted Average Life Test.....	157
Weighted Average Spread	157
Weighted Average Spread Test	158
Westbrook.....	39
Withholding Tax Security.....	158
Zero-Coupon Security	158

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