OFFERING MEMORANDUM

ARES XXXI CLO LTD.
ARES XXXI CLO LLC

U.S.$759,900,000 Class A-1 Senior Floating Rate Notes due 2025
U.S.$136,900,000 Class A-2 Senior Floating Rate Notes due 2025
U.S.$75,700,000 Class B Mezzanine Deferrable Fixed Rate Notes due 2025
U.S.$ 46,250,000 Class C Mezzanine Deferrable Fixed Rate Notes due 2025
U.S.$57,500,000 Class D Mezzanine Deferrable Fixed Rate Notes due 2025
U.S.$184,450,000 Subordinated Notes due 2025

The Issuer's investment portfolio consists primarily of bank loans and Participations. The portfolio will be managed by Ares CLO Management XXXI, L.P. (the "Asset Manager").

See "Risk Factors" beginning on page 27 for a discussion of certain risks that you should consider in connection with an investment in the Notes.

No Secured Notes will be issued unless upon issuance (i) the Class A-1 Notes are rated "Aaa (sf)" by Moody's, "AAA (sf)" by S&P and "AAAsf" by Fitch, (ii) the Class A-2 Notes are rated at least "AAsf" by Fitch and "Aa2 (sf)" by Moody's, (iii) the Class B Notes are rated at least "Asf" by Fitch, (iv) the Class C Notes are rated at least "BBBsf" by Fitch and (v) the Class D Notes are rated at least "BBsf" by Fitch. The Subordinated Notes will not be rated. See "Rating of the Notes" beginning on page 84.

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

The Securities have not been registered under the Securities Act, and neither of the Issuers has been registered under the Investment Company Act. The Securities are being offered only (a) to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S and (b)(i) to Qualified Institutional Buyers that are also Qualified Purchasers, or (ii) solely in the case of Definitive Securities, Institutional Accredited Investors that are also Qualified Purchasers. For a description of certain restrictions on transfer, see "Transfer Restrictions" beginning on page 151.

The Securities will be offered from time to time by the Issuer for sale to investors in negotiated transactions at varying prices to be determined in each case at the time of sale. The Securities are expected to be delivered to investors in book-entry form through The Depository Trust Company (or, in the case of Definitive Securities, physical form) and its participants and indirect participants, including, without limitation, Euroclear and Clearstream, on or about the Closing Date. JPMorgan will act as placement agent for the Securities on behalf of the Issuers or the Issuer, as applicable, except that any Securities sold to the Asset Manager, any of the JPMorgan Companies or any of their Affiliates, employees or clients or certain other investors will be sold directly by the Issuer in privately negotiated transactions and JPMorgan will not act as placement agent with respect to such sales.

JPMorgan
September 24, 2014

Important information regarding this Offering Memorandum and the Securities

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

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

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

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

The Securities do not represent interests in or obligations of, and are not insured or guaranteed by, JPMorgan, the Asset Manager, the Trustee, the Collateral Administrator, the Administrator, any Hedge Counterparty or any of their respective affiliates.

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

Unless the context otherwise requires or as otherwise indicated, in this Offering Memorandum, "JPMorgan" means J.P. Morgan Securities LLC in its capacity as placement agent for the Secured Notes.

The information contained in this Offering Memorandum has been provided by the Issuers and other sources identified herein. The Issuers accept responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of the Issuers, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

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

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

Regardless of the foregoing, however, you (and your employees, representatives and agents) may disclose to any and all Persons, without limitation of any kind, the United States federal income "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation Section 1.6011-4 and applicable U.S. state and local law) of the transactions described in this Offering Memorandum and all materials of any kind related to such tax treatment or tax structure (including opinions or other tax analyses) that are provided to you (or your employees, representative or agents).

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

- you have reviewed this Offering Memorandum;
- you have had an opportunity to request any additional information that you need from the Issuer; and
- none of JPMorgan nor (except in the case of clause (ii) below with respect to the information contained under the headings "Risk Factors—Relating to the Asset Manager—Past performance of Asset Manager Parties not indicative," "Risk Factors—Relating to Certain Conflicts of Interest—The Issuer will depend on the managerial expertise available to the Asset Manager and its key personnel," "Risk Factors—Relating to Certain Conflicts of Interest—The Issuer will be subject to various conflicts of interest involving the Asset Manager and its affiliates and certain investors" and "The Asset Manager"), the Asset Manager, the Trustee or the Collateral Administrator is responsible for, or is making any representation to you concerning, (i) the future performance of the Issuer or (ii) the accuracy or completeness of this Offering Memorandum.

U.S. Bank National Association, in each of its capacities including but not limited to Trustee, Calculation Agent, Paying Agent and Collateral Administrator, has not participated in the preparation of this Offering Memorandum and assumes no responsibility for its contents.

None of the Issuers, JPMorgan, the Asset Manager nor any other party to the transactions contemplated by this Offering Memorandum is providing you with any legal, business, tax or other advice in this Offering Memorandum. You should consult with your own advisors as needed to assist you in making an investment decision and to advise you as to whether you are legally permitted to purchase the Securities.

JPMorgan, the Asset Manager, each of their affiliates, and third parties that provide information to the Asset Manager and the Rating Agencies, do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or the results obtained from the use of such content. JPMorgan, the Asset Manager, each of their affiliates and third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use, and they expressly disclaim any responsibility or liability for direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including lost income or profits and opportunity costs) in connection with the use of the information herein. Credit ratings are statements of opinions and not statements of facts or recommendations to purchase, hold or sell securities. They do not address the suitability of securities for investment purposes and should not be relied on as investment advice. None of JPMorgan, the Asset Manager or any of their respective affiliates have any responsibility to update any of the information provided in this summary document.

THE SECURITIES ARE BEING OFFERED IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THESE EXEMPTIONS APPLY TO OFFERS AND SALES OF

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

APPLICATION WILL BE MADE TO LIST THE SECURITIES ON THE IRISH STOCK EXCHANGE. HOWEVER, THERE CAN BE NO ASSURANCES THAT THE IRISH STOCK EXCHANGE WILL IN FACT GRANT THE LISTING OF THE SECURITIES OR, IF GRANTED, THAT SUCH LISTING WILL BE MAINTAINED.

You must comply with all laws that apply to you in any place where you buy, offer or sell any Securities or possess this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any Securities. None of the Issuers, JPMorgan, the Trustee, the Collateral Administrator, the Asset Manager nor any other party to the transactions contemplated by this Offering Memorandum is responsible for your compliance with these legal requirements.

You are hereby notified that a seller of the Securities may rely on an exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A or by Section 4(2) of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering.

IN THE EVENT THAT TRADING IN HEDGE AGREEMENTS WOULD RESULT IN THE ISSUERS' ACTIVITIES FALLING WITHIN THE DEFINITION OF A "COMMODITY POOL" UNDER THE COMMODITY EXCHANGE ACT, THE ASSET MANAGER EXPECTS TO BE EXEMPT FROM REGISTRATION WITH THE COMMODITY FUTURES TRADING COMMISSION ("CFTC") AS A COMMODITY POOL OPERATOR ("CPO") PURSUANT TO CFTC RULE 4.13(a)(3). THEREFORE, UNLIKE A REGISTERED CPO, THE ASSET MANAGER WOULD NOT BE REQUIRED TO DELIVER A CFTC DISCLOSURE DOCUMENT TO PROSPECTIVE INVESTORS, NOR WOULD IT BE REQUIRED TO PROVIDE INVESTORS WITH CERTIFIED ANNUAL REPORTS THAT SATISFY THE REQUIREMENTS OF CFTC RULES APPLICABLE TO REGISTERED CPOs.

IMPORTANT INFORMATION REGARDING OFFERS AND SALES OF THE SECURITIES

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

You may commit to purchase one or more classes of securities that have characteristics that may change, and you are advised that all or a portion of the securities may not be issued with the characteristics described in this Offering Memorandum. JPMorgan's obligation to sell or place such securities to you is conditioned on the securities having the characteristics described in this Offering Memorandum. If JPMorgan determines that condition is not satisfied in any material respect, you will be notified, and none of the Issuer, the Co-Issuer or JPMorgan will have any obligation to you to deliver any portion of the securities that you have committed to purchase, and there will be no liability among the Issuer, the Co-Issuer, their affiliates, JPMorgan and you as a consequence of the non-delivery.

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

No invitation whether direct or indirect may be made to the public in the Cayman Islands to subscribe for the Securities.

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

NOTICE TO FLORIDA RESIDENTS

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

NOTICE TO GEORGIA RESIDENTS

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

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." 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 Asset Manager, JPMorgan, 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 Securities. 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.

CERTAIN DEFINITIONS AND RELATED MATTERS

Unless otherwise indicated, (i) references in this Offering Memorandum to "U.S. Dollars," "Dollars" and "U.S.$" will be to United States dollars and (ii) references to "U.S." and "United States" will be to the United States of America, its territories and its possessions.

The language of the Offering Memorandum is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of the prospectus.

SUMMARIES OF DOCUMENTS

This Offering Memorandum summarizes certain provisions of the Securities, the Indenture, the Asset Management Agreement and other transactions and documents. The summaries do not purport to be complete and (whether or not so stated in this Offering Memorandum) are subject to, are qualified in their entirety by reference to, and incorporate by reference, the provisions of the actual documents (including definitions of terms). However, no documents incorporated by reference are part of this Offering Memorandum for purposes of the approval of this Offering Memorandum as a prospectus under the Prospectus Directive and for purposes of the admission of the Securities to trading on the regulated market of the Irish Stock Exchange.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with the sale of the Securities, the Issuer (and, solely in the case of the Co-Issued Notes, the Issuers) under the Indenture referred to under "Description of the Notes" will be required to furnish upon request of a holder of a Security to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request the Issuers are not reporting companies under Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. Such information may be obtained directly from the Issuer.

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OVERVIEW OF TERMS

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

Principal terms of the Notes

Designation[1]	Class A-1 Notes	Class A-2 Notes	Class B Notes	Class C Notes	Class D Notes	Subordinated Notes
Type	Senior Floating Rate	Senior Floating Rate	Mezzanine Deferrable Fixed Rate	Mezzanine Deferrable Fixed Rate	Mezzanine Deferrable Fixed Rate	Subordinated
Issuer(s)	Issuers	Issuers	Issuers	Issuers	Issuer	Issuer
Initial Principal Amount (U.S.$)	$759,900,000	$136,900,000	$75,700,000	$46,250,000	$57,500,000	$184,450,000
Expected Moody's Initial Rating	"Aaa (sf)"	"Aa2 (sf)"	N/A	N/A	N/A	N/A
Expected S&P Initial Rating	"AAA (sf)"	N/A	N/A	N/A	N/A	N/A
Expected Fitch Initial Rating	"AAAsf"	"AAsf"	"Asf"	"BBBsf"	"BBsf"	N/A
Interest Rate	Base Rate + 1.44%	Base Rate + 1.95%	5.49%	6.60%	8.70%	N/A
Interest Deferrable	No	No	Yes	Yes	Yes	N/A
Stated Maturity	August 28, 2025	August 28, 2025	August 28, 2025	August 28, 2025	August 28, 2025	August 28, 2025
Minimum Denominations (U.S.$) (Integral Multiples)	$250,000 ($1.00)	$250,000 ($1.00)	$500,000 ($1.00)	$500,000 ($1.00)	$2,500,000 ($2,500,000)	$2,635,000 ($2,635,000)
Priority Classes	None	A-1	A-1, A-2	A-1, A-2, B	A-1, A-2, B, C	A-1, A-2, B, C, D
Pari Passu Classes	None	None	None	None	None	None
Junior Classes	A-2, B, C, D, Subordinated Notes	B, C, D, Subordinated Notes	C, D, Subordinated Notes	D, Subordinated Notes	Subordinated Notes	None

[1] Each Class of Notes is referred to in this Offering Memorandum using the respective term set forth in the heading "Designation" in the table above. The Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes are collectively referred to herein as the "Secured Notes" and together with the Subordinated Notes are referred to herein collectively as the "Notes" or the "Securities." The Class A-1 Notes, the Class A-2 Notes, the Class B Notes and the Class C Notes are collectively referred to herein as the "Co-Issued Notes."

Issuer:	Ares XXXI CLO Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands.
Co-Issuer:	Ares XXXI CLO LLC, a Delaware limited liability company.
Asset Manager:	Ares CLO Management XXXI, L.P.
Trustee:	U.S. Bank National Association (the "Bank"), as trustee.
Collateral Administrator:	U.S. Bank National Association, as collateral administrator.
Placement Agent:	J.P. Morgan Securities LLC.
Administrator:	Appleby Trust (Cayman) Ltd.
Nationally Recognized Accounting Firm:	Ernst & Young LLP
Eligible Investor:	The Notes are being offered only (a) to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S and (b)(i) to Qualified Institutional Buyers that are also Qualified Purchasers, or (ii) solely in the case of Definitive Securities, Institutional Accredited Investors that are also Qualified Purchasers. See "Plan of Distribution," "Form, Denomination and Registration" and "Transfer Restrictions.
Payments on the Notes:	
Payment Dates	The 28th day of February, May, August and November of each year commencing in February 2015, or, if any such date is not a Business Day, the immediately following Business Day, any Liquidation Payment Date and any Redemption Date other than a Partial Redemption Date (each, a "Payment Date"); *provided that*, following the redemption or repayment in full of the Secured Notes, Holders of Subordinated Notes may receive payments (including in respect of an Optional Redemption of the Subordinated Notes) on any dates designated by the Asset Manager (which dates may or may not be the dates stated above) upon seven Business Days' prior written notice to the Trustee and the Collateral Administrator (which notice the Trustee will promptly forward to the Holders of the Subordinated Notes) and such dates will constitute "Payment Dates." The last Payment Date in respect of any Class of Notes will be its Redemption Date, its Stated Maturity or such other Payment Date on which the Aggregate Outstanding Amount of such Class is paid in full or the final distribution in respect thereof is made.
Secured Note Interest Payments	Interest on the Secured Notes is payable quarterly in arrears on each Payment Date in accordance with the Priority of Payments described herein.
Base Rate Amendment	At any time, the Asset Manager may propose a Base Rate Amendment that would change the Base Rate in respect of the Senior Notes to an Alternate Base Rate. If each Holder of Notes consents to the Base Rate Amendment and Rating Agency Confirmation is obtained, the Alternate Base Rate will become the Base Rate commencing on the first Interest Accrual

	Period to begin after the execution and the effectiveness of the Base Rate Amendment. See "Description of the Notes—The Indenture—Modification of Indenture."
Deferral of Interest	So long as any more senior Class of Secured Notes is Outstanding, to the extent interest is not paid on the Class B Notes, the Class C Notes or the Class D Notes on any Payment Date, such amounts will be deferred and added to the principal balance of the applicable Class of Secured Notes and will bear interest at the Interest Rate applicable to such Secured Notes, and the failure to pay such amounts prior to the maturity of the Notes will not be an Event of Default under the Indenture. See "Description of the Notes—Interest."
Distributions on the Subordinated Notes	The Subordinated Notes will not bear a stated rate of interest but will be entitled to receive distributions on each Payment Date if and to the extent funds are available for such purpose. Such payments will be made on the Subordinated Notes only pursuant to the Priority of Payments. See "—Priority of Payments" and "Description of the Notes—The Subordinated Notes."
Reinvestment Period:	The "Reinvestment Period" will be the period from and including the Closing Date to and including the earliest of (i) the Payment Date in August 2018, (ii) the end of the Due Period related to the Payment Date immediately following the date on which the Asset Manager, in its sole discretion, notifies the Trustee that, in light of the composition of Underlying Assets, general market conditions and other factors, investment of Principal Proceeds in additional Underlying Assets within the foreseeable future would be either impractical or not beneficial to the Holders of the Subordinated Notes and specifying (with not less than five Business Days' advance notice to Fitch) that the Reinvestment Period will be terminated and (iii) the date of the acceleration of the maturity of any Class of Secured Notes pursuant to the Indenture. Once terminated, the Reinvestment Period may not be reinstated; *provided that*, if such termination was pursuant to clause (ii) or clause (iii), then the Reinvestment Period may be reinstated with the consent of the Asset Manager and five Business Days' advance notice to Fitch and, in the case of a reinstatement following a termination under clause (iii), (x) the acceleration has been rescinded, (y) no other event that would terminate the Reinvestment Period has occurred and is continuing and (z) if the Default giving rise to such termination occurred as a result of an Event of Default under clause (c) of the definition thereof, a Majority of the Controlling Class has consented to such reinstatement. See "Security for the Secured Notes—Sales of Underlying Assets" and "—Portfolio Criteria and Trading Restrictions."
Optional Redemption:	

Non-Call Period	During the period from the Closing Date to but excluding the Payment Date in August 2016 (such period, the "Non-Call Period"), the Secured Notes and the Subordinated Notes are not subject to Optional Redemption but are subject to redemption on or after the occurrence of a Tax Event. See "Description of the Notes—Optional Redemption."
Redemption During or After Non-Call Period	If directed in writing by a Majority of the Subordinated Notes after the Non-Call Period, or at the direction of the Asset Manager at any time when the Asset Manager has determined that the Aggregate Principal Balance of the Underlying Assets is less than U.S.$125,000,000 except as described under "Description of the Notes—Optional Redemption", the Issuers or the Issuer, as applicable, will redeem the Secured Notes in whole (with respect to all Classes of Secured Notes) but not in part on any Business Day after the end of the Non-Call Period. Upon any redemption of the Secured Notes, the Asset Manager shall in its sole discretion direct the sale (and the manner thereof) of Underlying Assets to the extent necessary to make payments as described under "Description of the Notes—Optional Redemption." The Issuer may redeem the Subordinated Notes, in whole but not in part, on any Business Day on or after the Optional Redemption or repayment of the Secured Notes in full at the direction of a Majority of the Subordinated Notes. There are certain other restrictions on the ability of the Issuers to effect an Optional Redemption. See "Description of the Notes—Optional Redemption."
Redemption by Refinancing	In addition to (or in lieu of) a sale of Underlying Assets and/or Eligible Investments in the manner provided above, the Issuers or the Issuer, as applicable, may redeem the Secured Notes in whole but not in part from Refinancing Proceeds and Disposition Proceeds (and other funds available therefor), or in part by Class from Refinancing Proceeds, by obtaining a loan or an issuance of replacement securities, whose terms in each case will be negotiated by the Asset Manager on behalf of the Issuer, from one or more financial institutions or purchasers described herein. Prior to effecting any Refinancing, the Issuer shall satisfy certain conditions. See "Description of the Notes—Optional Redemption."
Asset Manager Party Purchase in Lieu of Optional Redemption	An Asset Manager Party or its designee may elect in its sole discretion to purchase the Subordinated Notes of the Holders that have directed an Optional Redemption (other than upon occurrence of a Tax Event) in lieu of effecting the Optional Redemption on behalf of the Issuer on the terms stated herein. See "Description of the Notes—Optional Redemption."
Redemption Following a Tax Event:	The Notes shall be redeemed in whole but not in part upon receipt by the Trustee, the Asset Manager and the Issuer of the written direction of a Majority of the Subordinated Notes on or after the occurrence of a Tax Event (during or after the Non-

	Call Period).
Special Amortization:	On any Payment Date during the Reinvestment Period, if the Asset Manager has been unable, for a period of at least 30 consecutive Business Days to identify Underlying Assets that it determines would be appropriate for purchase in accordance with the Portfolio Criteria in sufficient amounts to permit the investment of all or a portion of available Principal Proceeds, the Asset Manager may elect to effect a Special Amortization by directing the Trustee to apply the Special Amortization Amount to pay principal of the Secured Notes in accordance with the Priority of Payments.
Effective Date Ratings Confirmation Failure:	Following the occurrence of an Effective Date Ratings Confirmation Failure, the Issuer (or the Asset Manager on the Issuer's behalf) shall (A) instruct the Trustee to redesignate Interest Proceeds as Principal Proceeds and may, prior to the first Payment Date, purchase additional Underlying Assets with such Principal Proceeds in an amount sufficient to have such ratings confirmed and/or (B) take such other action permitted herein including, but not limited to, a redemption of the Secured Notes and/or redesignating Interest Proceeds as Principal Proceeds in an amount sufficient to obtain such rating confirmation. An Effective Date Ratings Confirmation Failure shall not constitute a Default or an Event of Default.
Redemption Prices:	The "Redemption Price" of any Class of Secured Notes to be redeemed is an amount equal to the outstanding principal amount of such Notes to be redeemed, plus accrued interest (including any Defaulted Interest and any interest thereon and any Deferred Interest and any interest thereon). The "Redemption Price" of the Subordinated Notes is an amount equal to any remaining Interest Proceeds payable under the Priority of Interest Payments on their Redemption Date and any remaining Principal Proceeds payable under the Priority of Principal Payments on their Redemption Date. By unanimous consent, the Holders of any Class may agree to decrease the Redemption Price for that Class.
Optional Re-Pricing:	As more fully described in the section "Description of the Notes—Optional Re-Pricing", on any Business Day after the Non-Call Period, at the direction of a Majority of the Subordinated Notes, the Issuer (or the Asset Manager on its behalf) will reduce the spread over the Base Rate (or the fixed interest rate) applicable with respect to any Re-Pricing Eligible Class, subject to certain conditions (including the sale of the applicable Secured Notes held by any non-consenting Holder of such Class at the Redemption Price thereof).
Additional Issuance:	During the Reinvestment Period, the Issuers may issue additional Secured Notes under the Indenture of (i) any one or more existing Classes or (ii) one or more new Classes that will be subordinate in right of payment of principal and interest to all existing Classes of Notes (other than the Subordinated

Notes). At any time, the Issuer may issue additional Subordinated Notes. The proceeds of any such issuance must be used to purchase Underlying Assets, enter into Hedge Agreements, pay expenses related to such issuance and/or, in the case of the issuance of only Subordinated Notes, treat the proceeds as Interest Proceeds or Principal Proceeds as designated by the Asset Manager. Any additional issuance (other than the issuance of Replacement Notes issued in a Refinancing) is subject to the conditions described under "Description of the Notes—The Indenture—Additional Issuance."

Priority of Payments:

Application of Interest Proceeds

On each Payment Date (other than any Special Payment Date or as provided in the Subordination Priority of Payments), Interest Proceeds will be distributed in the following order of priority (the "Priority of Interest Payments"):

(i) to the payment of accrued and unpaid taxes of the Issuers and governmental fees and registered office fees of the Issuers, if any;

(ii) to the payment of accrued and unpaid Administrative Expenses described in clauses (i) through (iii) (in that order) of the definition thereof and then any remaining Administrative Expenses (pro rata); *provided that* payments pursuant to this sub clause (ii) shall only be made to the extent that the total of payments pursuant to this sub-clause (ii) together with any amounts described under this sub clause (ii) paid during the related Due Period shall not exceed, on any Payment Date, the Senior Administrative Expenses Cap;

(iii) at the Asset Manager's discretion, to the deposit to the Expense Reserve Account an amount equal to the lesser of (x) the Ongoing Expense Reserve Shortfall and (y) the Ongoing Expense Excess Amount;

(iv) to the payment to the Asset Manager of the Senior Asset Management Fee in accordance with the terms of the Asset Management Agreement, plus any Senior Asset Management Fee that remains due and unpaid in respect of any prior Payment Dates as a result of insufficient funds (plus interest thereon), except in each case to the extent that the Asset Manager elects to treat such current or previously due Senior Asset Management Fee as Deferred Asset Management Fees;

(v) (A) to the deposit to the Interest Collection Account, an amount equal to the Liquidity Reserve Amount and then (B) to each Hedge Counterparty, if any, pro rata, (1) any amounts payable under the related Hedge Agreement (excluding any termination payments in respect of such Hedge Agreement) and (2) any termination payments with respect to the related Hedge Agreement where the Issuer is the sole defaulting or

sole affected party;

(vi) to the payment of the Class A-1 Note Interest Distribution Amount;

(vii) to the payment of the Class A-2 Note Interest Distribution Amount;

(viii) if any Class A Coverage Test is not satisfied as of the related Determination Date, to the mandatory redemption of the Senior Notes in accordance with the Note Payment Sequence, to the extent necessary to cause such test to be satisfied on a pro forma basis after giving effect to any payments made pursuant to this clause (viii), or, if not satisfied, until the Senior Notes have been paid in full;

(ix) to the payment of the Class B Note Interest Distribution Amount (including, for the avoidance of doubt, any interest on any Class B Note Deferred Interest);

(x) if any Class B Coverage Test is not satisfied as of the related Determination Date, to the mandatory redemption of the Senior Notes and the Class B Notes in accordance with the Note Payment Sequence, to the extent necessary to cause such test to be satisfied on a pro forma basis after giving effect to any payments made pursuant to this clause (x), or, if not satisfied, until the Senior Notes and the Class B Notes have been paid in full;

(xi) to the payment of any Class B Note Deferred Interest;

(xii) to the payment of the Class C Note Interest Distribution Amount (including, for the avoidance of doubt, any interest on any Class C Note Deferred Interest);

(xiii) if any Class C Coverage Test is not satisfied as of the related Determination Date, to the mandatory redemption of the Senior Notes, the Class B Notes and the Class C Notes in accordance with the Note Payment Sequence, to the extent necessary to cause such test to be satisfied on a pro forma basis after giving effect to any payments made pursuant to this clause (xiii), or, if not satisfied, until the Senior Notes, the Class B Notes and the Class C Notes have been paid in full;

(xiv) to the payment of any Class C Note Deferred Interest;

(xv) to the payment of the Class D Note Interest Distribution Amount (including, for the avoidance of doubt, any interest on any Class D Note Deferred Interest);

(xvi) if any Class D Coverage Test is not satisfied as of the related Determination Date, to the mandatory redemption of the Senior Notes, the Class B Notes, the Class C Notes and the Class D Notes in accordance

with the Note Payment Sequence, to the extent necessary to cause such test to be satisfied on a pro forma basis after giving effect to any payments made pursuant to this clause (xvi), or, if not satisfied, until the Secured Notes have been paid in full;

(xvii) to the payment of any Class D Note Deferred Interest;

(xviii) if an Effective Date Ratings Confirmation Failure has occurred and is continuing, at the discretion of the Asset Manager (A) to pay principal of the Secured Notes in accordance with the Note Payment Sequence and/or (B) to the purchase of additional Underlying Assets or for deposit into the Collection Account as Principal Proceeds for investment in Eligible Investments pending the purchase of Underlying Assets at a later date, until such ratings are confirmed or, if not confirmed, until the Secured Notes have been paid in full;

(xix) to the payment to the Asset Manager, in each case in accordance with the terms of the Asset Management Agreement, of (A) the accrued and unpaid Subordinated Asset Management Fee and (B) any Subordinated Asset Management Fee that remains due and unpaid in respect of any prior Payment Dates (excluding any accrued and unpaid Subordinated Asset Management Fee that was previously treated as Deferred Asset Management Fees at the election of the Asset Manager), plus interest on any such Subordinated Asset Management Fees, except in each case to the extent that the Asset Manager elects to treat such current or previously due Subordinated Asset Management Fee as Deferred Asset Management Fees;

(xx) during the Reinvestment Period only, if the Reinvestment Overcollateralization Test is not satisfied as of the related Determination Date, the lesser of (x) 50% of the Interest Proceeds then available or (y) the amount required to cause such test to be satisfied on a pro forma basis after giving effect to any payments made pursuant to this clause (xx) shall be applied to the purchase of additional Underlying Assets or for deposit into the Collection Account as Principal Proceeds for investment in Eligible Investments pending the purchase of additional Underlying Assets at a later date;

(xxi) to the payment to the Asset Manager of any accrued and unpaid Senior Asset Management Fee or Subordinated Asset Management Fee (plus interest thereon, if any), in each case (A) that was previously treated as Deferred Asset Management Fees at the election of the Asset Manager and (B) except to the extent that the Asset Manager elects to treat such previously deferred Senior Asset Management Fee or Subordinated Asset Management Fee as Deferred Asset

Management Fees;

(xxii) to the payment in the following order (without regard to the Senior Administrative Expenses Cap) of any accrued and unpaid Administrative Expenses of the Issuers in respect of the Trustee and the Collateral Administrator, including indemnities, and then any accrued and unpaid Administrative Expenses, only to the extent not paid in full pursuant to clause (ii) above;

(xxiii) to the payment on a ratable basis of amounts due with respect to any Hedge Agreements not paid under clause (v) above;

(xxiv) (A) 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 Incentive Internal Rate of Return, then (B) 20% of the remaining Interest Proceeds to the Asset Manager in payment of the Incentive Asset Management Fee, and then (C) to the Asset Manager in payment of any Incentive Asset Management Fee that was previously treated as Deferred Asset Management Fees at the election of the Asset Manager (plus interest thereon); and

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

Application of Principal Proceeds

On each Payment Date (other than as provided in the Subordination Priority of Payments), Principal Proceeds that are received on or before the related Determination Date and that are not designated for reinvestment by the Asset Manager (other than Principal Proceeds received in respect of Underlying Assets that are Revolving Credit Facilities to the extent such Principal Proceeds are required to be deposited into the Variable Funding Account and Principal Proceeds that will be used to settle binding commitments entered into on or prior to the Determination Date for the purchase of Underlying Assets) will be distributed in the following order of priority (the "Priority of Principal Payments"):

(i) to the payment of the amounts referred to in clauses (i) through (vii) of the Priority of Interest Payments (in the order set forth therein) only to the extent not paid in full thereunder;

(ii) to the payment of the amounts referred to in clause (viii) of the Priority of Interest Payments but only to the extent any Class A Coverage Test failure is not cured after giving effect to payments thereunder and to the extent necessary to cause the Class A Coverage Tests that are applicable on such Payment Date to be satisfied on a pro forma basis after giving effect to any payments made through this clause (ii);

(iii) to the payment of the amounts referred to in clause (x) of

the Priority of Interest Payments but only to the extent that any Class B Coverage Test failure is not cured after giving effect to payments thereunder and to the extent necessary to cause the Class B Coverage Tests that are applicable on such Payment Date to be satisfied on a pro forma basis after giving effect to any payments made through this clause (iii);

(iv) to the payment of amounts referred to in clause (xiii) of the Priority of Interest Payments but only to the extent any Class C Coverage Test failure is not cured after giving effect to payments thereunder and to the extent necessary to cause the Class C Coverage Tests that are applicable on such Payment Date to be satisfied on a pro forma basis after giving effect to any payments made through this clause (iv);

(v) to the payment of amounts referred to in clause (xvi) of the Priority of Interest Payments but only to the extent any Class D Coverage Test failure is not cured after giving effect to payments thereunder and to the extent necessary to cause the Class D Coverage Tests that are applicable on such Payment Date to be satisfied on a pro forma basis after giving effect to any payments made through this clause (v);

(vi) to the payment of amounts referred to in clause (ix) of the Priority of Interest Payments only to the extent that (x) such amounts are not paid in full thereunder and (y) the Class B Notes are the Controlling Class;

(vii) to the payment of amounts referred to in clause (xi) of the Priority of Interest Payments only to the extent that (x) such amounts are not paid in full thereunder and (y) the Class B Notes are the Controlling Class;

(viii) to the payment of amounts referred to in clause (xii) of the Priority of Interest Payments only to the extent that (x) such amounts are not paid in full thereunder and (y) the Class C Notes are the Controlling Class;

(ix) to the payment of amounts referred to in clause (xiv) of the Priority of Interest Payments only to the extent that (x) such amounts are not paid in full thereunder and (y) the Class C Notes are the Controlling Class;

(x) to the payment of amounts referred to in clause (xv) of the Priority of Interest Payments only to the extent that (x) such amounts are not paid in full thereunder and (y) the Class D Notes are the Controlling Class;

(xi) to the payment of amounts referred to in clause (xvii) of the Priority of Interest Payments only to the extent that (x) such amounts are not paid in full thereunder and (y) the Class D Notes are the Controlling Class;

(xii) to the payment of amounts referred to in clause (xviii) of

the Priority of Interest Payments only to the extent not paid in full thereunder;

(xiii) on any Redemption Date (other than a Partial Redemption Date), without duplication of the amounts paid above, to the payment of the Redemption Prices of the Notes in accordance with the Note Payment Sequence, and then to the payments pursuant to clauses (xvii) through (xxi) below in the order set forth therein (without regard to whether the Payment Date is during or after the Reinvestment Period);

(xiv) during the Reinvestment Period, (A) to the purchase of additional Underlying Assets or for deposit into the Collection Account as Principal Proceeds for investment in Eligible Investments pending purchase of additional Underlying Assets at a later date, or (B) if a Special Amortization is elected by the Asset Manager, to payments on the Secured Notes in an amount equal to the Special Amortization Amount in accordance with the Note Payment Sequence;

(xv) after the Reinvestment Period, at the sole discretion of the Asset Manager, Principal Proceeds, to the extent permitted under the Portfolio Criteria, to the settlement or purchase of additional Underlying Assets or for deposit into the Collection Account as Principal Proceeds for investment in Eligible Investments pending purchase of additional Underlying Assets prior to the later of (x) the 20th Business Day following receipt of such amounts and (y) the last Business Day of the Due Period during which such amounts were received;

(xvi) after the Reinvestment Period, to the repayment of principal on the Notes in accordance with the Note Payment Sequence until the Secured Notes have been paid in full;

(xvii) after the Reinvestment Period, to the payment of amounts referred to in clauses (xix) and (xxi) (in that order) of the Priority of Interest Payments only to the extent not paid in full under the Priority of Interest Payments;

(xviii) after the Reinvestment Period, to the payment of amounts referred to in clause (xxii) of the Priority of Interest Payments only to the extent not paid in full under the Priority of Interest Payments;

(xix) after the Reinvestment Period, to the payment of any unpaid amounts payable to any Hedge Counterparty to the extent not paid in full in accordance with the Priority of Interest Payments and clause (i) of the Priority of Principal Payments;

(xx) (A) 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 Incentive Internal Rate of Return, then (B) 20% of the remaining balance of Principal Proceeds to the Asset Manager in payment of the Incentive Asset Management Fee, and then (C) to the Asset Manager in payment of any Incentive Asset Management Fee that was previously treated as Deferred Asset Management Fees at the election of the Asset Manager (plus interest thereon); and

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

Subordination Priority of Payments

Notwithstanding the provisions of the Priority of Interest Payments and the Priority of Principal Payments, (x) if acceleration of the maturity of the Secured Notes has occurred following an Event of Default and such acceleration has not been cured or waived (an "Enforcement Event"), (y) on each Liquidation Payment Date and (z) on the Stated Maturity, all Interest Proceeds and Principal Proceeds will be applied in the following order of priority (the "Subordination Priority of Payments"):

(i) to the payment of accrued and unpaid taxes of the Issuers and governmental fees and registered office fees of the Issuers, if any;

(ii) to the payment of accrued and unpaid Administrative Expenses described in clauses (i) through (iii) (in that order) of the definition thereof and then any remaining Administrative Expenses (pro rata); *provided that* payments pursuant to this sub clause (ii) shall only be made to the extent that the total of payments pursuant to this sub clause (ii) together with any amounts described under this clause (ii) paid during the related Due Period shall not exceed, on any Payment Date, the Senior Administrative Expenses Cap;

(iii) to the payment to the Asset Manager of the Senior Asset Management Fee in accordance with the terms of the Asset Management Agreement, plus any Senior Asset Management Fee that remains due and unpaid in respect of any prior Payment Dates as a result of insufficient funds (plus interest thereon), except in each case to the extent that the Asset Manager elects to treat such current or previously due Senior Asset Management Fee as Deferred Asset Management Fees;

(iv) to each Hedge Counterparty, if any, pro rata, (1) any amounts payable under the related Hedge Agreement (excluding any termination payments in respect of such Hedge Agreement) and (2) any termination payments with respect to the related Hedge Agreement where the Issuer is the sole defaulting or sole affected party;

(v) to the payment of (A) the Class A-1 Note Interest Distribution Amount, then (B) principal on the Class A-

1 Notes until the Class A-1 Notes are paid in full;

(vi) to the payment of (A) the Class A-2 Note Interest Distribution Amount, then (B) principal on the Class A-2 Notes until the Class A-2 Notes are paid in full;

(vii) to the payment of (A) the Class B Note Interest Distribution Amount, including any Defaulted Interest and interest thereon and interest on Deferred Interest, then (B) Deferred Interest on the Class B Notes and then (C) principal on the Class B Notes until the Class B Notes are paid in full;

(viii) to the payment of (A) the Class C Note Interest Distribution Amount, including any Defaulted Interest and interest thereon and interest on Deferred Interest, then (B) Deferred Interest on the Class C Notes and then (C) principal on the Class C Notes until the Class C Notes are paid in full;

(ix) to the payment of (A) the Class D Note Interest Distribution Amount, including any Defaulted Interest and interest thereon and interest on Deferred Interest, then (B) Deferred Interest on the Class D Notes and then (C) principal on the Class D Notes until the Class D Notes are paid in full;

(x) to the payment to the Asset Manager, in each case in accordance with the terms of the Asset Management Agreement, of (A) the accrued and unpaid Subordinated Asset Management Fee, (B) any accrued and unpaid Senior Asset Management Fee that was previously treated as Deferred Asset Management Fees at the election of the Asset Manager, and (C) any Subordinated Asset Management Fee that remains due and unpaid in respect of any prior Payment Dates, including any accrued and unpaid Subordinated Asset Management Fee that was previously treated as Deferred Asset Management Fees at the election of the Asset Manager, plus interest on any such Subordinated Asset Management Fees, except in each case to the extent that the Asset Manager elects to treat such current or previously due Subordinated Asset Management Fee or Senior Asset Management Fee as Deferred Asset Management Fees;

(xi) to the payment in the following order of (A) any accrued and unpaid Administrative Expenses of the Issuers in respect of the Trustee and the Collateral Administrator, including indemnities, and then (B) to the payment of any accrued and unpaid Administrative Expenses (without regard to the Senior Administrative Expenses Cap), only to the extent not paid in full pursuant to clause (ii) above;

(xii) to the payment on a ratable basis of amounts due with respect to Hedge Agreements not paid under clause (iv)

above;

(xiii) (A) 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 Incentive Internal Rate of Return, then (B) 20% of the remaining proceeds to the Asset Manager in payment of the Incentive Asset Management Fee, and then (C) to the Asset Manager in payment of any Incentive Asset Management Fee that was previously treated as Deferred Asset Management Fees at the election of the Asset Manager (plus interest thereon); and

(xiv) to the payment of all remaining proceeds to the Holders of Subordinated Notes.

Priority of Partial Redemption Proceeds

On any Partial Redemption Date, Refinancing Proceeds and Partial Redemption Interest Proceeds will be distributed in the following order of priority (the "Priority of Partial Redemption Proceeds"):

(i) to pay the Redemption Price of each Class of Secured Notes being refinanced in accordance with the Note Payment Sequence; and

(ii) any remaining proceeds from the Refinancing will be deposited in the Collection Account as Interest Proceeds.

Note Payment Sequence

The "Note Payment Sequence" shall be the application, in accordance with the Priority of Payments described above, of Interest Proceeds or Principal Proceeds, as applicable, in the following order:

(i) to the payment of accrued and unpaid interest on the Class A-1 Notes, until such amounts have been paid in full;

(ii) to the payment of accrued and unpaid interest on the Class A-2 Notes, until such amounts have been paid in full;

(iii) to the payment of principal of the Class A-1 Notes, in whole or in part, until the Class A-1 Notes have been paid in full;

(iv) to the payment of principal of the Class A-2 Notes, in whole or in part, until the Class A-2 Notes have been paid in full;

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

(vi) to the payment of principal of the Class B Notes, in

	whole or in part, until the Class B Notes have been paid in full; (vii) to the payment of the accrued and unpaid interest on the Class C Notes (including interest on any Deferred Interest), and then to any Deferred Interest on such Class, until such amounts have been paid in full; (viii) to the payment of principal of the Class C Notes, in whole or in part, until the Class C Notes have been paid in full; (ix) to the payment of the accrued and unpaid interest on the Class D Notes (including interest on any Deferred Interest), and then to any Deferred Interest on such Class, until such amounts have been paid in full; and (x) to the payment of principal of the Class D Notes, in whole or in part, until the Class D Notes have been paid in full.
Asset Management Fee:	The Asset Manager will be entitled on each Payment Date to receive the Asset Management Fee which will consist of the Senior Asset Management Fee, the Subordinated Asset Management Fee and the Incentive Asset Management Fee. The Senior Asset Management Fee is equal to 0.20% per annum (calculated on the basis of a 360 day year and the actual number of days elapsed) of the Maximum Investment Amount as of the first day of the Due Period. The Subordinated Asset Management Fee is (a) during the Reinvestment Period, 0.30% per annum and (b) after the Reinvestment Period, 0.25% per annum (in each case calculated on the basis of a 360 day year and the actual number of days elapsed and subject to availability of funds and to the Priority of Payments) of the Maximum Investment Amount as of the first day of the Due Period. The Incentive Asset Management Fee is equal to 20.0% of the Interest Proceeds and Principal Proceeds available for distribution under the Priority of Payments on and after the Payment Date on which the Subordinated Notes issued on the Closing Date have received the Incentive Internal Rate of Return. The Senior Asset Management Fee, the Subordinated Asset Management Fee and the Incentive Asset Management Fee are subject to the Priority of Payments and the limitations described under "The Asset Management Agreement."
Asset Management:	Pursuant to the Asset Management Agreement, and subject to the limitations of the Indenture and the Asset Management Agreement, the Asset Manager will, among other things, manage the selection, acquisition, reinvestment and disposition of the Underlying Assets, including exercising rights and remedies associated with the Underlying Assets, disposing of the Underlying Assets, amending, waiving and/or any other action commensurate with managing the Underlying Assets, and certain related functions.
Security for the Secured Notes:	The Secured Notes will be secured by the Underlying Assets. In purchasing and selling Underlying Assets, the Issuer will

	generally be required to satisfy the Portfolio Criteria "Security for the Secured Notes." Substantially all of the Underlying Assets will be rated below investment grade and accordingly will have greater credit and liquidity risk than investment grade corporate obligations. See "Risk Factors—Relating to the Underlying Assets—Below investment-grade Collateral involves particular risks." The initial portfolio of Underlying Assets will be acquired through the application of the net proceeds of the sale of the Securities. See "Security for the Secured Notes—Underlying Assets." During the Reinvestment Period, pending investment in such Underlying Assets, a portion of such net proceeds will be invested in Eligible Investments
Contributions:	Subject to the acceptance of the Contribution by the Issuer or the Asset Manager on its behalf, a Contributor may, from time to time, contribute Cash to the Issuer. A Contribution may be deposited as Interest Proceeds or Principal Proceeds or may be used for repurchase of Notes in each case as directed by the Contributor. In addition, a Holder of Subordinated Notes may designate any portion of Interest Proceeds or Principal Proceeds that would otherwise be distributed on its Subordinated Notes under the Priority of Payments as a Contribution by such Contributor. No Contribution or any portion thereof will be returned to the Contributor at any time.
Underlying Assets:	An asset meeting the standards set forth below that is pledged by the Issuer to the Trustee will constitute an "Underlying Asset." An obligation will be eligible for purchase by the Issuer and will be eligible to be pledged by the Issuer to the Trustee as an Underlying Asset if it is an asset that (1) as of the Closing Date (in the case of any asset which the Issuer acquired, or entered into a binding commitment to acquire, on or before the Closing Date); or (2) as of the date of its acquisition by the Issuer (or, if applicable, the date that a binding commitment with respect to the acquisition of such asset is entered into) (in the case of all other assets): (i) is a Loan; (ii) is Dollar-denominated and is not convertible into, or payable in, any other currency; (iii) is an asset with a Moody's Default Probability Rating (with respect to the full amount of principal and interest promised, unless Rating Agency Confirmation is obtained from Moody's) no lower than "Caa3" and an S&P Rating (and such S&P Rating does not include the subscript "f" or "p" or "pi" or "q" or "r" or "t" or "sf") no lower than "CCC-" and does not have an "sf" subscript assigned by Moody's or Fitch; (iv) is not a Defaulted Obligation, a Credit Risk Obligation, a Zero Coupon Bond, a bridge loan or an Equity Security (other than a Permitted Equity

Security or a Tax Asset received in a restructuring) and if it is a Current Pay Obligation, it is current in interest payments without regard to any grace period, forbearance or waiver;

(v) is not issued by a sovereign, or by a corporate issuer located in a country, that on the date on which it is acquired by the Issuer imposes foreign exchange controls that effectively limit the availability or use of Dollars to make when due the scheduled payments of principal thereof and interest thereon;

(vi) is an asset, the material terms of which have been fully negotiated prior to the contemplated date of the Issuer's commitment to acquire such asset or is an asset the acquisition of which is made in compliance with the procedures set forth in Schedule A to the Asset Management Agreement;

(vii) is not (i) 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, or (ii) by its terms convertible into or exchangeable into an Equity Security;

(viii) is not an asset with an interest rate which steps down or up as a function of time;

(ix) is Registered;

(x) is any of (i) an asset issued by an entity classified as a corporation for U.S. federal income tax purposes, (ii) an asset which is not treated for U.S. federal income tax purposes as equity in an entity classified as either a partnership or a trust (unless the Issuer has received an opinion from a nationally recognized law firm with substantial expertise in such matters to the effect that the entity is not, and has not been, treated, at any time, as engaged in a trade or business within the United States for U.S. federal income tax purposes and all the assets of such entity are Underlying Assets) or (iii) an asset with respect to which the Issuer has received an opinion from a nationally recognized law firm with substantial expertise in such matters to the effect that the acquisition, ownership or disposition of such asset will not subject the Issuer to net U.S. federal income tax or cause the Issuer to be treated as engaged in a trade or business within the U.S. for U.S. federal income tax purposes;

(xi) is an asset the payments on which are not subject to withholding tax (except for U.S. withholding taxes which may be payable with respect to (i) commitment fees and other similar fees associated with Underlying Assets constituting Revolving Credit Facilities and Delayed Draw Loans or (ii) any payment to the extent required under FATCA) if such asset is owned by the

Issuer unless "gross up" payments are made to the Issuer 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;

(xii) is an asset, the acquisition of which will not cause the Issuer or the pool of Collateral to be required to register as an investment company under the Investment Company Act;

(xiii) is an asset that does not require any commitment from the Issuer to provide further funds to the obligor thereon under the agreement or other instrument pursuant to which such Underlying Asset was created, other than a Revolving Credit Facility or a Delayed-Draw Loan;

(xiv) is not a lease, including any Finance Lease;

(xv) is an obligation or security of an entity organized in (i) the U.S., or (ii) Canada, a Moody's Group Country, a non-Moody's Group Country or any Tax Advantaged Jurisdiction, in each case if such jurisdiction has a "foreign currency ceiling rating" of "Aa2" or above by Moody's, *provided that* it is not an obligation or security of an entity organized in Portugal, Italy, Ireland, Greece or Spain.

(xvi) provides for payment of a fixed principal amount at no less than par, together with interest thereon, in Cash no later than its Stated Maturity and does not mature after the Stated Maturity of the Notes;

(xvii) is not convertible into an Equity Security at the option of the issuer thereof or any other person other than the Issuer;

(xviii) is not a Structured Finance Obligation, a Synthetic Security, a Bond, a Prepaid Letter of Credit or a Non-Recourse Security;

(xix) is property of a type that is subject to Article 8 or 9 of the UCC;

(xx) is not Margin Stock;

(xxi) is not a Loan incurred by an obligor having Potential Indebtedness of less than U.S.$150,000,000;

(xxii) is not subject to substantial non-credit risk as determined by the Asset Manager;

(xxiii) is eligible to be sold, assigned or participated to the Issuer and pledged to the Trustee;

(xxiv) is not a PIK Security or a Partial PIK Security (unless

such asset is received in a workout, restructuring or similar transaction); and

(xxv) is not purchased at a price lower than 60% of par.

Purchase of Underlying Assets; Effective Date: The Asset Manager will use all commercially reasonable efforts to cause the Issuer to acquire (or cause the Issuer to enter into binding agreements to acquire) by the Effective Date Underlying Assets such that the sum of (without duplication) (1) the Aggregate Principal Balance of the Underlying Assets and (2) the aggregate amount of any prepayment, redemption or maturity payments on Underlying Assets that has not yet been reinvested in other Underlying Assets, is not less than the Effective Date Target Par Amount. See "Security for the Rated Notes—Purchase of Underlying Assets during Initial Investment Period."

Portfolio Criteria: Any investment in Underlying Assets may only be made if, as of the date the Asset Manager commits on behalf of the Issuer to make such investment, after giving effect to such investment, the Portfolio Criteria are satisfied (or, except as otherwise explicitly stated, if not satisfied prior to giving effect to such investment, such criterion is either closer to being satisfied or remains unchanged after giving effect to such investment). See "Security for the Secured Notes—Portfolio Criteria and Trading Restrictions".

Subject to the detailed provisions set out in "Security for the Secured Notes", the Portfolio Criteria are comprised of the Eligibility Criteria, the Coverage Tests and the Collateral Quality Tests.

See "Security for the Secured Notes—The Coverage Tests, The Reinvestment Overcollateralization Test and Collateral Quality Tests" for further details of the Collateral Quality Tests.

*Eligibility Criteria***:** (a) On and after the Effective Date, so long as any of the Secured Notes are Outstanding, the minimum and maximum limitations (and exceptions and additional requirements) listed in the table below (collectively, the "Eligibility Criteria") is satisfied or, except as otherwise explicitly stated below, if immediately prior to such investment any such limitation is not satisfied, the limitation must either be improved or remain unchanged after giving effect to such investment.

Collateral Type	Minimum (% of Maximum Investment Amount)	Maximum (% of Maximum Investment Amount)	Exceptions and Additional Requirements
(i) Senior Secured Loans and Eligible Investments purchased with Principal Proceeds	92.5%		
(ii) if the Underlying Asset is not a Senior Secured Loan, such Underlying Assets		7.5%	

	collectively			
(iii)	if such Underlying Asset is a Fixed Rate Underlying Asset, such Underlying Assets collectively		5.0%	
(iv)	if such Underlying Asset is a Participation (excluding Participations under the Master Participation Agreement), such Underlying Assets collectively		10.0%	Moody's Counterparty Criteria must also be satisfied
(v)	if such Underlying Asset is a Revolving Credit Facility or Delayed-Draw Loan, the funded and unfunded amounts of such Underlying Assets, collectively		10.0%	
(vi)	obligations of the same issuer (and affiliated issuers)		2.0%	up to five issuers may each represent up to 2.5% of the Maximum Investment Amount; except that, with respect to any obligor and its Affiliates, not more than 1.0% of the Maximum Investment Amount may consist of obligations of such obligor and its Affiliates that are not Senior Secured Loans
(vii)	obligations of issuers in the same S&P industry classification		10.0%	Up to one issuer may represent up to 15.0% of the Maximum Investment Amount and up to one additional issuer may represent up to 12.0% of the Maximum Investment Amount
(viii)	Country Limitations – if such Underlying Asset is an obligation of an issuer organized under the laws of:			
	(A) Non-US countries		20.0%	
	(B) Moody's Group Country		20.0%	
	(C) Non-US countries (other than Canada)		10.0%	
	(D) Moody's Group I Country		10.0%	
	(E) Moody's Group II Country		5.0%	
	(F) Moody's Group III Country		5.0%	

	(G) Moody's Group IV Country		3.0%	
	(H) a country other than the United States, Canada or a Moody's Group Country		3.0%	
(ix)	Caa assets and CCC assets:			
	(A) if such Underlying Asset has a Moody's Rating at or below "Caa1," such Underlying Assets collectively		7.5%	
	(B) if such Underlying Asset has an S&P Rating at or below "CCC+," such Underlying Assets collectively		7.5%	
(x)	if such Underlying Asset has a Moody's Rating derived from an S&P Rating, such Underlying Assets collectively		10.0%	
(xi)	if such Underlying Asset has an S&P Rating derived from a Moody's Rating, such Underlying Assets collectively		10.0%	
(xii)	Underlying Assets and Eligible Investments that pay interest at least quarterly	95.0%		(x) no more than 5.0% may pay semi-annually and (y) none may pay annually or less frequently than annually
(xiii)	if such Underlying Asset is a Current Pay Obligation, such Underlying Assets collectively		2.5%	
(xiv)	if such Underlying Asset is a DIP Loan, such Underlying Assets collectively		7.5%	
(xv)	if such Underlying Asset is a Cov-Lite Loan, such Underlying Assets collectively		70.0% (or, if lower, the Weighted Average Rating Adjusted Cov-Lite Percentage)	
(xvi)	if such Underlying Asset is a Domestic-Centered Security, such Underlying		7.5%	

Assets collectively			
(xvii) if such Underlying Asset is a Deep Discount Security, such Underlying Assets collectively		25.0%	
(xviii) if S&P is rating any Class A-1 Note, the Third Party Credit Exposure.		10.0%	Third Party Credit Exposure limit may not be exceeded.
(xix) if such Underlying Asset is a Structured Finance Obligation, such Underlying Assets collectively		0.0%	
(xx) if such Underlying Asset is issued by an obligor having Potential Indebtedness of at least U.S.$150,000,000 but less than U.S.$200,000,000, such Underlying Assets collectively		5.0%	
(xxi) if such Underlying Asset is issued or sponsored by Affiliates of the Asset Manager, such Underlying Assets collectively		2.0%	

Collateral Quality Test:

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

(i) the Diversity Test;

(ii) the Weighted Average Rating Test;

(iii) the Weighted Average Moody's Recovery Rate Test;

(iv) for so long as any Class A-1 Note is Outstanding, the Weighted Average S&P Recovery Rate Test;

(v) the Weighted Average Spread Test;

(vi) the Weighted Average Life Test;

(vii) the Weighted Average Coupon Test; and

(viii) for so long as any Class A-1 Note is Outstanding, the S&P CDO Monitor Test.

The "Diversity Test" will be satisfied, if, as of the Effective Date and any subsequent Measurement Date, the Diversity Score (rounded to the nearest whole number) equals or exceeds the Diversity Score corresponding to the applicable case, as set

forth in the Minimum Diversity/Maximum Weighted Average Rating/Minimum Weighted Average Spread Matrix. On the Effective Date, the Asset Manager will be required to select one of the cases from the Minimum Diversity/Maximum Weighted Average Rating/Minimum Weighted Average Spread Matrix that shall initially apply to the Issuer's portfolio of Underlying Assets. Thereafter, on ten Business Days' notice to the Trustee (or such shorter time as may be acceptable to the Trustee), the Asset Manager may elect to have a different case apply to the Underlying Assets; *provided* that the Diversity Score must meet or exceed the minimum diversity specified for the case to which the Asset Manager desires to change on the date of such notice.

The "S&P CDO Monitor Test" will be satisfied, following receipt by the Issuer and the Collateral Administrator of the S&P CDO Monitor input files from S&P, if after giving effect to the sale of an Underlying Asset or the purchase of an Underlying Asset (or both), as the case may be, (x) each Class Default Differential is positive or (y) each Class Default Differential of the Proposed Portfolio is greater than the corresponding Class Default Differential of the Current Portfolio.

The "Weighted Average Rating Test" will be satisfied on any Measurement Date on or after the Effective Date, if the Weighted Average Rating of the Underlying Assets as of such Measurement Date is equal to or less than the lesser of (i) the maximum rating factor corresponding to the case elected by the Asset Manager from the Minimum Diversity/Maximum Weighted Average Rating/Minimum Weighted Average Spread Matrix plus subclause (a) of the Moody's Recovery Rate Adjustment and (ii) 3300.

The "Weighted Average Moody's Recovery Rate Test" will be satisfied on any Measurement Date on or after the Effective Date if the Weighted Average Moody's Recovery Rate is greater than or equal to 43.0%. The required Weighted Average Moody's Recovery Rate may be modified from time to time after the Closing Date upon receipt of Rating Agency Confirmation.

The "Weighted Average S&P Recovery Rate Test" will be, with respect to the Class A-1 Notes, a test that will be satisfied as of any Measurement Date on or after the Effective Date if the Weighted Average S&P Recovery Rate equals or exceeds the S&P Recovery Rate Case selected by the Asset Manager in connection with the S&P CDO Monitor.

The "Weighted Average Spread Test" will be satisfied on any Measurement Date on or after the Effective Date if the Weighted Average Spread as of such Measurement Date is equal to or greater than the greater of (x) 1.95% or (y) the minimum spread corresponding to the case elected by the Asset Manager from the Minimum Diversity/Maximum Weighted Average Rating/Minimum Weighted Average Spread Matrix

minus subclause (b) of the Moody's Recovery Rate Adjustment.

The "Weighted Average Life Test" will be satisfied on any Measurement Date on or after the Effective Date if the Weighted Average Life of the Underlying Assets (other than Defaulted Obligations) is no higher than the relevant weighted average life specified in the table below for the Closing Date (if such Measurement Date occurs before the first Payment Date) or the Payment Date immediately preceding such Measurement Date:

Date	Maximum Weighted Average Life
Closing Date	8.00
February 2015	7.50
May 2015	7.25
August 2015	7.00
November 2015	6.75
February 2015	6.50
May 2016	6.25
August 2016	6.00
November 2016	5.75
February 2017	5.50
May 2017	5.25
August 2017	5.00
November 2017	4.75
February 2018	4.50
May 2018	4.25
August 2018	4.00
November 2018	3.75
February 2019	3.50
May 2019	3.25
August 2019	3.00
November 2019	2.75
February 2020	2.50
May 2020	2.25
August 2020	2.00
November 2020	1.75
February 2021	1.50
May 2021	1.25
August 2021	1.00
November 2021	0.75
February 2022	0.50
May 2022	0.25
August 2022	0.00

The "Weighted Average Coupon Test" will be satisfied on any Measurement Date on or after the Effective Date if the Weighted Average Coupon is equal to or greater than 7.5%.

Coverage Tests:

The Coverage Tests will be used primarily to determine whether principal and interest may be paid on the Secured Notes and distributions may be made on the Subordinated Notes or whether funds which would otherwise be used to pay interest on the Secured Notes other than the Senior Notes and to make distributions on the Subordinated Notes must instead be used to pay principal on one or more Classes of Secured Notes according to the priorities referred to in "Overview of Terms—Priority of Payments." The "Coverage Tests" will consist of the Overcollateralization Test and the Interest Coverage Test, each as applied to each specified Class or Classes of Secured Notes.

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

Class(es)	Required Interest Coverage Ratio
A	120.00%
B	110.00%
C	105.00%
D	101.00%

Class(es)	Required Overcollateralization Ratio
A	129.38%
B	121.53%
C	116.70%
D	112.14%

"Interest Coverage Ratio" means, with respect to any Class or Classes of Outstanding Secured Notes, the ratio (expressed as a percentage) obtained by dividing:

(a) the sum of the Scheduled Distributions of Interest Proceeds expected to be received (regardless of whether the due date of any such Scheduled Distribution has yet occurred) with respect to the Payment Date in which such Measurement Date occurs on the Pledged Obligations (excluding (x) accrued and unpaid interest on Defaulted Obligations and (y) interest on PIK Securities and Partial PIK Securities that is not paid in Cash) plus all other Interest Proceeds received in such Due Period, minus the amounts payable in clauses (i) through (v) of the Priority of Interest Payments on such Payment Date; by

(b) the sum of the Interest Distribution Amounts due for such Notes and any Higher Ranking Class of Notes on such Payment Date.

"Overcollateralization Ratio" means, for any Measurement Date, with respect to any specified Class or Classes of Secured Notes, the number (expressed as a percentage) calculated by dividing:

	(a) the Net Collateral Principal Balance by (b) the Aggregate Outstanding Amount of the Notes of such Class or Classes of Secured Notes and each Higher Ranking Class as of such Measurement Date. Measurement of the degree of compliance with the Coverage Tests will be required as of each Measurement Date occurring (i) in the case of the Overcollateralization Tests, on or after the Effective Date and (ii) in the case of the Interest Coverage Tests, on or after the Determination Date immediately preceding the second Payment Date. If the Coverage Tests are not satisfied on any applicable Determination Date, the Issuer will be required to apply available amounts in the Payment Account on the related Payment Date to the repayment of principal of the Secured Notes in accordance with the Priority of Payments to the extent necessary to achieve compliance with such Coverage Tests.
Other Information:	
Authorized Denominations	(i) The Senior Notes will be issued in minimum denominations of U.S.$250,000 and integral multiples of at least U.S.$1.00 in excess thereof, (ii) the Class B Notes and Class C Notes will be issuable in minimum denominations of U.S.$500,000 and integral multiples of U.S.$1.00 in excess thereof (iii) the Class D Notes will be issuable in minimum denominations of U.S.$2,500,000 and integral multiples of U.S.$2,500,000 in excess thereof, and (iv) the Subordinated Notes will be issuable in minimum denominations of U.S.$2,635,000 and integral multiples of U.S.$2,635,000 in excess thereof (each, with respect to the respective Class, an "Authorized Denomination").
Listing, Trading and Form of Notes	Application has been made to the Irish Stock Exchange for the Securities to be admitted to the Official List and trading on its regulated market. There can be no assurance that such listing will be maintained. See "Listing and General Information." There is currently no market for any Class of Securities and there can be no assurance that such a market will develop. See "Risk Factors—Relating to the Securities—The Securities will have limited liquidity and are subject to substantial transfer restrictions." The Notes sold to Persons who are Qualified Institutional Buyers will be represented by global notes fully registered form without interest coupons to be deposited with a custodian for and registered in the name of Cede & Co., c/o The Depository Trust & Clearing Corporation, 55 Water Street, New York, NY 10041, telephone (212) 855-5471. The Notes sold to Persons who are Institutional Accredited Investors will be issued in definitive, fully registered form without interest coupons. The Notes sold to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act will be (except as otherwise agreed by the Issuer) represented by global notes in fully registered form without interest coupons to be deposited with a custodian for and registered in the name of

	Cede & Co., a nominee of DTC, for the accounts of Euroclear or Clearstream. Notes sold to U.S. persons on the Closing Date may be issued in definitive, fully registered form without interest coupons.
Governing Law	The Securities and the Indenture, and any matters arising out of or relating in any way whatsoever to any of the Securities and the Indenture (whether in contract, tort or otherwise), will be governed by the laws of the State of New York.
Tax Matters	See "Certain U.S. Federal Income Tax Considerations" and "Cayman Islands Tax Considerations."
ERISA	See "ERISA and Certain Related Considerations."

RISK FACTORS

An investment in the Securities involves certain risks, including risks related to the assets securing the Securities and risks relating to the structure of the Securities and related arrangements. There can be no assurance that the Issuer will not incur losses on the Underlying Assets or that investors in the Securities will receive a return of any or all of their investment. Prospective investors should carefully consider, among other things, the following risk factors in addition to the other information set forth in this Offering Memorandum before investing in the Securities.

General Commercial Risks

General economic conditions may affect the ability of the Issuers to make payments on the Notes

Beginning in mid-2007, there occurred an extreme downturn in the credit markets and other financial markets, which resulted in dramatic deterioration in the financial condition of many companies. While generally (i) conditions in the U.S. economy and the credit and other financial markets have been improving, (ii) corporate default rates have decreased since their highs during the recent economic downturn and (iii) rating upgrades have recently exceeded downgrades, there is a material possibility that economic activity will be volatile or will slow over the moderate to long term. It is difficult to predict how long and to what extent conditions in the credit and financial markets will continue to improve and which markets, products, businesses and assets will experience this improvement (or to what degree any such improvement is dependent on monetary policies by central banks, particularly the Federal Reserve). The ability of the Issuers to make payments on the Notes may depend on the continued recovery of the economy, and there is no assurance that this recovery, or improved conditions in the credit and other financial markets, will continue. In addition, the business, financial condition or results of operations of the obligors on the Underlying Assets may be adversely affected by a worsening of economic and business conditions. To the extent that economic and business conditions deteriorate or fail to continue to improve, non-performing assets are likely to increase, and the value and collectability of the Collateral are likely to decrease. A decrease in market value of the Underlying Assets also would adversely affect the Disposition Proceeds that could be obtained upon the sale of the Underlying Assets and could ultimately affect the ability of the Issuer to pay in full or redeem the Notes, as well as the ability to make any distributions in respect of the Subordinated Notes.

Some leading global financial institutions have been forced into mergers with other financial institutions, have been partially or fully nationalized or have gone bankrupt or become insolvent. The bankruptcy or insolvency of a major financial institution may have an adverse effect on the Issuer and the Securities. In addition, the bankruptcy or insolvency of one or more additional financial institutions may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on the Issuer and the Securities.

Several nations, particularly within the European Union, are currently suffering from significant economic distress. There can be no assurance as to the resolution of the economic problems in those countries, nor as to whether such problems will spread to other countries or otherwise negatively affect economies or markets. A debt default by a sovereign nation or other potential consequences of these economic problems may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on the Issuer and the Securities. In addition, obligors of Underlying Assets may be organized in, or otherwise domiciled in, certain of such countries currently suffering from economic distress, or other countries that may begin to suffer economic distress, and the uncertainty and market instability in any such country may increase the likelihood of default by such obligor. In the event of its insolvency, any such obligor, by virtue of being organized in such a jurisdiction or having a substantial percentage of its revenues or assets in such a jurisdiction, may be more likely to be subject to bankruptcy or insolvency proceedings in such jurisdiction at the same time as such jurisdiction is itself potentially unstable.

Underlying Asset performance may not continue to improve

Negative economic trends nationally as well as in specific geographic areas of the United States could result in an increase in loan defaults and delinquencies. Though levels of defaults and delinquencies have been decreasing from peak levels, there is a material possibility that economic activity will be volatile or will slow, and some obligors may be significantly and negatively impacted by negative economic trends. A continuing decreased ability of obligors to obtain refinancing (particularly as high levels of required refinancings approach) may result in

an economic decline that could delay an economic recovery and cause a deterioration in loan performance generally and defaults of Underlying Assets. There is no way to determine whether such trends in the credit markets will continue, improve or worsen in the future.

Illiquidity in the CDO, leveraged finance and fixed income markets may affect the Holders of the Securities

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

Regardless of current or future market conditions, certain Underlying Assets purchased by the Issuer will have only a limited trading market (or none). The Issuer's investment in illiquid debt obligations may restrict its ability to dispose of investments in a timely fashion and for a fair value, as well as its ability to take advantage of market opportunities. Illiquid debt obligations may trade at a discount from comparable, more liquid investments. In addition, adverse developments in the primary market for leveraged loans and, to a lesser extent, high yield debt may reduce opportunities for the Issuer to purchase recent issuances of Underlying Assets. More particularly, the ability of private equity sponsors and leveraged loan arrangers to effectuate new leveraged buy-outs and the ability of the Issuer to purchase such assets may be partially or significantly limited. There has been a recent increase in primary leveraged loan market activity, but there can be no assurance that such increase will persist or that the primary leveraged loan market will not return to its previous levels or cease altogether for a period of time. The impact of another liquidity crisis on the global credit markets may adversely affect the management flexibility of the Asset Manager in relation to the portfolio and, ultimately, the returns on the Securities to investors.

Relating to the Securities

The Securities will have limited liquidity and are subject to substantial transfer restrictions

Currently, no market exists for the Securities. JPMorgan is not under any obligation to make a market for the Securities. The Securities are illiquid investments. There can be no assurance that any secondary market for any of the Securities will develop, or if a secondary market does develop, that it will provide the Holders of the Securities with liquidity of investment or will continue for the life of the Securities. Over the past few years, notes issued in securitization transactions have experienced historically high volatility and significant fluctuations in market value. Additionally, some potential buyers of such notes now view securitization products as an inappropriate investment, thereby reducing the number of potential buyers and/or potentially affecting liquidity in the secondary market. Holders of the Securities must be prepared to hold such notes for an indefinite period of time or until their Stated Maturity. The Securities will not be registered under the Securities Act or any state securities laws, and the Issuers have no plans, and are under no obligation, to register the Securities under the Securities Act. As a result, the Securities are subject to certain transfer restrictions and can only be transferred to certain transferees as described herein under "Transfer Restrictions." As described herein, the Issuer may, in the future, impose additional restrictions to comply with changes in applicable law. Such restrictions on the transfer of the Securities may further limit their liquidity.

The Securities are not guaranteed by the Issuers, JPMorgan, the Asset Manager, the Collateral Administrator, any Hedge Counterparty or the Trustee

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

JPMorgan will have no ongoing responsibility for the Collateral or the actions of any other Transaction Party

JPMorgan will have no ongoing responsibility for the Underlying Assets or the actions of any other Transaction Party. JPMorgan will have no obligation to monitor the performance of the Underlying Assets or the actions of any other Transaction Party and will have no authority to advise any other Transaction Party, including, without limitation, the Asset Manager or the Issuer, or to direct their actions, which will be solely the responsibility of each such Transaction Party, as the case may be. If JPMorgan acts as a Hedge Counterparty or owns Securities, it will have no responsibility to consider the interests of any holders of Securities in actions it takes in such capacity. While JPMorgan may own a portion of certain Classes of Secured Notes on the Closing Date and may own Securities at any time, it has no obligation to make any investment in any Securities and may sell at any time any Securities it does purchase.

The Notes are limited recourse obligations; investors must rely on available collections from the Underlying Assets and will have no other source for payment

The Co-Issued Notes are limited recourse obligations of the Issuers and the Class D Notes and the Subordinated Notes are limited recourse obligations of the Issuer. The Notes are payable solely from proceeds of the Underlying Assets and all other Collateral pledged by the Issuer to the holders of the Secured Notes and other secured parties (but not including Holders of the Subordinated Notes) pursuant to the Priority of Payments. None of the Trustee, the Collateral Administrator, the Asset Manager, the Administrator, JPMorgan or any of their respective Affiliates or the Issuers' Affiliates or any other Person or entity will be obligated to make payments on the Notes. Consequently, holders of the Notes must rely solely on distributions on the Collateral and, after an Event of Default, proceeds from the liquidation of the Collateral for payments on the Notes. If distributions on such Collateral or proceeds from such liquidation are insufficient to make payments on the Notes, no other assets (in particular, no assets of the Asset Manager, the holders of the Notes, JPMorgan, the Trustee, the Collateral Administrator, the Administrator or any Affiliates of any of the foregoing) will be available for payment of the deficiency and all obligations of the Issuers and any claims against the Issuers in respect of the Notes will be extinguished and will not revive.

The Subordinated Notes are unsecured obligations of the Issuer

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

Subordinated Notes will be limited by the terms of the Indenture. If distributions on the Collateral are insufficient to make distributions on the Subordinated Notes, no other assets will be available for any such distributions. See "Description of the Notes—The Subordinated Notes."

The subordination of the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes, as described below, will affect their right to payment; failure of a court to enforce non-petition obligations will adversely affect Holders

The Class A-1 Notes are subordinated to certain amounts payable by the Issuer to other parties as set forth in the Priority of Payments (including taxes, certain amounts owing to Administrative Expenses, the Senior Asset Management Fee and certain payments under the Hedge Agreements), the Class A-2 Notes are subordinated on each Payment Date to the Class A-1 Notes; the Class B Notes are subordinated on each Payment Date to the Class A-2 Notes; the Class C Notes are subordinated on each Payment Date to the Class B Notes; the Class D Notes are subordinated on each Payment Date to the Class C Notes; and the Subordinated Notes are subordinated on each Payment Date to the Secured Notes and certain fees and expenses (including, but not limited to the diversion of Interest Proceeds to purchase additional Underlying Assets if the Reinvestment Overcollateralization Test is not satisfied or amounts to redeem Secured Notes or purchase additional Underlying Assets if an Effective Date Ratings Confirmation Failure occurs and is continuing, unpaid Administrative Expenses including unexpected liabilities that may become payable by the Issuer or the Co-Issuer, whether by reason of the offering contemplated hereby or otherwise, the Senior Asset Management Fee, certain payments under the Hedge Agreements and the Subordinated Asset Management Fee), in each case to the extent described herein. No payments of interest or distributions from Interest Proceeds of any kind will be made on any such Class of Notes on any Payment Date until interest due on the Notes of each Class to which it is subordinated has been paid in full, no payments of principal (other than Deferred Interest, to the extent set forth in the Priority of Payments) from Principal Proceeds will be made on any such Class of Notes on any Payment Date until principal of the Notes of each Class to which it is subordinated has been paid in full, and no distributions from Principal Proceeds of any kind will be made on the Subordinated Notes on any Payment Date until interest due on and all principal of the Notes of each Class to which it is subordinated has been paid in full. Therefore, to the extent that any losses are suffered by any of the holders of any Securities, such losses will be borne in the first instance by Holders of the Subordinated Notes, then by the holders of the Class D Notes, then by the holders of the Class C Notes, then by the holders of the Class B Notes, then by the holders of the Class A-2 Notes and last by the holders of the Class A-1 Notes. Furthermore, payments on the Class B Notes, the Class C Notes and the Class D Notes are subject to diversion to pay more senior Classes of Notes pursuant to the Priority of Payments if certain Coverage Tests are not met, as described herein, and failure to make such payments will not be a default under the Indenture.

In addition, if an Event of Default occurs, the Holders of the Controlling Class of Notes will be entitled to determine the remedies to be exercised under the Indenture, subject to the terms of the Indenture. See "Description of the Notes—The Indenture—Events of Default." Remedies pursued by the Controlling Class could be adverse to the interests of the Holders of the Securities that are subordinated to the Notes held by the Controlling Class, and the Controlling Class will have no obligation to consider any possible adverse effect on such other interests. The Underlying Assets may only be sold and liquidated following an Event of Default as described under "Description of the Notes—The Indenture—Events of Default".

If an acceleration of the maturity of the Secured Notes has occurred following an Event of Default and such acceleration has not been cured or waived, the most senior Class of Notes then Outstanding shall be paid in full in cash, or to the extent the Majority of such Class consents, other than in cash, before any further payment or distribution is made on account of any more subordinate Classes, in each case in accordance with the Subordination Priority of Payments. Upon the occurrence of such an event, investors in any such subordinate Class of Notes will not receive any payments until such senior Classes are paid in full. Acceleration of the maturity of the Secured Notes may, under certain circumstances, be rescinded by a Majority of the Controlling Class. If an Event of Default has occurred, but the Collateral has not been liquidated and the Secured Notes have not been accelerated, payments on the Notes will continue to be made in accordance with the Priority of Interest Payments and the Priority of Principal Payments. There can be no assurance that, after payment of principal and interest on the Notes senior to any Class, the Issuer will have sufficient funds to make payments in respect of such subordinated Class.

Each Holder of Securities will agree, and each beneficial owner of Securities will be deemed to agree, pursuant to the Indenture, that it will not cause the filing of a petition in bankruptcy against, or present a winding up

petition in respect of, the Issuer, Co-Issuer or any Tax Subsidiary before one year and one day have elapsed since the payment in full of the Securities or, if longer, the applicable preference period then in effect plus one day. If such provision failed to be enforceable under applicable bankruptcy laws, then the filing or presentation of such a petition could result in one or more payments on the Secured Notes made during the period prior to such filing being deemed to be preferential transfers subject to avoidance by the bankruptcy trustee or similar official exercising authority with respect to the Issuer's bankruptcy estate. Such a situation could also result in the bankruptcy court, trustee or receiver liquidating the Collateral notwithstanding required class voting required for such liquidation pursuant to the Indenture. If such provision is determined to be unenforceable or is violated by one or more Holders or beneficial owners, the petitioning Holder(s) or beneficial owner(s) will be subject to the Bankruptcy Subordination Agreement described under "Description of the Notes—The Indenture—Petitions for Bankruptcy." 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.

Any investor retains the right to hold Notes directly or through an intermediate entity (and all of the Mezzanine Notes and substantially all of the Subordinated Notes issued on the Closing Date are expected to be held by through an intermediate entity that is a Qualifying Investment Vehicle) which may hold one or more Classes of Notes for the benefit of such investor. To the extent such holding through an intermediate entity does not permit such Classes to be owned or voted separately, such arrangement may affect the incentives of such investor in exercising rights, remedies or consensual actions exercisable by holders of one or more such Classes.

Yield considerations on the Subordinated Notes

The yield to each holder of the Subordinated Notes will be a function of the purchase price paid by such holder for its Subordinated Notes and the timing and amount of distributions made in respect of the Subordinated Notes during the term of the transaction. Each prospective purchaser of the Subordinated Notes should make its own evaluation of the yield that it expects to receive on the Subordinated Notes. Prospective investors should be aware that the timing and amount of distributions, if any, will be affected by, among other things, the performance of the Underlying Assets purchased by the Issuer. Each prospective investor should consider the risk that an Event of Default and other adverse performance will result in no yield or a lower yield on the Subordinated Notes than that anticipated by such investor. In addition, if the Issuer fails any Coverage Test or Reinvestment Overcollateralization Test, amounts that would otherwise be distributed to the Holders of the Subordinated Notes on any Payment Date may be paid to other investors in accordance with the Priority of Payments. Each prospective purchaser should consider that any such adverse developments could result in its failure to recover all or any of its initial investment in the Subordinated Notes.

The Subordinated Notes are highly leveraged, which increases risks to investors in that Class

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

Payments of Interest Proceeds to the Holders of the Subordinated Notes will not be made until due and unpaid interest on the Secured Notes and certain other amounts (including certain fees and expenses) have been paid. No payments of Principal Proceeds to the Holders of the Subordinated Notes will be made until principal of and interest on the Secured Notes and certain other amounts have been paid in full. On any Payment Date, sufficient funds may not be available (including as a result of a failure of any of the Coverage Tests or the Reinvestment Overcollateralization Test) to make payments to the Holders of the Subordinated Notes in accordance with the Priority of Payments.

After an acceleration of the maturity of the Secured Notes has occurred following an Event of Default and such acceleration has not been cured or waived, all Interest Proceeds and Principal Proceeds will be allocated in accordance with the Subordination Priority of Payments pursuant to which the Secured Notes and certain other amounts owing by the Issuers will be paid in full before any allocation to the Subordinated Notes, and each Class of Securities (along with certain other amounts owing by the Issuers) will be paid in order of seniority until it is paid in full before any allocation is made to the next Class of Securities. If an Event of Default has occurred and is continuing, the Holders of the Subordinated Notes will not have any creditors' rights against the Issuer and will not have the right to determine the remedies to be exercised under the Indenture. There is no guarantee that any funds will remain to make distributions to the Holders of subordinated Classes of Securities following any liquidation of the Collateral and the application of the proceeds from the Collateral to pay senior Classes of Securities and the fees, expenses, and other liabilities payable by the Issuers.

The Collateral may be insufficient to redeem the Securities in an Event of Default

It is anticipated that the proceeds received by the Issuer on the Closing Date from the issuance of the Securities, net of certain fees and expenses, will be less than the aggregate amount of Securities. Consequently, it is anticipated that on the Closing Date the Collateral would be insufficient to pay off all of the Secured Notes and Subordinated Notes in full in the event of an Event of Default under the Indenture.

The Reinvestment Period may terminate early

The Reinvestment Period may terminate early if any of the following occur: (a) acceleration following an Event of Default, (b) the Asset Manager, in its sole discretion, notifies the Trustee that, in light of the composition of the Underlying Assets, general market conditions and other factors, investment of Principal Proceeds in additional Underlying Assets within the foreseeable future would be either impractical or not beneficial to the Holders of the Subordinated Notes or (c) an Optional Redemption in full. Early termination of the Reinvestment Period could adversely affect returns to the Subordinated Notes and may also cause the holders of Securities to receive principal payments earlier than anticipated.

The Asset Manager may reinvest Unscheduled Principal Payments and Disposition Proceeds from the sale of Credit Risk Obligations after the end of the Reinvestment Period

After the end of the Reinvestment Period, the Asset Manager may still reinvest Unscheduled Principal Payments received with respect to Underlying Assets and the Disposition Proceeds from the sale of Credit Risk Obligations, subject to certain conditions described under the heading "Security for the Secured Notes—Portfolio Criteria and Trading Restrictions." Reinvestment of such Unscheduled Principal Payments and Disposition Proceeds from the sale of Credit Risk Obligations will likely have the effect of extending the Weighted Average Life of the Underlying Assets and the average lives of the Securities.

The Indenture requires mandatory redemption of the Secured Notes for failure to satisfy Coverage Tests and receive Rating Agency Confirmation

If any Coverage Test with respect to any Class or Classes of Secured Notes is not met on any Determination Date on which such Coverage Test is applicable, or an Effective Date Ratings Confirmation Failure occurs and is continuing, Interest Proceeds that otherwise would have been paid or distributed to the Holders of the Securities of each Class (other than Class A-1 Notes and Class A-2 Notes) that is subordinated to such Class or Classes and (during the Reinvestment Period) Principal Proceeds that would otherwise have been reinvested in Underlying Assets will instead be used to redeem the Secured Notes of the most senior Class or Classes then Outstanding (or in the case of an Effective Date Ratings Confirmation Failure, at the election of the Asset Manager), in the acquisition of additional Underlying Assets, in each case in accordance with the Priority of Payments, to the extent necessary to satisfy the applicable Coverage Tests, or to achieve Effective Date Ratings Confirmation (as the case may be) until such ratings are confirmed or, if nor confirmed, until the Secured Notes have been paid in full as described under "Overview of Terms—Priority of Payments." This could result in an elimination, deferral or reduction in the payments of Interest Proceeds to the Holders of the Class B Notes, the Class C Notes, the Class D Notes and/or Subordinated Notes, as the case may be. In addition, a mandatory redemption of Secured Notes owing to an Effective Date Ratings Confirmation Failure may cause the Asset

Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the Underlying Assets sold.

The Secured Notes are subject to Special Amortization at the option of the Asset Manager.

The Secured Notes will be subject to redemption in part by the Issuers or the Issuer, as applicable, on any Payment Date during the Reinvestment Period if the Asset Manager at its sole discretion notifies the Trustee that it has been unable, for a period of at least 30 consecutive Business Days, to identify additional Underlying Assets that are deemed appropriate by the Asset Manager in its sole discretion and which would meet the Portfolio Criteria in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Collection Account that are to be invested in additional Underlying Assets. On such a Payment Date, in accordance with the Indenture, the Special Amortization Amount will be applied in accordance with the Priority of Principal Payments to pay the principal of the Secured Notes. The application of funds in that manner could result in an elimination, deferral or reduction of amounts available to make payments on Classes of the Notes subordinate in priority to the Class or Classes of Secured Notes being amortized. See "Description of the Notes—Special Amortization."

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

During the Reinvestment Period (and, in the case of additional Subordinated Notes, after the Reinvestment Period) the Issuers or the Issuer, as applicable, may issue and sell additional notes of any one or more new classes of notes that are subordinated to the existing Secured Notes (or to the most junior class of securities of the Issuer (other than the Subordinated Notes) issued pursuant to the Indenture, if any class of securities issued pursuant to the Indenture other than the Secured Notes and the Subordinated Notes is then Outstanding) and/or additional notes of any one or more existing Classes and/or additional Subordinated Notes and use the net proceeds to purchase additional Underlying Assets or for other purposes permitted under the Indenture (except that the proceeds of an additional issuance of Subordinated Notes after the Reinvestment Period may not be used to purchase additional Underlying Assets) if the conditions for such additional issuance described under "Description of the Notes—The Indenture—Modification of Indenture" and "Description of the Notes—The Indenture—Additional Issuance" are met. Any such additional issuance will be made only in the sole discretion of the Asset Manager with the approval by a Majority of the Subordinated Notes and, in the case of an issuance of Senior Notes, a Majority of the Controlling Class. Among other conditions that must be satisfied, in the case of the issuance of additional notes of an existing Class, the terms of the notes to be issued must be identical to the respective terms of previously issued Notes of the applicable Class (except that the interest due on additional Secured Notes will accrue from the issue date of such additional Secured Notes and the spread (or the fixed interest rate) and price of such Notes do not have to be identical to those of the initial Notes of that Class; provided that the spread (or the fixed interest rate) of any such additional Secured Notes will not be greater than the spread (or the fixed interest rate) on the applicable Class of Secured Notes (in each case, taking into account any original issue discount)) and such additional issuance shall not be considered a Refinancing under the Indenture. No assurance can be given that the issuance of additional notes having different spreads or fixed rates than any Class of Secured Notes may not adversely affect the holders of any Class of Securities. In addition, the use of such issuance proceeds as Principal Proceeds may have the effect of causing a Coverage Test that was otherwise failing to be cured or modifying the effect of events that would otherwise give rise to an Event of Default and permit the Controlling Class to exercise remedies under the Indenture. Additional issuances of Notes (which will be permitted under the Indenture subject to certain conditions) could dilute or otherwise affect rights of existing Holders of Notes.

The Controlling Class will control many rights under the Indenture and therefore, Holders of the subordinate Classes will have limited rights in connection with an Event of Default, acceleration or distributions thereunder

Under the Indenture, many rights of the Holders of the Notes will be controlled by a Majority of the Controlling Class. Remedies pursued by the Holders of the Controlling Class upon an Event of Default could be adverse to the interests of the Holders of Notes subordinated to the Controlling Class. Upon acceleration, all Interest Proceeds and Principal Proceeds will be allocated in accordance with the Subordination Priority of Payments pursuant to which the Secured Notes and certain other amounts owing by the Issuers will be paid in full before any allocation to the Subordinated Notes, and each Class of Notes (along with certain other amounts owing by the Issuers) will be paid in order of seniority until it is paid in full before any allocation is made to the next Class

of Notes. If an Event of Default has occurred and is continuing, the Holders of the Subordinated Notes will not have any creditors' rights against the Issuer and will not have the right to determine the remedies to be exercised under the Indenture. There is no guarantee that any funds will remain to make distributions to the Holders of subordinated Classes of Notes following any liquidation of the Collateral and the application of the proceeds from the Collateral to pay senior Classes of Notes and the fees, expenses, and other liabilities payable by the Issuers.

The Issuers may modify the Indenture by supplemental indentures and some supplemental indentures do not require consent of all or any holders of Securities or confirmation of the ratings of the Secured Notes

The Indenture provides that the Issuers and the Trustee may enter into supplemental indentures to modify various provisions of the Indenture. Execution of supplemental indentures is subject to various conditions precedent. In certain cases, consent is required from all Holders of Securities that would be materially and adversely affected by the supplemental indenture, but, in certain other cases, consent is not required from any Holders or is only required from a Majority of a Class that would be materially and adversely affected by the supplemental indenture. In addition, while the Rating Agencies may be provided advance notice of proposed supplemental indentures, confirmation of the ratings of the applicable Secured Notes may not be a condition precedent to the Issuer's entry into a supplemental indenture. Accordingly, a Class may be materially and adversely affected by a supplemental indenture that is entered into following consent thereto by a Majority of such Class, and the Issuer may be prevented from entering into a supplemental indenture that is beneficial to one or more Classes if consents required from other Classes are not obtained. See "Description of the Notes—The Indenture—Modification of Indenture."

The Notes are subject to Optional Redemption

The Issuer will redeem the Secured Notes in whole but not in part on any Business Day at their Redemption Price (i) upon receipt by the Trustee, the Asset Manager and the Issuer of written direction by a Majority of the Subordinated Notes (A) on or after the occurrence of a Tax Event (during or after the Non-Call Period) or (B) after the Non-Call Period, and (ii) at the direction of the Asset Manager at any time when the Asset Manager has determined that the Aggregate Principal Balance of the Underlying Assets is less than $125,000,000. A Majority of the Subordinated Notes may cause the Subordinated Notes to be redeemed in whole on any Payment Date on or after the date on which all of the Secured Notes have been redeemed or repaid as described under "Description of the Notes—Optional Redemption" and "Description of the Notes—The Subordinated Notes". The Notes shall also be redeemed on any Payment Date in whole but not in part at the written direction of a Majority of the Subordinated Notes following the occurrence of certain Tax Events as described under "Description of the Notes—Optional Redemption". In the event of an early redemption, the Holders of the Secured Notes and Subordinated Notes will be repaid prior to the respective Stated Maturity dates of such Notes. There can be no assurance that, upon any such redemption, the Proceeds realized and other available funds would permit any distribution on the Subordinated Notes after all required payments are made to the Holders of the Secured Notes. In addition, an Optional Redemption could require the Asset Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the Underlying Assets sold.

As described under "Description of the Notes—Optional Redemption", Refinancing Proceeds may be used in connection with a redemption of the Secured Notes.

In the case of a Refinancing, the Issuer shall obtain a Refinancing only if the Asset Manager determines and certifies to the Trustee that (i) the spread over the Base Rate or the fixed interest rate, as applicable, of each class of obligations providing the Refinancing will not be greater than the spread over the Base Rate or the fixed interest rate, as applicable, of the Secured Notes of the corresponding Class being refinanced by such new class of obligations and the weighted average of the spread over the Base Rate and the fixed rates payable in respect of all of the Replacement Notes is less than or equal to the weighted average of the spread over the Base Rate and the fixed rate payable on all of the Classes of Secured Notes being refinanced (determined based on the respective spreads over the Base Rate or the fixed interest rate, as applicable, of such Classes of Secured Notes); *provided* that (x) any Class of Fixed Rate Notes may be refinanced with obligations that bear interest at a floating rate (i.e., at a stated spread over the Base Rate) so long as the floating rate of the obligations comprising the Refinancing is less than the applicable Interest Rate with respect to such Class of Fixed Rate Notes on the date of such Refinancing and (y) any Class of Senior Notes that bears interest at a floating rate may be refinanced with obligations that bear interest at a fixed rate so long as the fixed rate of the obligations comprising the Refinancing is less than the applicable Base

Rate plus the relevant spread with respect to such Class of Senior Notes on the date of such Refinancing, and in each case under clause (x) and (y) Rating Agency Confirmation is obtained; (ii) the principal balance of the Replacement Notes is equal to the Aggregate Outstanding Amount of the Secured Notes being refinanced; (iii) the Stated Maturity of the Replacement Notes is the same as the Stated Maturity of the Secured Notes being refinanced; (iv) the obligations under the Replacement Notes do not rank higher in priority pursuant to the Priority of Payments than the Class of Notes being refinanced; (v) the voting rights, consent rights, redemption rights and other rights of the Replacement Notes are materially the same as the rights of the corresponding Class of Notes that is being refinanced; and (vi) in connection with an issuance of Replacement Notes, an opinion of nationally recognized legal counsel with substantial experience in such matters has been obtained to the effect that (a) such issuance of Replacement Notes would not prevent the Secured Notes (other than any Class being redeemed in whole in connection with the Refinancing) previously issued from being characterized as debt for U.S. federal income tax purposes to the same extent as at the Closing Date and (b) any Co-Issued Notes issued in the Refinancing will be treated as debt for U.S. federal income tax purposes, and any other Secured Notes issued in the Refinancing should be treated as debt for U.S. federal income tax purposes.

The Asset Manager or an Asset Manager Party may elect in its sole discretion, but will not be required, to purchase the Subordinated Notes of Holders that have directed an Optional Redemption at the Subordinated Notes NAV Amount in lieu of effecting the Optional Redemption, *provided* that each such Purchase in Lieu of Redemption must be approved by a Majority of the Subordinated Notes in the related Optional Redemption Direction. Each beneficial owner, by its purchase of an interest in the Subordinated Notes will be deemed to have agreed to sell its interest to an Asset Manager Party if an Asset Manager Party exercises such purchase right.

Securities repurchased by the Issuer or surrendered by Holders will be cancelled

Under the Indenture, the Issuer may apply a Contribution (at the direction of the related Contributor) to acquire Secured Notes. In addition, Securities may be tendered at any time by a Holder for no payment to the Trustee or the Issuer for cancellation. In either event, any such Securities will be cancelled and no longer deemed Outstanding for certain purposes under the Indenture such as the exercise of voting rights. However, for purposes of the Overcollateralization Ratio and the Event of Default Par Ratio, any Notes so cancelled (other than Repurchased Notes and Surrendered Notes of the Controlling Class) will be deemed to remain Outstanding (and thus will not affect any such calculation until the Notes of the applicable Class and each Higher Ranking Class have been retired or redeemed), with such Notes being deemed to have an Aggregate Outstanding Amount equal to the Aggregate Outstanding Amount as of the date of repurchase or surrender, reduced proportionately with, and to the extent of, any payments of principal on Notes of the same Class thereafter. See "Description of the Notes—Purchase and Surrender of Notes."

The Re-Pricing Eligible Classes are subject to Re-Pricing

On any Business Day on or after the Non-Call Period, at the direction of a Majority of the Subordinated Notes, the Issuer (or the Asset Manager on its behalf) will reduce the spread over the Base Rate (or the fixed interest rate) applicable to any Re-Pricing Eligible Class. Such re-pricing could occur at a time when the Re-Pricing Eligible Classes are trading in the market at a premium. The Issuer's exercise of this re-pricing option may reduce or eliminate such premium on such Re-Pricing Eligible Class, and may occur at a time when other investments bearing the same rate of interest relative to the level of risk assumed may be difficult or expensive to acquire. See "Description of the Notes—Optional Re-Pricing".

In addition, if any Holders of a Re-Priced Class do not consent to the proposed Re-Pricing within the time period described in the Indenture, the Issuer (or the Re-Pricing Intermediary acting on behalf of the Issuer) will have the right to 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 the Re-Pricing Transfer Price. The consequence of such a sale to such non-consenting Holders will be similar to that of an early redemption of such Holder's Re-Pricing Eligible Class. Such re-pricing may also be a taxable event.

A decrease in the Base Rate will lower the interest payable on the Senior Notes and an increase in the Base Rate may indirectly reduce the credit support to the Notes

The Interest Rate on the Senior Notes is based upon a Base Rate (initially, LIBOR) and therefore may fluctuate from one Interest Accrual Period to another in response to changes in such Base Rate; the Subordinated Notes do not bear a stated rate of interest. Several years ago, LIBOR experienced historically high volatility and significant fluctuations. It is likely that LIBOR will continue to fluctuate and we make no representation as to what LIBOR will be in the future. Because the Senior Notes bear interest based upon three-month LIBOR, there may be a basis mismatch between the Senior Notes and the Underlying Assets and Eligible Investments with interest rates based on an index other than LIBOR, interest rates based on LIBOR for a different period of time or even three-month LIBOR for a different accrual period. In addition, some Underlying Assets or Eligible Investments may bear interest at a fixed rate, and no assurance can be made that the portion of floating rate Underlying Assets that bear interest based on indices other than LIBOR will not increase in the future. It is possible that LIBOR payable on the Senior Notes may rise (or fall) during periods in which LIBOR (or another applicable index) with respect to the various Underlying Assets and Eligible Investments is stable or falling (or rising but capped at a level lower than LIBOR for on the Senior Notes). Some Underlying Assets, however, may have LIBOR floor arrangements that may help mitigate this risk, but there is no requirement for any Underlying Asset to have a LIBOR floor and there is no guarantee that any such LIBOR floor will fully mitigate the risk of falling LIBOR. If LIBOR payable on the Senior Notes rises during periods in which LIBOR (or another applicable index) with respect to the various Underlying Assets and Eligible Investments is stable or during periods in which the Issuer owns Underlying Assets or Eligible Investments bearing interest at a fixed rate, is falling or is rising but is capped at a lower level, "excess spread" (*i.e.*, the difference between the interest collected on the Underlying Assets and the sum of the interest payable on the Secured Notes and certain transaction fees payable by the Issuer) that otherwise would be available as credit support may instead be used to pay interest on the Senior Notes. In addition, if LIBOR with respect to various Underlying Assets decreases (even if LIBOR with respect to the Senior Notes also decreases), such excess spread will be reduced as a result of the Issuer's obligation to pay interest on the Fixed Rate Notes.

There may also be a timing mismatch between the Senior Notes and the Underlying Assets as the LIBOR (or other applicable index) on such Underlying Assets may adjust more frequently or less frequently, on different dates than LIBOR on the Senior Notes. In addition, there will be an interest rate mismatch between the Fixed Rate Notes and the Underlying Assets (which in most cases will bear interest at floating rates). Such a mismatch could result in the Issuer not collecting sufficient Interest Proceeds to make interest payments on the Notes. The Issuer may or may not enter into interest rate swap transactions to hedge any interest rate or timing mismatch. To the extent described herein, the Issuer may enter into Hedge Agreements to reduce the effect of any such interest rate mismatch. However, the Issuer does not expect to enter into any Hedge Agreements on the Closing Date, and the entry into Hedge Agreements on or after the Closing Date will require the consent of a Majority of the Controlling Class. There can be no assurance that the Issuer will enter into Hedge Agreements thereafter or that, if entered into, such Hedge Agreements will significantly reduce the effect of such interest rate mismatch.

Furthermore, certain Floating Rate Underlying Assets may bear interest based on a floating rate index which is subject to a floor (or minimum). If such floating rate index, currently, is less than the applicable floor, the rate at which interest is accrued on such Floating Rate Underlying Assets will not increase, notwithstanding increases in such floating rate index, until such floating rate index exceeds such floor. This could increase any mismatch between the interest accrued on the Floating Rate Underlying Assets and the Senior Notes. Any such mismatch would adversely impact the Issuer because the interest due on the Senior Notes would increase as LIBOR increases, but the yield on the Floating Rate Underlying Assets bearing interest based upon floating rate indices which are subject to floors would not.

Similar risks and circumstances would be expected to exist if the Base Rate were to be changed to an Alternate Base Rate, and such risks and circumstances could be exacerbated depending on what rate is selected as the Alternate Base Rate and the degree to which such rate deviates from LIBOR.

The Senior Notes may be affected by changes to an Alternate Base Rate.

Initially, the Base Rate used to compute the Interest Rate on each class of Senior Notes will be LIBOR. Subject to certain conditions, that Base Rate may be changed to an Alternate Base Rate with the consent of a Majority of each Class of the Notes and Rating Agency Confirmation. There can be no assurance that any such

change in the Base Rate would be beneficial to the Holders of the Notes. In addition, the yield on the Notes could decline as a result of such a change.

Further, a U.S. Holder (as defined below) that owns a Senior Note upon execution of a Base Rate Amendment may be deemed to have exchanged such Senior Note prior to the Base Rate Amendment for a newly issued debt instrument. Therefore, as a result of a Base Rate Amendment, such a U.S. Holder, among other consequences, may be required to redetermine whether a Secured Note will bear original issue discount (or the amount thereof), recognize taxable gain during the taxable year in which the Base Rate Amendment is executed, and have its holding period in such Note reset. See "Certain Income Tax Considerations—Base Rate Amendments." U.S. Holders should consult their tax advisors regarding the U.S. federal income tax consequences to them of a Base Rate Amendment.

The average lives of the Notes may vary from their maturity date

The average life of each Class of Notes is expected to be shorter than the number of years until its respective Stated Maturity. Each such average life may vary due to various factors affecting the early retirement of Underlying Assets from payments, defaults, or otherwise, the timing and amount of sales of such Underlying Assets, the ability of the Asset Manager to invest collections and proceeds in additional Underlying Assets, and the occurrence of any mandatory redemption, Optional Redemption or a redemption following a Tax Event. Retirement of the Underlying Assets prior to their respective final maturities will depend, among other things, on the financial condition of the issuers of the Underlying Assets and the respective characteristics of such Underlying Assets, including the existence and frequency of exercise of any optional redemption, mandatory redemption or sinking fund features, the prevailing level of interest rates, the redemption prices, the actual default rates and the actual amount collected on any Defaulted Obligations and the frequency of tender or exchange offers for such Underlying Assets. In particular, loans are generally prepayable at par, and a high proportion of loans could be prepaid. The ability of the Issuer to reinvest proceeds in assets with comparable interest rates that satisfy the reinvestment criteria specified herein may affect the timing and amount of payments received by the holders of Notes and the yield to maturity of the Notes. See "Security for the Secured Notes—Sales of Underlying Assets."

Projections, forecasts and estimates are forward looking statements and are inherently uncertain

Estimates of the average lives of the Securities, together with any projections, forecasts and estimates provided to prospective purchases of the Securities, are forward-looking statements. Projections are necessarily speculative in nature, and it should be expected that some or all of the assumptions underlying the projections will not materialize or will vary significantly from actual results. Accordingly, actual results will vary from the projections, and such variations may be material. Some important factors that could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates and default and recovery rates; market, financial or legal uncertainties; the timing of acquisitions of Underlying Assets; differences in the actual allocation of Underlying Assets among asset categories from those assumed; mismatches between the time of accrual and receipt of Interest Proceeds from the Underlying Assets. None of the Issuers, JPMorgan, the Asset Manager, the Trustee, the Collateral Administrator or any other party to this transaction or any of their respective Affiliates has any obligation to update or otherwise revise any projections, forecasts or estimates, including any revisions to reflect changes in economic conditions or other circumstances arising after the date of this Offering Memorandum or to reflect the occurrence of unanticipated events.

The Issuer could be subject to Material Taxes in Certain Circumstances

The Issuer will have in effect an election to be treated as a pass-through entity for U.S. federal income tax purposes and intends to manage its affairs so that it will not become a publicly traded partnership or taxable mortgage pool taxable as a corporation for such purposes, although no assurances can be provided in this regard. The Issuer intends to conduct its affairs so that it will not be treated as engaged in a trade or business within the United States (including that the Issuer intends to conduct its affairs so that it will not have engaged in lending activities) for U.S. federal income tax purposes. There can be no assurance, however, that the Issuer will not become so treated 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 to be treated as a partnership engaged in a U.S. trade or business, non-U.S. persons holding Subordinated Notes (or any other Notes treated as equity interests in the Issuer for U.S. federal income tax purposes) would be subject to U.S. federal income tax on their allocable share of the Issuer's income (which tax may be collected through withholding). 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 Underlying Assets or cause a Tax Event in certain circumstances. In addition, if the Issuer creates a Tax Subsidiary, the subsidiary's income may be subject to net income tax in the United States, and the imposition of such taxes would materially reduce any return from assets held in such subsidiary.

If the Issuer were to be treated as a publicly traded partnership or taxable mortgage pool taxable as a corporation for U.S. federal income tax purposes and were to be treated as engaged in a trade or business within the United States, it would become subject to U.S. federal income tax on a net income basis on its income (computed possibly without any allowance for deductions) that was effectively connected with such business (as well as the branch profits tax). The levying of such taxes would materially affect the Issuer's financial ability to make payments on the Notes.

The Issuer does not generally anticipate being subject to material withholding taxes with respect to interest on Underlying Assets. There can be no assurance, however, that this or other 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 particular, the Issuer may be subject to withholding or gross income taxes in respect of commitment fees, facility fees, and other similar fees imposed by the United States or other countries. 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.

The Issuer will be required to Comply with "FATCA" to Avoid Material Withholding Taxes

FATCA potentially imposes a withholding tax of 30 percent on certain payments made to the Issuer, including potentially all interest paid on, and proceeds from the sale or other disposition of U.S. Underlying Assets unless the Issuer complies with Cayman legislation that implements the intergovernmental agreement between the Cayman Islands and the United States (the "Cayman IGA"). The Cayman IGA requires, among other things, that the Issuer collects and provides to the Cayman Islands government substantial information regarding direct and indirect holders of the Notes unless the Issuer qualifies as a Non-Reporting Cayman Islands Financial Institution (as defined in the Cayman IGA) or is otherwise entitled to an exemption under FATCA. The Issuer anticipates that 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 is unable to comply with FATCA. The Issuer intends to comply with its obligations under FATCA (including the Cayman IGA and the Cayman Islands Tax Information Authority Law (2013 Revision) (together with regulations and guidance notes made pursuant to such law, the "Cayman FATCA Legislation"). However, in some cases, the ability to comply could depend on factors outside of the Issuer's control. The rules under FATCA or the Cayman FATCA Legislation may also change in the future. Future guidance may subject payments on Notes to a withholding tax of 30 percent if each foreign financial institution (as defined under FATCA) that holds any such Note, or through which any such Note is held, has not entered into an information reporting agreement with the IRS under FATCA or complied with the terms of a relevant intergovernmental agreement. Holders that do not supply information required under the Indenture to permit compliance with FATCA and the Cayman FATCA Legislation, 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 under the Indenture, including but not limited to forced transfer of their Notes. There can be no assurance, however, that these measures will be effective, and that the Issuer and holders of the Notes will not be subject to withholding taxes under FATCA or the Cayman FATCA Legislation. The imposition of such taxes could materially affect the Issuer's ability to make payments on the Notes or could reduce such payments and the costs of compliance with FATCA and the Cayman FATCA Legislation may be significant.

Investors May Be Subject to Withholding Taxes or Income Taxes with Respect to the Notes

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. As an investor in a partnership for U.S. federal income tax purposes, each holder of Subordinated Notes (or any other Notes treated as equity in the Issuer for U.S. federal income tax purposes) that is a U.S. person will be required to take into account for U.S. federal income tax purposes its allocable share of the items of income, gain, loss, deduction and credit of the Issuer for each taxable year of the Issuer ending with or within the holder's taxable year. To the extent relevant, a U.S. person holding such Notes must report those items for U.S. federal income tax purposes without regard to whether any distribution has been or will be received from the Issuer, and such holder's allocable share of the Issuer's taxable income may exceed cash distributions. Additionally, the Issuer could be required to withhold and remit U.S. tax on its income allocable to non-U.S. persons holding its Subordinated Notes (or any other Notes treated as equity interests in the Issuer for U.S. federal income tax purposes) if the Issuer were treated as engaged in a trade or business within the United States for U.S. federal income tax purposes. If the Issuer were so treated, among other adverse consequences, any such non-U.S. persons would be subject to U.S. federal income tax in respect of their allocable share of the Issuer's income (computed possibly without any allowance for deductions). Such income allocable to a corporate non-U.S. holder would be subject to U.S. federal income tax at the usual corporate rate, and possibly to a branch profits tax as well.

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.

Investors May Be Subject to Reporting Requirements

Investors may be required, under a number of different tax rules, to report information with respect to their investment in the Notes. Investors that fail to report required information could become subject to substantial penalties and other adverse consequences. Potential investors should consult their own tax advisors about how to comply with reporting requirements applicable to the acquisition, ownership or disposition of Notes.

The Issuer may hold certain Underlying Assets through one or more Subsidiaries

Some of the Underlying Assets may be held by a Tax Subsidiary. The Issuer's ability to realize the economic benefits of its direct ownership of these assets depends on the ability of the Tax Subsidiaries to make payment and other distributions to the Issuer. In the event that any Tax Subsidiary is unable for any reason to make such payments or other distributions to the Issuer, the Issuer may not be able to realize the full economic benefits of the assets held by such Tax Subsidiary.

Each of the Issuer and the Co-Issuer is recently formed, has no significant operating history, has no assets other than the Assets and is limited in its permitted activities

Each of the Issuer, the Co-Issuer and Ares XXXI-B is a recently formed, incorporated or organized entity and has no prior operating history or track record other than in connection with the warehouse facilities entered into to acquire Underlying Assets prior to the Closing Date and described in this Offering Memorandum. Accordingly, neither the Issuer, the Co-Issuer nor Ares XXXI-B has a performance history for a prospective investor to consider in making its decision to invest in the Securities.

Third Party Litigation; Limited Funds Available to the Issuer to Pay its Operating Expenses

The Issuer's investment activities subject it to the normal risks of becoming involved in litigation by third parties. The expense of defending against claims by third parties, including involuntary bankruptcy petitions, and paying any amounts pursuant to settlements or judgments would, except in the unlikely event that the Issuer is indemnified for such amounts, be borne by the Issuer and would reduce the Interest Proceeds available for distribution and the Issuer's net assets.

The funds available to the Issuer to pay certain fees and expenses of the Trustee, the Collateral Administrator, the Asset Manager and the Administrator and for payment of the Issuer's other accrued and unpaid

Administrative Expenses are limited as described in "Overview of Terms—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 Tax Subsidiary, the Trustee, the Collateral Administrator, the Asset 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 of the Cayman Islands, as amended from time to time, and potentially being struck from the register of companies and dissolved.

Non-compliance with restrictions on ownership of the Securities and the Investment Company Act could adversely affect the Issuer

Neither the Issuer nor the Co-Issuer has registered with the United States Securities and Exchange Commission ("SEC") as an investment company pursuant to the Investment Company Act, in reliance on an exception under Section 3(c)(7) of the Investment Company Act for investment companies (a) whose outstanding securities are beneficially owned only by "qualified purchasers" and by "knowledgeable employees" with respect to the Issuer and certain transferees thereof identified in Rules 3c-5 and 3c-6 under the Investment Company Act and (b) which do not make a public offering of their securities in the United States.

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

Legislative and regulatory actions in the United States and Europe may adversely affect the Issuer and the Securities

The recent turmoil in the global credit markets has created significant political support for additional legislation and regulation. Although the content and scope of new legislation or other regulatory developments remains uncertain, new legislation and regulation has occurred as a result. These recent changes in legislation, together with uncertainty about the nature and timing of regulations that will be promulgated to implement such legislation, may create uncertainty in the credit and other financial markets and create other unknown risks. For example, the United States Congress has passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which will fundamentally overhaul the regulatory scheme for the financial markets in the United States. In addition, numerous United States federal agencies have proposed or enacted new or revised rules relating to financial markets. The ability of the Issuers to make payments on the Securities could be affected by the Dodd-Frank Act and other recent legislation, regulations already promulgated thereunder and uncertainty about additional regulations to be promulgated thereunder in the future.

Further, on December 10, 2013, the final Volcker Rule was published under Section 619 of the Dodd-Frank Act (the "Volcker Rule"). Among other things, the Volcker Rule will prohibit "banking entities" from certain proprietary trading activities and will restrict sponsorship or ownership of "covered funds". The definition of "covered fund" in the Volcker Rule includes (generally) any entity that would be an investment company under the Investment Company Act but for the exemption provided under Sections 3(c)(1) or 3(c)(7) thereunder. Because the Issuer will rely on Section 3(c)(7), it may be a "covered fund" within the meaning of the Volcker Rule. If the Issuer is a "covered fund", certain entities (including, without limitation, a "banking entity") may be prohibited from, among other things, acting as a "sponsor" to, or having an "ownership interest" in, the Issuer. The Volcker Rule and interpretations thereunder are still uncertain, may restrict or discourage the acquisition of Notes by such entities, and may adversely affect the liquidity of the Notes. Although the Volcker Rule provides limited exceptions to its prohibitions, each investor in the Notes must make its own determination as to whether it is subject to the Volcker

Rule, whether its investment in the Notes would be restricted or prohibited under the Volcker Rule, and the potential impact of the Volcker Rule on its investment, any liquidity in connection therewith and on its portfolio generally. Investors in the Notes are responsible for analyzing their own regulatory position and none of the Issuer, the Placement Agent, the Asset Manager, the Trustee, the Collateral Administrator nor any of their affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the application of the Volcker Rule to the Issuer, or to such investor's investment in the Notes on the Closing Date or at any time in the future.

There have also been several recent legislative and regulatory initiatives in Europe and elsewhere in the world that relate to the financial markets. The effect of all of these recent regulatory changes is uncertain at this time.

Proposed changes to Regulation AB under the Securities Act have the potential to impose new disclosure requirements that could restrict the use of this Offering Memorandum or require the publication of a new offering circular in connection with the issuance and sale of any additional Notes. No assurance can be made that the United States federal government, U.S. regulatory body or 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.

On December 31, 2010, the European Banking Authority (formerly known as the Committee of European Banking Supervisors ("EBA")) published its final guidelines on the implementation of Article 122a of European Union Directive 2006/48/EC (as amended by Directive 2009/111/EC, "Article 122a"), commonly referred to as the Capital Requirements Directive ("CRD"), and on September 29, 2011 published some additional guidance in the form of a questions and answer document (collectively, the "Article 122a Guidelines"). On April 16, 2013, the European Parliament adopted a new directive and Regulation (EU) No. 575/2013 ("CRR"), which was published in the Official Journal of the European Union on June 27, 2013 and took effect on January 1, 2014. On December 17, 2013, the EBA published final draft regulatory technical standards and implementing technical standards in relation to Article 404 (the "Final Draft RTS" and "Final Draft ITS," respectively). The Final Draft ITS were published in the Official Journal of the European Union on June 5, 2014 and came into force on June 25, 2014 (such enacted regulation being the "Final ITS"), and the Final Draft RTS were published in the Official Journal of the European Union on June 13, 2014 and came into force on July 3, 2014 (such enacted regulation being the "Final RTS"). Except in very limited circumstances, the Final RTS and Final ITS replace in their entirety the Article 122a Guidelines.

Articles 404-410 (inclusive) of the CRR ("Article 404") have replaced Article 122a. Article 404 applies to (a) credit institutions established in a member state ("Member State") of the European Economic Area ("EEA") and consolidated group affiliates thereof (including those that are based in the United States) and (b) investment firms (each an "Affected 404 Investor") that invest in or have an exposure to credit risk in securitizations. Article 404 imposes a severe capital charge on a securitization position acquired by an Affected 404 Investor unless, among other conditions, (a) the originator, sponsor or original lender for the securitization has explicitly disclosed to the EEA-regulated credit institution that it will retain, on an ongoing basis, a material net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures, and (b) the Affected 404 Investor is able to demonstrate that it has undertaken certain due diligence in respect of its securitization position and the underlying exposures and that procedures are established for such activities to be monitored on an on-going basis. For purposes of Article 404, an EEA-regulated credit institution may be subject to the capital requirements as a result of activities of its overseas affiliates, including those that are based in the United States. Article 404 applies in respect of the Notes, but no originator, sponsor or original lender will retain or commit to retain a 5% net economic interest with respect to the Notes or the Underlying Assets for the purposes of Article 404. The absence of any such commitment to retain means that the requirements of Article 404 cannot be met in respect of the Notes and is expected to deter EEA-regulated institutions and their affiliates from investing in the Notes. This lack of suitability will impair the marketability and liquidity of the Notes.

On July 22, 2013, EU Directive 2011/61/EU on Alternative Investment Fund Managers ("AIFMD") became effective. Article 17 of AIFMD required the EU Commission to adopt level 2 measures similar to those in Article 404, permitting EEA managers of alternative investment funds ("AIFMs") to invest in securitizations on behalf of the alternative investment funds ("AIFs") they manage only if the originator, sponsor or original lender has explicitly disclosed that it will retain on an ongoing basis, a material net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures and also to undertake certain due diligence

requirements. Commission Delegated Regulation 231/2013 (the "AIFMD Level 2 Regulation") included those level 2 measures. Although the requirements in the AIFMD Level 2 Regulation are similar to those which apply under Article 404, they are not identical. In particular, the AIFMD Level 2 Regulation requires AIFMs to ensure that the sponsor or originator of a securitization meets certain underwriting and originating criteria in granting credit, and imposes more extensive due diligence requirements on AIFMs investing in securitizations than are imposed on Affected 404 Investors under Article 404. Furthermore, AIFMs who discover after the assumption of a securitization exposure that the retained interest does not meet the requirements, or subsequently falls below 5% of the economic risk, are required to take such corrective action as is in the best interests of investors. It is unclear how this last requirement is expected to be addressed by AIFMs should those circumstances arise. The requirements of the AIFMD Level 2 Regulation apply to new securitizations issued on or after January 1, 2011.

In addition, AIFMD provides that AIFs must have a designated AIFM with responsibility for portfolio and risk management. Although the portfolio and risk management provisions of AIFMD apply only to EEA AIFMs when managing any AIF, the disclosure and transparency requirements of AIFMD will apply to any non-EEA AIFs which are to be marketed in the EEA after July 22, 2013 (subject to any applicable transitional period for AIFs which commenced marketing prior to July 22, 2013 and subject to the implementation of AIFMD under national law). In the United Kingdom, the Financial Conduct Authority (the "FCA") has issued a policy statement in relation to the implementation of AIFMD in the United Kingdom, which in effect confirms that the FCA regards any issue of debt securities which does not constitute a "collective investment scheme" (within the meaning of section 235 of the Financial Services and Markets Act 2000) as similarly falling outside the scope of the AIFMD. However, in providing such guidance, the FCA referred to the possibility that the European Securities and Markets Authority ("ESMA") will, in due course, provide guidance on the meaning of a "securitisation special purpose entity" under the AIFMD. ESMA has not yet given any formal guidance on the application of this exemption. If AIFMD were to apply to the Issuer as a non-EEA AIF and the Issuer engaged in any marketing in the EEA, the Issuer would be subject to the disclosure and transparency requirements of AIFMD, which require, among other things, that investors in the European Union receive initial and periodic disclosures concerning any AIF which is marketed to them; that annual financial reports of the AIF must be prepared in compliance with the AIFMD and made available to investors; that periodic reports relating to the AIF must be filed with the competent regulatory authority in each EU member state in which the fund has been marketed. All or any of these regulatory requirements may adversely affect the Portfolio Manager's ability to achieve the Issuer's investment objective, and may result in additional costs and expenses for the Issuer. In addition, it is unclear whether or not the Issuer would be able to comply with such disclosure requirements. It is also unclear what position will be taken by regulators in other EEA Member States in their interpretation and implementation of AIFMD.

Requirements similar to the retention requirement in each of Article 404 and AIFMD will apply to investments in securitizations by other types of EEA investors, such as EEA insurance and reinsurance undertakings and UCITS funds (all of such investors, together with Affected 404 Investors and AIFMs, "Affected Investors"). Although many aspects of all of these requirements remain unclear, Article 404 and any other changes to the regulation or regulatory treatment of securitizations or of the Notes for some or all Affected Investors may negatively impact the regulatory position of individual holders, and the implementation of these regulatory requirements is expected to deter Affected Investors from investing in the Notes. This lack of suitability will impair the marketability and liquidity of the Notes.

Accordingly, all investors whose investment activities are subject to local investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Notes will constitute legal investments for them or are subject to investment or other restrictions, unfavorable accounting treatment, capital charges or reserve requirements.

Book-entry holders are not considered holders of Securities under the Indenture and may delay receipt of payments on the Securities

Holders of beneficial interests in any Securities held in global form will not be considered holders of such Securities 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 holder of a beneficial interest in a Note. DTC or its nominee will be the sole holder for any Securities held in global form, and therefore each Person owning a beneficial interest in a Security held in global form must rely on the procedures

of DTC (and if such Person is not a participant in DTC on the procedures of the participant through which such Person holds such interest) with respect to the exercise of any rights of a holder of a Security under the Indenture.

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

Future actions of any Rating Agency can adversely affect the market value or liquidity of the Securities

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

In addition to the ratings assigned to the Secured Notes, the Issuer will be utilizing ratings assigned by rating agencies to obligors of individual Underlying Assets. Such ratings will primarily be publicly available ratings. There can be no assurance that rating agencies will continue to assign such ratings utilizing the same methods and standards utilized today despite the fact that such Underlying Asset might still be performing fully to the specifications set forth in its Underlying Instrument. Any change in such methods and standards could result in a significant rise in the number of CCC Underlying Assets and Caa Underlying Assets in the Collateral, which could cause the Issuer to fail to satisfy an Overcollateralization Test on subsequent Determination Dates, which failure could lead to the early amortization of some or all of one or more Classes of the Securities. See "Description of the Notes—Redemption for Failure to Satisfy the Coverage Tests" and "Security for the Secured Notes—The Coverage Tests, the Reinvestment Overcollateralization Test and Collateral Quality Tests."

Requirements imposed on Rating Agencies could result in withdrawal of ratings if certain actions are not taken by the Arranger

On June 2, 2010, certain amendments to Rule 17g-5 under the Exchange Act promulgated by the SEC became effective. Amended Rule 17g-5 requires each rating agency providing a rating of a structured finance product such as this transaction paid for by the "arranger" (defined as the issuer, the underwriter or the sponsor) to obtain an undertaking from the arranger to (i) create a password protected website, (ii) post on that website all information provided to the rating agency in connection with the initial rating of any Class of Secured Notes and all information provided to the rating agency in connection with the surveillance of such rating, in each case, contemporaneous with the provision of such information to the applicable rating agency and (iii) provide access to such website to other rating agencies that have made certain certifications to the arranger regarding their use of the information. In this transaction, the "arranger" is the Issuer.

Each Rating Agency must be able to reasonably rely on the arranger's certifications. If the arranger does not comply with its undertakings to any Rating Agency with respect to this transaction, such Rating Agency may withdraw its ratings of the Secured Notes, as applicable. In such case, the withdrawal of ratings by any Rating Agency may adversely affect the price or transferability of the Secured Notes and may adversely affect any beneficial owner that relies on ratings of securities for regulatory or other compliance purposes.

Under Rule 17g-5, rating agencies providing the requisite certifications described above may issue unsolicited ratings of the Secured Notes which may be lower and, in some cases, significantly lower than the ratings provided by the Rating Agencies. The unsolicited ratings may be issued prior to, on or after the Closing Date and will not be reflected herein. Issuance of any unsolicited rating will not affect the issuance of the Securities. Such

unsolicited ratings could have a material adverse effect on the price and liquidity of the Secured Notes and, for regulated entities, could adversely affect the value of the Secured Notes as a legal investment or the capital treatment of the Secured Notes.

The SEC may determine that one or both of the Rating Agencies no longer qualifies as a nationally recognized statistical rating organization (an "NRSRO") for purposes of the federal securities laws and that determination may also have an adverse effect on the market prices and liquidity of the Secured Notes.

Financial information provided to Holders of Securities in the Monthly Report and the Distribution Report will be unaudited

On a monthly basis commencing two months after the Closing Date, excluding any month in which a Payment Date occurs, the Collateral Administrator (on behalf of the Issuer) will compile and make available to each Rating Agency then rating a Class of Secured Notes, the Trustee, the Asset Manager, the Placement Agent and, upon written request therefor, to any Holder shown on the Notes Register and upon written notice to the Trustee in the form required under the Indenture, any beneficial owner of a Note, a monthly report (the "Monthly Report"), setting forth certain information with respect to the Underlying Assets in respect of the immediately preceding month, including certain loss and delinquency information on the Underlying Assets and measurements of each criterion included in the Portfolio Criteria. In preparing and furnishing the Monthly Reports, the Collateral Administrator will rely conclusively on the accuracy and completeness of certain information or data regarding the Underlying Assets that has been provided to it by the Asset Manager. On each Payment Date, the Issuer shall render an accounting to each Rating Agency then rating a Class of Secured Notes, the Trustee, the Asset Manager, the Placement Agent and, upon written request therefor, to any Holder shown on the Notes Register and upon written notice to the Trustee in the form prescribed under the Indenture, any beneficial owner of a Note, a report containing all the information in a Monthly Report reported for the full Due Period as well as setting forth, among other things, certain information as to the distributions being made on such Payment Date, the fees to be paid to the Asset Manager and the Trustee and the loss and delinquency status of the Underlying Assets (the "Distribution Report"). These Monthly Reports and Distribution Reports will also be made available at the internet website of the Trustee. Neither such information nor any other financial information furnished to Holders of the Securities will be audited and reported upon, and an opinion will not be expressed, by an independent public accountant.

Investors should consider certain ERISA considerations

If the ownership of any class of equity interest of the Issuer, such as a Class of Notes which is characterized as equity, by Benefit Plan Investors were to equal or exceed 25% of the total value of such Class, as determined under the Plan Asset Regulation issued by the United States Department of Labor at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (such regulation as so modified, the "Plan Asset Regulation"), assets of the Issuer would be deemed to be "plan assets". (The Plan Asset Regulation provides that in applying such 25% limitation, Notes held by Controlling Persons must be disregarded.) If for any reason the assets of the Issuer were deemed to be "plan assets", certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of its business might constitute non-exempt "prohibited transactions" under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded at significant cost to the Issuer. The Asset Manager, on behalf of the Issuer, may be prevented from engaging in certain investments or other transactions or fee arrangements because they might be deemed to cause non-exempt prohibited transactions. Moreover, if the underlying assets of the Issuer were deemed to be assets constituting plan assets, (i) the assets of the Issuer could be subject to ERISA's reporting and disclosure requirements, (ii) a fiduciary causing a Benefit Plan Investor to make an investment in the equity of the Issuer could be deemed to have delegated its responsibility to manage the assets of the Benefit Plan Investor, (iii) various providers of fiduciary or other services to the Issuer, and any other parties with authority or control with respect to the Issuer, could be deemed to be Plan fiduciaries or otherwise parties in interest or disqualified persons by virtue of their provision of such services, and (iv) it is not clear that Section 404(b) of ERISA, which generally prohibits plan fiduciaries from maintaining the indicia of ownership of assets of plans subject to Title I of ERISA outside the jurisdiction of the district courts of the United States, would be satisfied in all instances. The term "Benefit Plan Investor" is defined in Section 3(42) of ERISA as (a) any employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to the fiduciary responsibility provisions of Title I of ERISA, (b) any plan to which Section 4975 of the Code applies and (c) any entity whose underlying assets include plan assets by reason of such an employee benefit plan's or plan's investment in such entity. A "controlling person" is a person (other than a

Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the entity or that provided 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.

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

The Issuer intends, through the use of written or deemed representations, to restrict ownership of the Class D Notes and the Subordinated Notes by Benefit Plan Investors and Controlling Persons so that no assets of the Issuer will be deemed to be "plan assets" subject to Title I of ERISA or Section 4975 of the Code as such term is defined in Section 3(42) of ERISA and the Plan Asset Regulation. However, there can be no assurance that ownership of the Class D Notes and the Subordinated Notes by Benefit Plan Investors will always remain below the 25% limitation established under the Plan Asset Regulation.

Investors holding securities issued by a Qualifying Investment Vehicle may be treated for ERISA purposes as holding the Notes held by such Qualifying Investment Vehicle or as holding a separate class of equity interest issued by the Issuer. Qualifying Investment Vehicles holding ERISA Restricted Notes will be required to limit ownership by Benefit Plan Investors of the Qualifying Investment Vehicle's securities to less than 25%, but there can be no assurance that, despite that requirement, Benefit Plan Investors will not in actuality own 25% or more of the securities issued by a Qualifying Investment Vehicle, disregarding any such securities held by Controlling Persons, in which case the assets of the Issuer could be deemed to be "plan assets" of a Plan.

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

Money laundering prevention laws may require certain actions or disclosures

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

The Issuer may be subject to Cayman Islands Anti-Money Laundering Legislation

The Administrator is, and the Issuer may be, subject to the Cayman Islands Money Laundering Regulations (2013 Revision) ("Regulations"). The Regulations apply to anyone conducting "relevant financial business" in or from the Cayman Islands intending to form a business relationship or carry out a one-off transaction. The Regulations require a financial service provider to maintain certain anti-money laundering procedures including those for the purposes of verifying the identity and source of funds of an "applicant for business"; e.g. an investor. Except in certain circumstances, including where an entity is regulated by a recognized overseas regulatory

authority and/or listed on a recognized stock exchange in an approved jurisdiction, the Administrator will likely be required to verify each investor's identity and the source of the payment used by such investor for purchasing the Notes in a manner similar to the obligations imposed under the laws of other major financial centers. In addition, if any person resident in the Cayman Islands knows or suspects, or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct, or is involved with terrorism or terrorist property, and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands ("FRA"), pursuant to the Proceeds of Crime Law, 2008 of the Cayman Islands ("PCL"), if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the FRA, pursuant to the Terrorism Law (2011 Revision) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. If the Issuer were determined by the Cayman Islands authorities to be in violation of the PCL, the Terrorism Law or Regulations, the Issuer could be subject to substantial criminal penalties. The Issuer may be subject to similar restrictions in other jurisdictions. Such a violation could materially adversely affect the timing and amount of payments by the Issuer to the holders of the Notes.

Relating to the Underlying Assets

Below investment-grade Collateral involves particular risks

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

Prices of the Collateral may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including but not limited to changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors of the Collateral. The current uncertainty affecting the United States economy and the economies of other countries in which issuers of Underlying Assets are domiciled or operate and the possibility of increased volatility in financial markets could adversely affect the value and performance of the Underlying Assets. Additionally, loans and interests in loans have significant liquidity and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly traded securities. In addition, historically the trading volume in the loan market has been small relative to the debt securities market.

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

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

Credit ratings are not a guarantee of quality

Credit ratings of assets represent the rating agencies' opinions regarding their credit quality and are not a guarantee of quality or performance. A credit rating is not a recommendation to buy, sell or hold assets and may be subject to revision or withdrawal at any time by the assigning rating agency. If a rating assigned to any Underlying Asset is lowered for any reason, no party is obligated to provide any additional support or credit enhancement with respect to such Underlying Asset. Rating agencies attempt to evaluate the relative future creditworthiness of an obligation and do not address other risks, including but not limited to, liquidity risk, market value or price volatility; therefore, ratings do not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an obligor's current financial condition may be better or worse than a rating indicates. Consequently, credit ratings of any Underlying Asset (as is also the case in respect of the Secured Notes) should be used only as a preliminary indicator of perceived investment quality and should not be considered a reliable indicator of actual investment quality. Rating reductions or withdrawals may occur for any number of reasons and may affect numerous assets at a single time or within a short period of time, with material adverse effects upon the Notes. It is possible that many credit ratings of assets included in or similar to the Underlying Assets will be subject to significant or severe adjustments downward. See "Relating to the Securities—Future actions of any Rating Agency can adversely affect the market value or liquidity of the Securities."

The Issuer will acquire certain Underlying Assets prior to the Closing Date and will acquire additional Underlying Assets on the Closing Date by merging with Ares XXXI-B CLO Ltd.

It is expected that at least U.S.$1,034,520,000 in aggregate principal amount of the initial Underlying Assets will be acquired or committed to be acquired by the Issuer as of the Closing Date.

The Issuer will acquire certain Underlying Assets under the Issuer Warehouse Facility

Approximately U.S. $549,110,000 in aggregate amount of the Underlying Assets acquired under the Issuer Warehouse Facility were purchased in open-market transactions at prevailing market prices.

Approximately U.S.$104,360,000 in aggregate amount of the Underlying Assets acquired under the Issuer Warehouse Facility were acquired via a master participation agreement dated as of May 12, 2014 (the "Master Participation Agreement") and a Master Trade Confirmation dated as of May 12, 2014 (the "Master Trade Confirmation") from Ares XVI CLO Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands ("Ares XVI CLO Ltd." or the "Master Participation Selling Institution"), which owns a pool of assets previously selected by an affiliate of the Asset Manager. The Underlying Assets acquired under the Master Participation Agreement were acquired at a price based on the averages of the highest then-current independent bid and lowest then-current independent offer determined by the Asset Manager on a basis of reasonable inquiry, all determined as of May 12, 2014. While approximately U.S.$101,590,000 in aggregate amount of such Underlying Assets have been elevated to full assignment and the Asset Manager expects that all Participations acquired by the Issuer under the Master Participation Agreement will be elevated to full assignments by the Effective Date, there can be no assurance that all such elevations will be completed.

The remaining U.S.$138,290,000 in aggregate amount of the Underlying Assets acquired under the Issuer Warehouse Facility were acquired via assignment on July 30, 2014 from Ares SPC Holdings, L.P., a Delaware limited partnership (the "Affiliate Transferor"), which owns a pool of assets previously selected by an affiliate of the Asset Manager. The Underlying Assets acquired from the Affiliate Transferor were acquired at a price based on the averages of the highest then-current independent bid and lowest then-current independent offer determined by the Asset Manager on a basis of reasonable inquiry, all determined as of July 30, 2014.

The Issuer's purchase of or participation of such Underlying Assets was financed by a warehouse financing facility (the "Issuer Warehouse Facility") provided by JPMorgan Chase Bank, National Association ("JPMCB"), as lender and administrative agent, and a fund managed by an Affiliate of the Asset Manager (the "Warehouse Equity Purchaser"), as purchasers of certain warehouse subordinated notes issued by the Issuer. Upon the occurrence of the Closing Date, the Issuer Warehouse Facility will terminate and JPMCB and the Warehouse Equity Purchaser will be paid in full, in each case from the issuance proceeds received by the Issuer for the Notes. All realized and unrealized losses with respect to such initial Underlying Assets will be for the Issuer's account and, consequently,

the market value of such Underlying Assets on the Closing Date may be lower (or higher) than at the time such Underlying Assets were acquired by the Issuer. If the issuance of the Notes does not occur, the initial Underlying Assets may be liquidated and JPMCB and/or the Warehouse Equity Purchaser may suffer a loss. This risk may provide an incentive for the Placement Agent and the Asset Manager to close the transaction in non-optimal conditions.

As a lender and administrative agent in connection with the Issuer Warehouse Facility, JPMCB has the right to approve all assets acquired by the Issuer and, in certain circumstances, has the right to require or approve sales of assets by the Issuer. JPMCB has and will exercise those rights solely for its own benefit as a lender and in a manner that protects its rights and interests as a creditor of the Issuer. None of JPMCB, the Placement Agent, nor any of their Affiliates has done, and no such person will do, any analysis of the Underlying Assets acquired or sold by the Issuer for the benefit of, or in a manner designed to further the interests of, any holder of Notes.

The Warehouse Equity Purchaser has and will exercise its rights under the Issuer Warehouse Facility solely for its own benefit and in a manner that protects its rights and interests as a creditor of the Issuer. The Warehouse Equity Purchaser has not done, and will not do, any analysis of the Underlying Assets acquired or sold by the Issuer for the benefit of, or in a manner designed to further the interests of, any holder of Notes.

By its purchase of Notes, each Holder is deemed to have consented on behalf of itself to the purchase of the initial Underlying Assets by the Issuer and the arrangements described above.

The Issuer will acquire additional Underlying Assets by merging with Ares XXXI-B CLO Ltd. on the Closing Date

Prior to the Closing Date, Ares XXXI-B CLO Ltd. ("Ares XXXI-B"), a newly formed exempted company incorporated with limited liability under the laws of the Cayman Islands that is managed by the Asset Manager, acquired or committed to acquire approximately $242,760,000 in aggregate amount of the Underlying Assets at prevailing market prices at the time of purchase by Ares XXXI-B. Ares XXXI-B's purchase of such Underlying Assets was financed by a warehouse financing facility (the "Ares XXXI-B Warehouse Facility") provided by JPMCB, as lender and administrative agent, and certain third-party investors (the "Ares XXXI-B Warehouse Equity Purchasers"), as purchasers of certain warehouse subordinated notes issued by Ares XXXI-B.

Upon the occurrence of the Closing Date, the Issuer and Ares XXXI-B will merge, with the Issuer being the entity surviving such merger (such merger transaction, the "Closing Merger").

As a result of the Closing Merger, the rights and property of Ares XXXI-B (including the Underlying Assets then owned by it) will immediately vest in the Issuer and will become Underlying Assets of the Issuer. In addition, the Issuer will become liable for and subject, in the same manner as Ares XXXI-B, to all funding obligations on any such Underlying Assets that are Revolving Credit Facilities and Delayed-Draw Loans and all other liabilities and obligations of Ares XXXI-B. So far as the Issuer is aware, no claim, cause or proceeding, whether civil (including arbitration) or criminal, is pending by or against Ares XXXI-B. Further, so far as the Issuer is aware, no petition or other similar proceeding has ever been filed or order made or resolution adopted to wind-up or liquidate Ares XXXI-B in any jurisdiction. Prior to the Closing Date, a search of certain public filing records will be concluded that reveals no effective notices of any security interest or other lien (other than those to be released on the Closing Date) against Ares XXXI-B.

On the Closing Date, immediately prior to giving effect to the Closing Merger, the Ares XXXI-B Warehouse Facility will terminate and JPMCB and the Ares XXXI-B Warehouse Equity Purchasers will be paid in full, in each case from the issuance proceeds received by the Issuer for the Notes paid by the Issuer to Ares XXXI-B as the acquisition cost for the Closing Merger. The Issuer will acquire Underlying Assets from Ares XXXI-B at the purchase price Ares XXXI-B paid to purchase such Underlying Assets, not the prevailing market price for the Underlying Assets at the time of the merger. All realized and unrealized losses with respect to the initial Underlying Assets financed under the Ares XXXI-B Warehouse Facility will be for Ares XXXI-B's (and, after the Closing Merger, the Issuer's) account and, consequently, the market value of such Underlying Assets on the Closing Date may be lower (or higher) than at the time such Underlying Assets were acquired by Ares XXXI-B. If the issuance of the Notes does not occur, such Underlying Assets may be liquidated and JPMCB and/or the Ares XXXI-B

Warehouse Equity Purchasers may suffer a loss. This risk may provide an incentive for the Placement Agent and the Asset Manager to close the transaction in non-optimal conditions.

As a lender and administrative agent in connection with the warehouse financing facility, JPMCB has the right to approve all assets acquired by the Issuer and, in certain circumstances, has the right to require or approve sales of assets by the Issuer. JPMCB has and will exercise those rights solely for its own benefit as a lender and in a manner that protects its rights and interests as a creditor of the Issuer. None of JPMCB, the Placement Agent, nor any of their Affiliates has done, and no such person will do, any analysis of the Underlying Assets acquired or sold by the Issuer for the benefit of, or in a manner designed to further the interests of, any holder of Notes.

The Ares XXXI-B Warehouse Equity Purchasers has and will exercise their rights under the Ares XXXI-B Warehouse Facility solely for their own benefit and in a manner that protects their rights and interests as a creditor of Ares XXXI-B. The Ares XXXI-B Warehouse Equity Purchasers have not done, and will not do, any analysis of the Underlying Assets acquired or sold by Ares XXXI-B for the benefit of, or in a manner designed to further the interests of, any holder of Notes.

By its purchase of Notes, each Holder is deemed to have consented on behalf of itself to the Closing Merger and the arrangements described above.

Holders of the Securities will receive limited disclosure about the Underlying Assets

The Issuer and the Asset Manager will not provide the Holders of the Securities, the Collateral Administrator or the Trustee with financial or other information (which may include material non-public information) it receives pursuant to the Underlying Assets and related documents unless required to do so pursuant to the Indenture, the Asset Management Agreement or the Collateral Administration Agreement. The Asset Manager also will not disclose to any of these parties the contents of any notice it receives pursuant to the Underlying Assets or related documents unless required to do so pursuant to the Indenture or the Asset Management Agreement. In particular, the Asset Manager will not have any obligation to keep any of these parties informed as to matters arising in relation to any Underlying Assets, except in connection with the regular reports prepared by the Issuer (or the Collateral Administrator on behalf of the Issuer) in accordance with the Indenture.

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

Lender liability considerations and equitable subordination can affect the Issuer's rights with respect to Underlying Assets

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

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." Because of the nature of the Collateral, the Collateral may be subject to claims of equitable subordination.

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

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

The Issuer is subject to reinvestment risk

The amount of Collateral purchased on the Closing Date and the amount and timing of purchases of Collateral after the Closing Date will affect the cash flows available to make payments on, and the return to the holders of, the Securities. Reduced liquidity and relatively lower volumes of trading in certain Collateral or high market demand for certain Assets that are suitable for the portfolio of the Issuer, in addition to restrictions on investment under the Indenture, could result in periods of time during which the Issuer is not able to fully invest its available cash in Collateral or during which the assets available for investment will not be of comparable quality. It is unlikely that the Issuer's available cash will be invested fully in Collateral at any time. Further, the longer the period such cash is invested in Eligible Investments, the greater the adverse impact may be on the aggregate amount of Interest Proceeds available for distribution by the Issuer. The associated reinvestment risk on the Collateral will be borne by the Holders of the Securities in the reverse of such securities' order of priority, beginning with the Subordinated Notes.

The level of earnings on reinvestments will depend on the availability of investments determined by the Asset Manager to be appropriate investments by the Issuer and the interest rates thereon. The need to satisfy the Portfolio Criteria and identify acceptable investments may require the purchase of Underlying Assets having lower yields than those Underlying Assets previously acquired by the Issuer as Underlying Assets mature, prepay or are sold or require temporary investment in Eligible Investments. In addition, obligors on the Underlying Assets may be more likely to exercise any rights they may have to redeem or refinance such obligations when interest rates or spreads are declining. Any decrease in the yield on the Collateral will reduce the amounts available for distribution on the Securities.

Loan prepayments may affect the ability of the Issuer to invest and reinvest available funds in appropriate Assets

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

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

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

The Issuer may not be able to acquire Underlying Assets that satisfy the Portfolio Criteria

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

Investing in loans involves particular risks

The Issuer may acquire interests in loans either directly (by way of assignment from the selling institution) or indirectly (by purchasing a Participation from the selling institution). As described in more detail below, holders of Participations are subject to additional risks not applicable to a holder of a direct interest in a loan.

Participations by the Issuer in a selling institution's portion of a loan typically result in a contractual relationship only with such selling institution, not with the borrower. In the case of a Participation, the Issuer will generally have the right to receive payments of principal, interest and any fees to which it is entitled only from the institution selling the Participation and only upon receipt by such selling institution of such payments from the borrower. By holding a Participation in a loan, the Issuer generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set off against the borrower, and the Issuer may not directly benefit from the collateral supporting the loan in which it has purchased the Participation. As a result, the Issuer will assume the credit risk of both the borrower and the institution selling the participation, which will remain the legal owner of record of the applicable loan. The Asset Manager has not and will not perform independent credit analysis of the selling institutions. In the event of the insolvency of the selling institution, the Issuer, by owning a Participation, may be treated as a general unsecured creditor of the selling institution, and may not benefit from any set off between the selling institution and the borrower. In addition, the Issuer may purchase a Participation from a selling institution that does not itself retain any portion of the applicable loan and, therefore, may have limited interest in monitoring the terms of the loan agreement and the continuing creditworthiness of the borrower. When the Issuer holds a Participation in a loan it will not have the right to vote under the applicable loan agreement with respect to every matter that arises thereunder, and it is expected that each selling institution will reserve the right to administer the loan sold by it as it sees fit and to amend the documentation evidencing such loan in all respects. Selling institutions voting in connection with such matters may have interests different from those of the Issuer and may fail to consider the interests of the Issuer in connection with their votes.

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

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

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

Investing in Cov-Lite Loans involves certain risks

Up to 70% (or if lower, the Weighted Average Rating Adjusted Cov-Lite Percentage) of the Maximum Investment Amount may consist of Cov-Lite Loans. Cov-Lite Loans typically do not have maintenance covenants and, as such, may expose the Issuer to increased risks compared to other loans that have maintenance covenants, including with respect to liquidity, price volatility and ability to restructure. As a result, 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. In addition, in a declining economic environment, the market prices of such loans may be depressed.

Investing in Unsecured Loans involves certain risks

Unsecured Loans are unsecured obligations of the applicable obligor, may be subordinated to other obligations of the obligor and generally have greater credit, insolvency and liquidity risk than is typically associated with investment grade obligations and secured obligations. Unsecured obligations will generally have lower rates of recovery than secured obligations following a default. Also, in the event of the insolvency of an obligor of any unsecured obligation, the holders of such unsecured obligation will be considered general, unsecured creditors of the obligor and will have fewer rights than secured creditors of the obligor. See also "—Bankruptcy of one or more obligors could reduce or eliminate the return to the Issuer on an Underlying Asset and so may impair payments on the Securities."

Investing in Second Lien Loans involves certain risks

The Underlying Assets may include Second Lien Loans, each of which will be secured by a pledge of collateral, but which is subordinated (with respect to liquidation preferences with respect to pledged collateral) to other secured obligations of the obligors secured by all or a portion of the collateral securing such secured loan. Second Lien Loans are typically subject to intercreditor arrangements, the provisions of which may prohibit or restrict the ability of the holder of a Second Lien Loan to (i) exercise remedies against the collateral with respect to their second liens; (ii) challenge any exercise of remedies against the collateral by the first lien lenders with respect to their first liens; (iii) challenge the enforceability or priority of the first liens on the collateral; and (iv) exercise certain other secured creditor rights, both before and during a bankruptcy of the borrower. In addition, during a bankruptcy of the obligor, the holder of a Second Lien Loan may not be required to give advance consent to (a) any use of cash collateral approved by the first lien creditors; (b) sales of collateral approved by the first lien lenders and the bankruptcy court, so long as the second liens continue to attach to the sale proceeds; and (c) debtor-in-possession financings.

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

Federal or state law may grant liens on the collateral (if any) securing an Underlying Asset that have priority over the Issuer's interest. An example of a lien arising under federal or state law is a tax or other government lien on property of an obligor. A tax lien may have priority over the Issuer's lien on such collateral. To the extent a lien having priority over the Issuer's lien exists with respect to the collateral related to any Underlying Asset, 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 Underlying Asset.

Certain risks relating to Hedge Agreements

A Hedge Counterparty may terminate the applicable Hedge Agreements if any withholding tax is imposed on payments thereunder by such Hedge Counterparty, and any amounts that would be required to be paid by the Issuer to enter into replacement Hedge Agreements will reduce amounts available for payments to holders of Notes. A Hedge Counterparty may also terminate the applicable Hedge Agreements upon the occurrence of certain events of default or termination events thereunder with respect to the Issuer (expected to include, but are not limited to, bankruptcy, a change in law making the performance of the obligations under such Hedge Agreement unlawful, or the determination to sell or liquidate the Collateral upon the occurrence of an Event of Default under the Indenture), and in the case of such early termination of any Hedge Agreement, the Issuer may be required to make a payment to the related Hedge Counterparty. Any amounts that would be required to be paid by the Issuer to enter into replacement Hedge Agreements will reduce amounts available for payments to holders of Notes. In either case, there can be no assurance that the remaining payments on the Collateral would be sufficient to make payments of interest and principal on the Secured Notes and distributions with respect to the Subordinated Notes.

The Issuer may terminate a Hedge Agreement upon the occurrence of certain events of default or termination events thereunder with respect to the Hedge Counterparty (including, but not limited to, bankruptcy or the failure of the Hedge Counterparty to make payments to the Issuer under the applicable Hedge Agreement). Even if the Issuer is the terminating party, it may owe a termination payment to the Hedge Counterparty as described in the immediately preceding paragraph. In the event that the Issuer terminated a Hedge Agreement upon the occurrence of a bankruptcy of the applicable Hedge Counterparty, there can be no assurance that termination amounts due and payable to the Hedge Counterparty from the Issuer would be subordinated to payments made to the holders of the Notes as required under the Priority of Payments. Recent decisions in U.S. bankruptcy proceedings have held that subordination provisions similar to those set forth in the Priority of Payments are unenforceable with respect to a bankrupt hedge counterparty. In addition, upon the occurrence of a bankruptcy of a Hedge Counterparty, if the Issuer fails to terminate the applicable Hedge Agreement in a timely manner, such Hedge Agreement could be assumed by the bankruptcy estate of such Hedge Counterparty and the Issuer could be required to continue making payments to such Hedge Counterparty, even if such Hedge Counterparty failed to perform its obligations under the applicable Hedge Agreement prior to the assumption. In either case, amounts available for payments to holders of Notes would be reduced and may be materially reduced.

Insolvency considerations with respect to issuers of Underlying Assets may affect the Issuer's rights

Various laws enacted for the protection of creditors may apply to the Underlying Assets. The information in this and the following paragraph is applicable with respect to U.S. issuers. Insolvency considerations will differ with respect to non-U.S. issuers. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of an Underlying Asset, such as a trustee in bankruptcy, were to find that the issuer did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such Underlying Asset and, after giving effect to such indebtedness, the issuer (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the issuer or to recover amounts previously paid by the issuer in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. Generally, an issuer would be considered insolvent at a particular time if the sum of its debts were then greater than all of its property at a fair

valuation or if the present fair salable value of its assets were then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether the issuer was "insolvent" after giving effect to the incurrence of the indebtedness constituting the Underlying Assets or that, regardless of the method of valuation, a court would not determine that the issuer was "insolvent" upon giving effect to such incurrence. In addition, in the event of the insolvency of an issuer of an Underlying Asset, payments made on such Underlying Asset could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year under federal bankruptcy law or even longer under state laws) before insolvency.

In general, if payments on Underlying Assets are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured, either from the initial recipient (such as the Issuer) or from subsequent transferees of such payments (such as the Holders of the Securities). To the extent that any such payments are recaptured from the Issuer, the resulting loss will be borne by the Holders of the Securities in inverse order of seniority as described under "—Relating to the Securities—The subordination of the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes, as described below, will affect their right to payment; failure of a court to enforce non-petition obligations will adversely affect Holders." However, a court in a bankruptcy or insolvency proceeding would be able to direct the recapture of any such payment from a holder of Securities only to the extent that such court has jurisdiction over such holder or its assets. Moreover, it is likely that avoidable payments could not be recaptured directly from a holder that has given value in exchange for its Security, 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 Securities, there can be no assurance that a holder of Securities will be able to avoid recapture on this or any other basis.

Bankruptcy of one or more obligors could reduce or eliminate the return to the Issuer on an Underlying Asset and so may impair payments on the Securities

There is a significant risk that one or more of the obligors may enter bankruptcy proceedings. Such proceedings may result in, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of the related Underlying Asset(s). There are a number of significant risks inherent in the bankruptcy process. *First*, rulings in a bankruptcy case are the product of adversary proceedings determined by a court with equitable powers, and are beyond the control of specific creditors. *Second*, a bankruptcy filing may adversely and permanently affect the obligor making such filing. The obligor may lose its market position, key employees, relationships with important suppliers, access to the capital markets or other sources of liquidity and otherwise become incapable of restoring itself as a viable entity. If for this or any other reason, a Chapter 11 reorganization is converted to or becomes a liquidation, the liquidation value of the obligor may not equal the liquidation value that was believed to exist at the time of purchase of the Underlying Asset. *Third*, the duration of a bankruptcy case is difficult to predict. A creditor's return on investment can be adversely affected by delays while a plan of reorganization is being negotiated, approved by parties in interest and confirmed by the bankruptcy court until it ultimately becomes effective. For example, in general, unsecured creditors' claims for interest accrued between the bankruptcy filing and a reorganization plan's consummation are not allowed. *Fourth*, the administrative costs of the debtor and official committees in connection with the bankruptcy case are frequently high and will be paid out of the debtor's estate prior to any return to general unsecured creditors. If the bankruptcy case involves protracted or difficult litigation, or turns into a liquidation, substantial assets may be devoted to such administrative costs; a creditor's costs in monitoring and enforcing its investment also may substantially increase. Certain claims that have priority by law (for example, claims for taxes) also may be significant. *Finally*, under certain circumstances, creditors' claims against bankrupt or insolvent entities may be subject to equitable subordination or recharacterization as equity (particularly where the creditor is an insider or otherwise controls the debtor), and transfers made to creditors may be subject to avoidance and disgorgement as preferences or fraudulent conveyances.

Bankruptcy of Master Participation Selling Institution or the Affiliate Transferor could result in a substantial loss to the Issuer

If either of the Master Participation Selling Institution or the Affiliate Transferor were to become insolvent or if bankruptcy, insolvency or similar proceedings were to be instituted with respect to either of them (voluntarily or involuntarily), the bankruptcy court could decide that the sale of the Underlying Assets to the Issuer and the related participations under the Master Participation Agreement (as applicable) was a "fraudulent conveyance." In

either such case, such bankruptcy court could order that the applicable Underlying Assets be returned to the Master Participation Selling Institution or the Affiliate Transferor, as applicable and form part of its bankruptcy estate. In that case, the Issuer could suffer substantial loss and/or delay in recover the initial Underlying Assets or the related funds.

International Investing

Certain of the Underlying Assets may consist of obligations of, or securities issued by, obligors located and/or operating in non-U.S. jurisdictions, including certain tax advantaged jurisdictions described herein. Investing outside the United States may involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a foreign jurisdiction and uncertainties as to the status, interpretation and application of laws. Moreover, foreign companies are generally not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to United States companies.

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

The economies of individual non-U.S. countries also may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resources, self-sufficiency and balance of payments position.

Underlying Assets consisting of obligations of non-U.S. issuers 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 issuer is located and may differ depending on whether the issuer is a non-sovereign or a sovereign entity. In certain foreign countries there is the possibility of expropriation, nationalization, or confiscatory taxation; limitations on the convertibility of currency or the removal of securities, property or other assets of the Issuer; political, economic, or social instability; or adverse diplomatic developments, each of which could have an adverse effect on the Issuer's investments in the foreign countries (which may make it more difficult to pay U.S. Dollar denominated obligations).

Rising interest rates may render some obligors unable to pay interest on their Underlying Assets

Most of the Underlying Assets bear interest at floating interest rates. To the extent interest rates increase, periodic interest obligations owed by the related obligors will also increase. As prevailing interest rates increase, some obligors may not be able to make the increased interest payments on Underlying Assets or refinance their balloon and bullet Underlying Assets, resulting in payment defaults and Defaulted Obligations. Conversely if interest rates decline, obligors may refinance their Underlying Assets at lower interest rates which could shorten the average life of the Securities.

Balloon loans and bullet loans present refinancing risk

The Collateral will primarily consist of Underlying Assets 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 Underlying Asset. The ability of such obligor to make this

final payment upon the maturity of the Underlying Asset typically depends upon its ability either to refinance the Underlying Asset prior to maturity or to generate sufficient cash flow to repay the Underlying Asset 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 Underlying Asset, 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 Underlying Asset at maturity, and the Issuer could lose all or most of the principal of the Underlying Asset. Given their relative size and limited resources and access to capital, some obligors may have difficulty in repaying or refinancing their balloon and bullet Underlying Asset on a timely basis or at all.

Relating to the Asset Manager

The investment professionals of the Asset Manager will attend to matters unrelated to the investment activities of the Issuer.

The Asset Manager has informed the Issuer that some or all of the investment professionals associated with the Asset Manager are investors in other funds managed by the Asset Manager, are actively involved in managing the investment decisions of these funds and other clients and will not devote all of their time to the Issuer's business and affairs. In addition, individuals not currently associated with the Asset Manager may become associated with the Asset Manager and the performance of the Underlying Assets may also depend on the financial and managerial experience of such individuals. See "The Asset Manager and " "The Asset Management Agreement"

Past performance of Asset Manager Parties not indicative.

The past performance of the Asset Manager, an affiliate, or an investment fund, client or account managed or advised by an affiliate of the Asset Manager (each, an "Asset Manager Fund" and together with the Asset Manager and its affiliates, the "Asset Manager Parties") and their respective principals in other portfolios or investment vehicles may not be indicative of the results that the Asset Manager may be able to achieve with the Collateral. Similarly, the past performance of the Asset Manager Parties and their respective 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 Asset Manager Parties or their respective principals. There can be no assurance that the Issuer's investments will perform as well as past investments of the Asset Manager Parties or their respective principals, that the Issuer will be able to avoid losses, that the Issuer will be able to make investments similar to the past investments of the Asset Manager Parties or their respective principals or any other Person described herein, or that the Issuer will be able to invest in accordance with its current investment strategy. 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 Portfolio Criteria that govern investments in the Issuer's portfolio do not govern the Asset Manager Parties' or their respective 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, or managed, by the Asset Manager Parties or their respective principals.

In addition, the Indenture places significant restrictions on the Asset Manager's ability to buy and sell Collateral, and the Asset Manager is required to comply with the restrictions contained in the Indenture. Accordingly, during certain periods or in certain specified circumstances, the Asset Manager may be unable to buy or sell Underlying Assets 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.

The Underlying Assets actually acquired by the Issuer may be different from those expected to be purchased by the Asset Manager, on behalf of the Issuer, due to market conditions, availability of such Underlying Assets and other factors. The actual portfolio of Underlying Assets owned by the Issuer will change from time to time as a result of sales and purchases of Underlying Assets.

Relating to Certain Conflicts of Interest

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

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

The Issuer will depend on the managerial expertise available to the Asset Manager and its key personnel

The composition of the Collateral and performance of the Notes will be highly dependent upon the skills of the Asset Manager in analyzing, selecting, acquiring and managing the Underlying Assets. As a result, the Issuer is highly dependent on the financial and managerial experience of certain individuals associated with the Asset Manager and its affiliates, any of whom may not continue to be associated with the Asset Manager or its affiliates for the term of this transaction or continue to be assigned to manage the Underlying Assets. 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 Asset Manager or its affiliates may become associated with the Asset Manager or its affiliates and the performance of the Underlying Assets may also depend on the financial and managerial experience of such individuals. Moreover, the Asset Manager may resign or be removed under certain circumstances. See "The Asset Management Agreement" and "The Asset Manager."

The Issuer will be subject to various conflicts of interest involving the Asset Manager and its Affiliates.

The following briefly summarizes certain potential and actual conflicts of interest which may arise from the overall investment activity of the Asset Manager, its clients and its Affiliates, but is not intended to be an exhaustive list of all such conflicts. The scope of the activities of the Affiliates of the Asset Manager, their respective personnel and the funds and clients advised by the Asset Manager or Affiliates of the Asset Manager and/or their respective personnel may give rise to conflicts of interest or other restrictions and/or limitations imposed on the Issuer in the future that cannot be foreseen or mitigated at this time.

Various potential and actual conflicts of interest may arise from the overall investment activities of the Asset Manager, its Affiliates and their respective clients and personnel. The Asset Manager and its Affiliates may invest, on behalf of themselves and their clients, in obligations and/or securities that would be appropriate as Underlying Assets, as well as in obligations and/or securities that are senior to, or have interests different from or adverse to, the loans or other investments that are pledged to secure the Secured Notes. The Asset Manager and its Affiliates may give advice or take action for their own account or their client accounts with similar strategies which may differ from advice given or action taken for the Issuer. The Asset Manager and its Affiliates may also have ongoing relationships with companies whose obligations and/or securities are Underlying Assets, and may own, directly or through other funds or accounts that they manage or advise, loans, equity or debt securities issued by obligors of Underlying Assets or other Collateral. The Asset Manager and its Affiliates may have provided and may provide in the future certain services (including advisory services) for a negotiated fee to companies whose obligations or other securities are pledged to secure the Secured Notes. In addition, the Asset Manager, its Affiliates and their respective clients and personnel may invest, or have already invested, in obligations and/or other securities that are identical to or senior to, or have interests different from or adverse to, the Underlying Assets. The Asset Manager and its Affiliates and their respective personnel, on behalf of themselves or their clients, may also be active on steering committees of creditors in the restructuring of debt obligations issued by companies whose loans or securities are owned by them or their clients, including the Issuer, which relationships could give rise to multiple conflicts of interest. In addition, the Asset Manager or any of its respective Affiliates or their respective personnel may serve as a general partner, managing member, advisor, officer, director, sponsor or manager of partnerships or companies organized to issue collateralized bond or loan obligations secured by non-investment grade bank loans. The Asset Manager may at certain times be engaged in seeking to purchase or dispose of, or may have already purchased or disposed of, investments for the Issuer while at the same time the Asset Manager or one or more of its Affiliates is also seeking to purchase or dispose of, or has already purchased or disposed of, similar or identical investments for its own account or clients or Affiliates or another entity for which it serves as a general partner, managing member, advisor, officer, director, sponsor or manager. By reason of the various activities of the Asset Manager and its Affiliates, the Asset Manager and such Affiliates may acquire or otherwise come into possession of

confidential or material non-public information or be restricted from effecting transactions in certain Underlying Assets or other Collateral that otherwise might have been initiated or prevented from liquidating a position. Such information might also not be known to the personnel of the Asset Manager responsible for monitoring the Underlying Assets or other Collateral and performing the other obligations of the Asset Manager under the Asset Management Agreement. At times, the Asset Manager, in an effort to avoid restrictions for the Issuer and its and its Affiliates' other clients, may elect not to receive, or actively avoid exposure to, information that other market participants or counterparties are eligible to receive or have received.

Many of the investment opportunities that the Asset Manager or Affiliates of the Asset Manager evaluate for potential investment by their clients or funds may be eligible investments for more than one such client or fund. Ares Management LLC ("Ares Management") and its Affiliates expect to allocate such investment opportunities generally based on factors and other considerations as Ares Management determines in its sole discretion, including, but not limited to: (i) differences with respect to available capital, size, and remaining life of a fund; (ii) different investment objectives or strategies; (iii) differences in risk profile at the time the opportunity becomes available; (iv) the potential transaction and other costs of allocating an opportunity among various funds; (v) potential conflicts of interest, including whether a fund has an existing investment in the issuer in question; (vi) the nature of the security or the transaction including minimum investment amounts and the source of the opportunity; (vii) current and anticipated market conditions; and (viii) differences in particular portfolio profile covenants or other contractual requirements, including requirements set forth in debt agreements of funds utilizing leverage.

Neither the Asset Manager nor any of its Affiliates have any affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before offering any investments to other clients, funds, accounts or portfolios (including, without limitation, any other collateralized loan obligation transaction) that the Asset Manager or any of its Affiliates manage or advise. The Asset Manager and its Affiliates may also make investments on their own behalf without offering such investment opportunities to the Issuer. Furthermore, the Asset Manager and its Affiliates may be bound by affirmative obligations at present or in the future, whereby it or they are obligated to offer certain investments to third party partners, or to clients, funds, accounts or portfolios that it or they manage or advise before or without the Asset Manager or its Affiliates offering those investments to the Issuer. Alternatively, the Asset Manager and its Affiliates may offer certain investments to third party partners, or to clients, funds, accounts or portfolios that it or they manage or advise simultaneously with or in addition to offering those investments to the Issuer. Thus, other clients, funds, accounts or portfolios that it or they manage or advise could become co-investors with the Issuer.

The Asset 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. Further, the Asset Manager will be prohibited under the terms of the Asset Management Agreement from directing the acquisition of Underlying Assets from, or disposition of Underlying Assets to, its Affiliates or any other account managed by the Asset Manager except in a transaction conducted on an arm's-length basis.

The Asset Manager is a special purpose vehicle with assets limited to any management and incentive fees payable to it as set forth herein and with no employees of its own. The Asset Manager intends to utilize the services and employees of Ares Management and/or an Affiliate thereof in the performance of its duties in respect of the Collateral. See "The Asset Manager."

Affiliates of the Asset Manager currently serve as the portfolio managers for a number of collateralized debt obligation transactions secured by collateral consisting primarily of non-investment grade secured bank loans. The professional staff of the Asset Manager may also provide services to such Affiliates of the Asset Manager. Although the professional staff of the Asset Manager will devote as much time to the Issuer as the Asset Manager deems appropriate to perform its duties in accordance with the Asset Management Agreement, the staff of the Asset Manager may have conflicts in allocating their time and services among the Issuer and the Asset Manager's other accounts and the accounts of the Asset Manager's Affiliates. The Asset Manager may, in its sole discretion, aggregate orders for its accounts under management (or for the accounts of its Affiliates). Depending upon market conditions, the aggregation of orders may result in a higher or lower average price paid or received by a client. There is no assurance that the Issuer will hold the same assets as, or perform in a similar manner to, any other collateralized loan obligation or other client with strategies or investment objectives similar to the Issuer.

The Asset Manager may, in one or more transactions, effect client cross-transactions where the Asset Manager causes a transaction to be effected between the Issuer and another client, collateralized debt obligation, fund or account managed or advised by it or one or more of its Affiliates, but neither it nor the Affiliate will receive any commission or similar fee in connection with such cross-transaction. In connection with any such acquisition or sale, the Underlying Assets will be valued and bought or sold for a price based on a price that is equal to the average of the highest current independent bid and lowest current independent offer determined on the basis of reasonable inquiry. Each of the acquisitions or sales described in this paragraph will be effected in accordance with, as applicable, the terms of any warehousing arrangements, the Indenture, the Asset Management Agreement and applicable law, including, without limitation, the applicable provisions of the U.S. Investment Advisers Act of 1940, as amended (the "Investment Advisers Act") that govern such transactions.

Prior to the Closing Date, the Issuer expects to have purchased or to have entered into agreements to purchase, Underlying Assets at prevailing market prices at the time of purchase from third parties. Certain of the Underlying Assets to be acquired by the Issuer are expected to be purchased from Ares XVI CLO Ltd. and Ares SPC Holdings, L.P., entities managed by Ares or an Affiliate of Ares as described under "—Relating to the Underlying Assets—The Issuer will acquire certain Underlying Assets prior to the Closing Date and will acquire additional Underlying Assets on the Closing Date by merging with Ares XXXI-B CLO Ltd." A portion of the Underlying Assets will also be acquired through a merger with Ares XXXI-B, an entity managed by the Asset Manager as described under "—Relating to the Underlying Asset." See also "—A portion of the initial Underlying Assets will be acquired under a Master Participation Agreement and a Master Trade Confirmation and a portion of the initial Underlying Assets will be acquired from other affiliates of the Asset Manager".

In addition, with the prior authorization of the Issuer, which may be revoked at any time, the Asset Manager may enter into agency cross-transactions where it or any of its Affiliates acts as broker for the Issuer and for the other party to the transaction, to the extent permitted under applicable law. The Asset Manager may also effect principal transactions between itself or its Affiliates and the Issuer.

Any transaction effected between the Issuer and the Asset Manager or its Affiliates on a principal, client cross or agency cross basis will be conducted at arm's length for fair market value and on terms as favorable to the Issuer as would be the case in a transaction with an independent third party and in accordance with any fiduciary obligation of the Asset Manager under applicable law.

On each Payment Date, the Asset Manager will be paid the Incentive Asset Management Fee to the extent funds are available therefor in accordance with the Priority of Payments if the Holders of the Subordinated Notes have earned the Incentive Internal Rate of Return as of such Payment Date. See "The Asset Management Agreement—Compensation." The manner in which the Incentive Asset Management Fee is determined could create an incentive for the Asset Manager to make riskier investments in the Underlying Assets than the Issuer would otherwise make in order to increase the likelihood that the Holders of the Subordinated Notes receive the Incentive Internal Rate of Return for the Asset Manager to be paid the Incentive Asset Management Fee. Managing the portfolio of Underlying Assets with the objective of increasing the yield on such Underlying Assets, even though the Asset Manager is constrained by the various investment restrictions contained in the Indenture, could result in an increase in defaults or volatility and could contribute to a decline in the aggregate market value of the Underlying Assets.

The Asset Manager may enter into, amend or terminate side letters or other similar agreements to or with one or more Noteholders or prospective Noteholders which have the effect of altering or supplementing terms described in this Offering Memorandum as they pertain to the Asset Manager or of establishing rights not described therein with respect to a Noteholder that has entered into such side letters or other written agreements or instruments vis á vis the Asset Manager, including, without limitation, varying fee structures and allowing for varying arrangements with respect to the scope and frequency of information provided about the portfolio. Unless specifically negotiated, other Noteholders will not have the right to review (or to receive the economic or other benefits of) any such side letters.

The Asset Manager will rebate or otherwise not receive a portion of the Asset Management Fees that relate to the ownership, if any, of Subordinated Notes by Asset Manager Funds. Such an arrangement may affect the incentives of the Asset Manager in managing the Underlying Assets and may also affect the actions or inactions of

that Holder of Subordinated Notes in taking (or failing to take) any actions it may be permitted to take under the Indenture, including votes concerning amendments.

The interests and incentives of an Asset Manager Party that is a Holder of Subordinated Notes (or any other Class of Notes) may conflict with or be adverse to the interests and incentives of other Noteholders. In addition, if an Asset Manager Fund owns any Subordinated Notes (or any other Class of Notes), an Affiliate of the Asset Manager, as investment advisor of the relevant Asset Manager Fund, will exercise the rights thereof as holder of such Subordinated Notes (or any other Class of Notes) in accordance with its duties and obligations to such Asset Manager Funds, which may conflict with or be adverse to the interests and incentives of other Noteholders.

The Asset Manager and/or any of its Affiliates may also be investors in such Asset Manager Funds. If the Asset Manager or other Asset Manager Parties hold a significant portion of the Subordinated Notes, it may be difficult to take certain actions that require the vote, consent or direction of specified percentages of the Subordinated Notes, without the consent of the Asset Manager or such Asset Manager Parties.

The Asset Manager will discuss the composition of the Underlying Assets and other matters relating to the transactions contemplated hereby with Asset Manager Parties that are Holders of Securities and may have such discussions with other beneficial owners of Notes or stakeholders in the Issuer or Issuers. There can be no assurance that such discussions will not influence the actions or inactions of the Asset Manager in the conduct of its duties under the Asset Management Agreement.

The Asset Manager's duties and obligations under the Asset Management Agreement are owed solely to the Issuer. The Asset Manager is not in contractual privity with, and owes no separate duties or obligations to, any of the Holders of the Securities. Actions taken by the Asset Manager may differentially affect the interests of the various Classes of Securities (whose Holders may themselves have different interests), and except as provided in the Asset Management Agreement (an electronic copy of which Noteholders may obtain from the Trustee after the Closing Date) the Asset Manager has no obligation to consider such differential effects or different interests.

Upon the removal or resignation of the Asset Manager, a Supermajority of the Subordinated Notes may direct the Issuer to appoint a replacement asset manager in the manner provided in the Asset Management Agreement. With respect to any vote, consent or rejection in connection with the removal of the Asset Manager pursuant to the Asset Management Agreement or the waiver of "cause" for termination pursuant to the Asset Management Agreement, any Securities held by the Asset Manager Parties shall be disregarded and deemed not to be Outstanding; *provided* that Notes held by the Asset Manager Parties will have voting, consenting or rejection rights with respect to all other matters as to which the Holders of such Securities are entitled to vote, consent or reject, including, without limitation, any vote to direct an Optional Redemption or a redemption following a Tax Event and any vote to appoint a replacement asset manager that is not an Affiliate of the Asset Manager pursuant to the Asset Management Agreement. No removal of the Asset Manager will be effective until the successor has been appointed. If the Asset Manager or other single investor, individually or with its Affiliates, holds a Majority of the Subordinated Notes, it may be difficult to appoint a successor asset manager in connection with a removal of the Asset Manager for cause. See "The Asset Management Agreement" and "Description of the Notes—Optional Redemption."

Although voting, consent or rejection rights in respect of Securities held by Asset Manager Parties are in certain circumstances restricted, as set forth in the immediately preceding paragraph, investors should also note that: (i) the Asset Manager is not prohibited from exercising voting rights in respect of (A) except to the extent set forth in the immediately preceding paragraph, Notes held by any account, fund, client or portfolio managed or advised on a discretionary basis by the Asset Manager or any of its Affiliates and (B) Notes as to which economic exposure is held (whether through any derivative financial transaction or otherwise) by any Person identified in the foregoing clause (A) pursuant to terms that entitle such Person to indirectly control or influence the exercise of such voting rights, (ii) the Asset Manager and its Affiliates and entities described in clause (i) above are not prohibited from exercising their voting rights in respect of votes to approve a successor asset manager following a removal or resignation of the Asset Manager, (iii) if no Eligible Successor has been nominated or if nominated but thereafter vetoed within 120 days of the date upon which notice of removal or resignation of the Asset Manager was given, a Majority of the Controlling Class may petition any court of competent jurisdiction for the appointment of a successor asset manager, and if the Holders of the Controlling Class do not petition any court in accordance with the preceding sentence within 150 days of the date upon which notice of removal or resignation of the Asset

Manager was given, the Asset Manager (and not the Noteholders of any other Class of Securities) may petition any court of competent jurisdiction for the appointment of a successor asset manager. Accordingly, there is a risk to Holders of Securities that the Majority of the Controlling Class may take (or fail to take) action with respect to the appointment of a successor that is adverse to such Holders and that, if the Majority of the Controlling Class fails to act, the Asset Manager could delay its removal for a significant period of time and obstruct the appointment of a successor following a vote to effect its replacement by voting against any successor and refusing to petition a court when no replacement is found.

The Issuer may from time to time acquire Underlying Assets from one or more clients, accounts or funds managed or advised by an Affiliate of the Asset Manager. By purchasing any Securities, each investor therein will be deemed to have acknowledged, ratified and consented for the benefit of each of the Issuer, the Asset Manager and JPMorgan (i) to any such acquisition by the Issuer, (ii) to an Affiliate of the Asset Manager having acted as investment advisor to any such seller, (iii) to any related conflicts of interest with respect to the Asset Manager in connection with any such acquisition and (iv) that the acknowledgments, ratifications and consents of the initial Holders of the Securities given on the Closing Date for the benefit of the Issuer, the Asset Manager and JPMorgan will be binding on all Holders of the Securities, including future Holders of the Securities.

The Rating Agencies may have certain conflicts of interest

The Issuer has engaged S&P to provide its ratings on the Class A-1 Notes, Moody's to provide its ratings on the Senior Notes and Fitch to provide its ratings on the Secured Notes. Any Rating Agency may have a conflict of interest where, as is the case with the ratings of the Secured Notes (with the exception of unsolicited ratings), the issuer of a security pays the fee charged by the rating agency for its rating services.

The Issuer will be subject to various conflicts of interest involving JPMorgan

Various potential and actual conflicts of interest may arise as a result of the investment banking, commercial banking, asset management, financing and financial advisory services and products provided by JPMorgan Chase & Co. and its Affiliates (including JPMorgan, JPMorgan Chase Bank, National Association ("JPMCB") and their Affiliates (together, the "JPMorgan Companies")), to the Issuer, the Trustee, the Asset Manager, the issuers of the Underlying Assets and others, as well as in connection with the investment, trading and brokerage activities of the JPMorgan Companies. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

JPMorgan will serve as Placement Agent to the Issuer and will be paid fees and commissions for such service by the Issuer from the proceeds of the issuance of the Securities. One or more of the JPMorgan Companies and one or more accounts or funds managed by a JPMorgan Company may from time to time hold Securities, and a JPMorgan Company is expected to acquire Securities on the Closing Date, for investment, trading or other purposes (collectively, the "JPMorgan Holders"). Without limitation to the foregoing, JPMorgan Holders may purchase certain unsold Secured Notes, and such purchases may be at prices which may be higher or lower than the prices at which such Secured Notes were sold to other investors. No JPMorgan Holder will be required to retain any Securities acquired by it and a JPMorgan Holder may realize a gain in the secondary market by selling Securities purchased by it. JPMorgan Holders will be able to influence the voting of Classes of Notes which they hold, and thereby have an effect on certain aspects of the transaction generally. To the extent that one or more JPMorgan Holders hold a Majority of the Controlling Class (or, in certain cases, at least 66 2/3% of the aggregate outstanding principal amount of the Class A-1 Notes), they will be able to exercise their influence to determine whether the Notes are accelerated during the occurrence and continuance of certain Events of Default and what remedies should be taken against the Issuer or the Assets. The interests of the JPMorgan Holders may not coincide with those of the other holders of the Notes at all times. Any JPMorgan Holder in its capacity as a Noteholder may act in its own commercial interest and need not consider whether its actions will have an adverse effect on the Issuer or the other holders of the Notes. The JPMorgan Holders will have no responsibility for or obligation in respect of the Issuer and will have no obligation to own Notes on or after the Closing Date, or to retain Notes for any length of time.

The JPMorgan Companies will not be limited in their activities relating to buying, holding or selling Securities or obligations constituting, or which may constitute, part of the Assets. Without limitation of the foregoing, at any time, one or more JPMorgan Companies may have a long or short position in, or enter into a hedge or derivative position relating to, any obligation constituting part of the Assets or any Class of Notes.

Prior to the Closing Date, JPMCB will provide a warehouse financing facility to the Issuer as described under "—Relating to the Underlying Assets——The Issuer will acquire certain Underlying Assets prior to the Closing Date and will acquire additional Underlying Assets on the Closing Date by merging with Ares XXXI-B CLO Ltd.—The Issuer will acquire certain Underlying Assets under the Issuer Warehouse Facility", and JPMCB will provide a warehouse financing facility to Ares XXXI-B (which will be merged into the Issuer on the Closing Date) as described under "Risk Factors—Relating to the Underlying Assets——The Issuer will acquire certain Underlying Assets prior to the Closing Date and will acquire additional Underlying Assets on the Closing Date by merging with Ares XXXI-B CLO Ltd.—The Issuer will acquire additional Underlying Assets by merging with Ares XXXI-B CLO Ltd. on the Closing Date." Upon the occurrence of the Closing Date, the warehouse financing facilities will terminate and JPMCB will be paid in full. As a lender and administrative agent in connection with the warehouse financing facilities, JPMCB has the right to approve all assets acquired by the Issuer and Ares XXXI-B and, in certain circumstances, has the right to require or approve sales of assets by them. JPMCB will exercise those rights solely for its own benefit as a lender and in a manner that protects its rights and interests as a creditor of the Issuer or of Ares XXXI-B, respectively. No JPMorgan Company has done, and no JPMorgan Company will do, any analysis of the Underlying Assets acquired or sold by the Issuer or Ares XXXI-B for the benefit of, or in a manner designed to further the interests of, any Holder of Notes.

The JPMorgan Companies are significant participants in the leveraged loan and high yield bond markets. It is likely that the Issuer purchased and sold prior to the Closing Date, and that the Issuer will purchase or sell after the Closing Date, Underlying Assets from, to or through one or more of the JPMorgan Companies (and such purchases or sales may relate to a significant portion of the Underlying Assets) and will also have purchased or sold, or will purchase or sell (as applicable) Underlying Assets with respect to which a JPMorgan Company acted as underwriter, arranger, lender or administrative agent or in a similar capacity as further described below (and such Underlying Assets may constitute a significant portion of the Underlying Assets).

Certain Eligible Investments may be issued, managed or underwritten by one or more of the JPMorgan Companies. One or more of the JPMorgan Companies may provide investment banking, commercial banking, asset management, financing and financial advisory services and products to the Asset Manager, its affiliates, and funds managed by the Asset Manager and its affiliates, and purchase, hold and sell, both for their respective accounts or for the account of their respective clients, on a principal or agency basis, loans, securities, and other obligations and financial instruments of the Asset Manager, its affiliates, and funds managed by the Asset Manager and its affiliates. As a result of such transactions or arrangements, one or more of the JPMorgan Companies may have interests adverse to those of the Issuer and Holders of the Securities. The JPMorgan Companies will not be restricted in their performance of any such services or in the types of debt or equity investments, which they may make. In conducting the foregoing activities, the JPMorgan Companies will be acting for their own account or the account of their customers and will have no obligation to act in the interest of the Issuer.

One or more of the JPMorgan Companies may, among other things:

- have placed or underwritten, or acted as a financial arranger, structuring agent or advisor in connection with the original issuance of, or may act as a broker or dealer with respect to, certain of the Underlying Assets;
- act as trustee, paying agent and in other capacities in connection with certain of the Underlying Assets or other classes of securities issued by an issuer of an Underlying Asset or an affiliate thereof;
- be a counterparty to issuers of certain of the Underlying Assets under swap or other derivative agreements;
- be a Hedge Counterparty under a Hedge Agreement with the Issuer;
- be a Selling Institution with respect to a Participation;
- lend to certain of the issuers of Underlying Assets or their respective affiliates or receive guarantees from the issuers of those Underlying Assets or their respective affiliates;

- provide other investment banking, asset management, commercial banking, financing or financial advisory services to the issuers of Underlying Assets or their respective affiliates; or

- have an equity interest, which may be a substantial equity interest, in certain issuers of the Underlying Assets or their respective affiliates.

When acting as a trustee, paying agent or in other service capacities with respect to an Underlying Asset, the JPMorgan Companies will be entitled to fees and expenses senior in priority to payments to such Underlying Asset. When acting as a trustee for other classes of securities issued by the issuer of an Underlying Asset or an affiliate thereof, the JPMorgan Companies will owe fiduciary duties to the holders of such other classes of securities, which classes of securities may have differing interests from the holders of the class of securities of which the Underlying Asset is a part, and may take actions that are adverse to the holders (including the Issuer) of the class of securities of which the Underlying Asset is a part. As a counterparty under swaps and other derivative agreements (including without limitation, under a Hedge Agreement), the JPMorgan Companies might take actions adverse to the interests of the Issuer, including, but not limited to, demanding collateralization of its exposure under such agreements (if provided for thereunder) or terminating such swaps or agreements in accordance with the terms thereof. In making and administering loans and other obligations, the JPMorgan Companies might take actions including, but not limited to, restructuring a loan, foreclosing on or exercising other remedies with respect to a loan, requiring additional collateral or other credit enhancement, charging significant fees and interest, placing the obligor in bankruptcy or demanding payment on a loan guarantee or under other credit enhancement. The Issuer's purchase, holding and sale of Underlying Assets may enhance the profitability or value of investments made by the JPMorgan Companies in the issuers thereof. As a result of all such transactions or arrangements between the JPMorgan Companies and issuers of Underlying Assets or their respective affiliates, JPMorgan Companies may have interests that are contrary to the interests of the Issuer and the holders of the Notes.

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

The JPMorgan Companies may, by virtue of the relationships described above or otherwise, at the date hereof or at any time hereafter, be in possession of information regarding certain of the issuers of Underlying Assets and their respective affiliates, that is or may be material in the context of the Securities and that is or may not be known to the general public. None of the JPMorgan Companies has any obligation, and the offering of the Securities will not create any obligation on their part, to disclose to any purchaser of the Securities any such relationship or information, whether or not confidential.

DESCRIPTION OF THE NOTES

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

Status and Security

The Notes will be limited recourse obligations of the Issuer and, in the case of the Co-Issued Notes, the Co-Issuer. The Secured Notes will be secured as described below and will rank in priority with respect to each other as described herein. Under the terms of the Indenture, the Issuer will grant to the Trustee a security interest in the Collateral to secure the Issuer's obligations under the Indenture and the Secured Notes. See "Security for the Secured Notes." The Subordinated Notes will not have the benefit of the security interest in Collateral.

Payments on the Notes will be made from the proceeds of the Collateral in accordance with the Priority of Payments. The aggregate amount that will be available from the Collateral for payment on the Notes and of certain expenses of the Issuers on any Payment Date will be the Interest Proceeds and Principal Proceeds for the applicable Due Period.

Once the Collateral has been realized and applied in accordance with the Priority of Payments or otherwise as required under the Indenture, any outstanding obligations of and any claims against the Issuers under the Notes shall be extinguished and shall not thereafter revive. To the extent these amounts are insufficient to meet payments due in respect of the Notes and expenses following liquidation of the Collateral, the Issuers will have no obligation to pay such deficiency.

Interest

The Secured Notes will bear interest from the Closing Date and such interest will be payable in arrears on each Payment Date in accordance with the Priority of Interest Payments or other applicable Priority of Payments. The *per annum* stated interest rate payable on the Secured Notes of each Class (the "Interest Rate" for such Class) with respect to each Interest Accrual Period will be the rate indicated under "Overview of Terms—Principal Terms of the Notes." 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 is an "Interest Accrual Period"; *provided* that the Interest Accrual Period with respect to (i) any Class of Secured Notes that is subject to a Refinancing will be the period from and including the Payment Date preceding the Partial Redemption Date or Redemption Date, as the case may be, to but excluding the Partial Redemption Date or Redemption Date, as applicable, and (ii) the corresponding Refinancing or Replacement Notes will be the period from and including the Partial Redemption Date or Redemption Date, as applicable, to but excluding the following Payment Date. 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. As a result, the interest rate reported as applicable for the first Interest Accrual Period on Bloomberg Financial Markets Commodities News or other financial services may not accurately reflect the actual interest rate. Interest will accrue on each Class of Secured Notes at the applicable Note Interest Rate. See "Overview of Terms—Principal Terms of the Notes."

To the extent that funds are not available on any Payment Date to pay the full amount of interest accrued on any Deferrable Class that is not the Highest Ranking Class, such unpaid interest will not be due and payable on such Payment Date, and will be deferred (the amount of such unpaid interest, if any, the "Deferred Interest" with respect to such Class) and added to the Aggregate Outstanding Amount of such Class of Notes. Deferred Interest will bear interest at the applicable Note Interest Rate until paid in accordance with the Priority of Payments. The failure to pay such unpaid interest on such Payment Date will not be an Event of Default under the Indenture.

If any interest due and payable in respect of the Senior Notes or, if no Senior Notes are Outstanding, in respect of the Controlling Class is not punctually paid or duly provided for on a Payment Date (including the Stated Maturity) and such default continues for five Business Days (or, in the case of a default in payment resulting solely from an administrative error or omission by the Trustee, any paying agent or the Note Registrar, such default continues for five Business Days after the Trustee receives written notice or has actual knowledge of such administrative error or omission), an Event of Default will occur. Any such unpaid interest will constitute

Defaulted Interest. Following any Payment Date giving rise to any Defaulted Interest due with respect to the Notes, the Trustee will make payment thereof and any accrued and unpaid interest thereon on such date that is not more than five Business Days after sufficient funds are available therefor in the Collection Account (a "Special Payment Date"). The special record date ("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. Defaulted Interest will be paid on such Special Payment Date pro rata based on the Aggregate Outstanding Amount to the Holders of the applicable Notes as of the close of business on such Special Record Date in accordance with the Priority of Interest Payments. To the extent lawful and enforceable, Defaulted Interest will bear interest at the applicable Note Interest Rate until paid in accordance with the Priority of Payments.

Interest with respect to each Class of Fixed Rate Notes will be calculated on the basis of a 360 day year consisting of twelve 30 day months. Interest with respect to each Class of Senior Notes will be calculated on the basis of the actual number of days elapsed in the applicable Interest Accrual Period divided by 360. Interest will cease to accrue on Secured Notes from the earlier to occur of (i) the date of payment or redemption in full and (ii) the Stated Maturity.

The Issuers have initially appointed the Bank as calculation agent (the "Calculation Agent") for purposes of determining the Base Rate for each Interest Accrual Period in accordance with the Indenture. 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. As set forth in the Indenture, the Issuers will at all times have a Calculation Agent as long as the Secured Notes are Outstanding. The establishment of the Base Rate on each Base Rate Determination Date and the calculation of the Note Interest Rates by the Calculation Agent will (in the absence of manifest error) be final and binding upon all parties (including all Holders of the Notes).

The "Base Rate" will be (A) LIBOR or (B) if a Base Rate Amendment is entered into, for each Interest Accrual Period commencing after the execution and effectiveness of such Base Rate Amendment, the Alternate Base Rate. The Calculation Agent will cause the Note Interest Rate applicable to each Class of Secured Notes, the Interest Accrual Period and the Payment Date to be communicated to the Issuer, the Trustee, the Asset Manager, Euroclear, Clearstream and each Paying Agent by the London banking day immediately following each LIBOR Determination Date. Any Base Rate Amendment will specify qualifications for the Calculation Agent and procedures for the calculation and reporting of the Alternate Base Rate.

Principal

The principal of each Class of Secured Notes will be due and payable on the Stated Maturity unless the unpaid principal of such Class becomes due and payable at an earlier date by declaration of acceleration, Optional Redemption, Refinancing or otherwise. During the Reinvestment Period, principal will be payable on the Notes only as a result of an Optional Redemption, a Refinancing, a failure to satisfy the Coverage Tests, an Effective Date Ratings Confirmation Failure or a Special Amortization (unless an Event of Default has occurred and has not been cured or waived and an acceleration occurs, in which case the Subordination Priority of Payments will apply).

Any payments of principal of a Class of Notes will be made by the Trustee on a pro rata basis among the Holders of such Class according to the respective unpaid principal amounts thereof Outstanding immediately prior to such payment.

The Subordinated Notes

The Subordinated Notes will be fully subordinated to the Secured Notes and to the payment of all other amounts payable in accordance with the Priority of Payments. The Subordinated Notes will not be secured by the Collateral or any pledge of the Collateral but, under the terms of the Indenture, the Trustee will pay to the Holders of the Subordinated Notes amounts available pursuant to the Priority of Payments. To the extent that following realization of the Collateral, these amounts are insufficient to repay the principal amount of the Subordinated Notes or to make distributions thereon, no other funds will be available to make such payments.

The Subordinated Notes will receive distributions on each Payment Date to the extent of any Interest Proceeds and Principal Proceeds remaining after all other required payments and reserves are made in accordance

with the Priority of Payments. Distributions on the Subordinated Notes will not be made at any stated rate and will be payable only to the extent funds are available therefor in accordance with the Priority of Payments. Distributions on the Subordinated Notes are subordinated to the payment on each Payment Date of the interest due and payable on the Secured Notes (including any Defaulted Interest, Deferred Interest and interest thereon) and other amounts in accordance with the Priority of Payments.

Optional Redemption

Subject to the conditions described below, the Secured Notes will be redeemed in whole, but not in part, by the Issuer on any Business Day at their Redemption Price (a) upon receipt by the Trustee, the Asset Manager and the Issuer of written direction (an "Optional Redemption Direction") by a Majority of the Subordinated Notes (i) on or after the occurrence of a Tax Event (during or after the Non-Call Period) or (ii) after the Non-Call Period, and (b) at the direction of the Asset Manager at any time when the Asset Manager has determined that the Aggregate Principal Balance of the Underlying Assets is less than U.S.$125,000,000 (each such redemption, an "Optional Redemption"). In each case such notice must be received by the Trustee, the Asset Manager and the Issuer at least 45 days (or such lesser time as shall be acceptable to each recipient at its discretion) prior to the scheduled Redemption Date. Any Optional Redemption shall be effected in accordance with the Priority of Payments at the applicable Redemption Price and otherwise in accordance with the Indenture.

On any Business Day on or after the Secured Notes have been redeemed or paid in full, the Subordinated Notes will be redeemed (in whole but not in part) at their Redemption Price at the direction of a Majority of the Subordinated Notes in writing given to the Issuer, the Trustee and the Asset Manager at least 10 Business Days before the designated Redemption Date.

An Asset Manager Party or its designee may elect in its sole discretion, but will not be required, to purchase the Subordinated Notes of Holders that have directed an Optional Redemption (other than upon the occurrence of a Tax Event) at the Subordinated Notes NAV Amount, in lieu of effecting the Optional Redemption on behalf of the Issuer (a "Purchase in Lieu of Redemption"); *provided* in each case that no Purchase in Lieu of Redemption in relation to any such Optional Redemption may occur unless the related Optional Redemption Direction expressly consents to such Purchase in Lieu of Redemption. "Subordinated Notes NAV Amount" means, with respect to each Subordinated Note being redeemed, the amount, determined as of the Subordinated Notes NAV Determination Date, equal to the Aggregate Outstanding Amount of Subordinated Notes being redeemed multiplied by the amount (expressed as a percentage), that is equal to the higher of (x) zero and (y) (a)(i) the NAV Market Value plus accrued interest on the Pledged Obligations and Margin Stock that has not been received by the Issuer (excluding accrued and unpaid interest on Defaulted Obligations) *minus* (ii) the sum of (A) the Aggregate Outstanding Amount of the Secured Notes, (B) the amounts described under the Priority of Interest Payments (other than clauses (iii), (v)(A), (viii), (x), (xi), (xiii), (xiv), (xvi), (xvii), and (xviii)) that would be paid if such date of determination were a Redemption Date and (C) the aggregate amount of any accrued and unpaid amounts due to any Hedge Counterparty (to the extent not included in the previous clause (B)) that would be paid if such date of determination were a Redemption Date, divided by (b) the Aggregate Outstanding Amount of Subordinated Notes.

(i) The Trustee will forward to the Asset Manager within one Business Day of its receipt a copy of the direction it received from a Majority of the Subordinated Notes (the "Directing Holders") to effect an Optional Redemption (the date on which the Trustee forwards such direction, the "Subordinated Notes NAV Determination Date"); *provided that* any direction received by the Trustee after 12:00 noon (New York time) on a Business Day shall be deemed received on the next Business Day.

(ii) No later than two Business Days after the Subordinated Notes NAV Determination Date, the Asset Manager will provide the Collateral Administrator with the NAV Market Value for all Margin Stock and Pledged Obligations owned by the Issuer and request that the Collateral Administrator calculate the Subordinated Notes NAV Amount.

(iii) Within five Business Days of its receipt of such request and the NAV Market Value, the Collateral Administrator will notify the Asset Manager of the Subordinated Notes NAV Amount (the "NAV Notice").

(iv) An Asset Manager Party or its designee (the "Electing Party") may, but is not required, to notify the Trustee (in form suitable for forwarding to the Directing Holders) of its intent to purchase the Subordinated Notes of the Directing Holders and the proposed Transfer Date, and if the Trustee receives such notice within two Business Days of the date of the NAV Notice, the following procedures will be implemented:

(A) the Trustee will forward to the Directing Holders the Electing Party's notice (the "Election Notice") stating that such Holders' direction to effect an Optional Redemption has been cancelled and that the Electing Party has elected to purchase their Subordinated Notes. The Election Notice will include (1) the Subordinated Notes NAV Amount; (2) if any such Subordinated Notes are represented by Global Securities, a statement that the related Directing Holders are required to give the Depository all necessary instructions for the transfer of their beneficial interest in their Subordinated Notes to the Electing Party (or its designee) to be effected; (3) if any of such Subordinated Notes are represented by Definitive Securities, instructions as to where such Definitive Securities should be surrendered and that such Definitive Securities be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Note Registrar and the Issuer duly executed by the Holder thereof or his attorney duly authorized in writing with such signature guaranteed by an "eligible guarantor institution" meeting the requirements of the Note 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 Note Registrar in addition to, or in substitution for, STAMP, all in accordance with the Exchange Act (the "Definitive Securities Instructions"); (4) the date designated by the Electing Party by which the transfer must be completed, which will be (x) no earlier than 15 Business Days following the date of the Election Notice and (y) no later than 30 Business Days after the date of the Election Notice (the "Transfer Date"); and (5) a statement to the effect that the transfer of the Subordinated Notes to the Asset Manager Party must be in accordance with all transfer requirements of the Indenture;

(B) no later than two Business Days prior to the Transfer Date, based on the information described in the Election Notice, each Directing Holder will (x) provide instructions given in accordance with the Depository's procedures from an agent member directing the Trustee, as Note Registrar, to deliver one or more Definitive Securities or (y) comply with the Definitive Securities Instructions, as applicable (each Directing Holder complying with such requirements, a "Complying Holder");

(C) no later than one Business Day prior to the Transfer Date, the Electing Party will deposit, or cause to be deposited to an escrow account designated by the Trustee, the Subordinated Notes NAV Amount with respect to the Subordinated Notes of each Complying Holder and, if required by the Indenture, a Transfer Certificate;

(D) on the Transfer Date, the Trustee will (x) remit to each Complying Holder its pro rata share of the Subordinated Notes NAV Amount and (y) effect the transfer of the Subordinated Notes of the Complying Holders to the Electing Party (or its designee) with delivery in the form of a Definitive Security, which may be contemporaneously or subsequently exchanged for an interest in a Regulation S Global Security, subject to the transfer requirements of the Indenture; and

(E) the Electing Party will not be required to purchase the Subordinated Notes of any Directing Holder that is not a Complying Holder.

(v) If the Trustee has not received notice from an Asset Manager Party of its intent to purchase the Subordinated Notes of the Directing Holders within two Business Days of the NAV Notice, the Optional Redemption will proceed, subject to the requirements described below, and the Asset Manager Party will have no further right to elect to purchase the Subordinated Notes of the Directing Holders.

(vi) If the Electing Party fails to deposit the Subordinated Notes NAV Amount with the Trustee in accordance with paragraph (iv)(C), the Trustee will give notice to each of the Directing Holders

that its direction of Optional Redemption will be reinstated with respect to the next succeeding Payment Date that is at least 45 days after the date of such notice unless the Directing Holder notifies the Trustee that it withdraws such direction in accordance with the procedures described below under "—Cancellation of Redemption." The Asset Manager Parties will have no right to elect to purchase the Subordinated Notes of the Directing Holders in connection with such Optional Redemption.

(vii) The purchase of Subordinated Notes by the Electing Party pursuant to the procedures set forth in paragraphs (i) through (iv) above will not impair the right of a Majority of the Subordinated Notes to direct an Optional Redemption in the future.

Redemption Conditions. In connection with an Optional Redemption, the Asset Manager will direct the sale of Underlying Assets; *provided* that the Issuer may not sell (and the Trustee shall not be required to release) any Underlying Asset, unless, as determined pursuant to the procedures in the following paragraph, there will be sufficient funds to pay the Total Redemption Amount in accordance with the Priority of Payments. If the Subordinated Notes are not being redeemed on the Redemption Date for the Secured Notes, the Asset Manager will direct the liquidation of only that portion of the Collateral as may be necessary to provide sufficient funds, together with other available funds, to redeem the Secured Notes.

The Secured Notes shall not be redeemed pursuant to an Optional Redemption unless:

(i) at least five Business Days before the scheduled Redemption Date, the Asset Manager shall have furnished to the Trustee evidence in form reasonably satisfactory to the Trustee (which may be an officer's certificate of the Asset Manager) that (A) the Issuer has entered into a binding agreement or agreements (including a confirmation of sale or trade ticket) with a financial institution or institutions whose short-term unsecured debt obligations or whose guarantor has a credit rating of "Prime-1" from Moody's, at least "F1+" from Fitch and (for so long as any Class A-1 Note is Outstanding) at least "A-1" from S&P to purchase or guarantee the purchase of the obligations, not later than the Business Day immediately preceding the scheduled Redemption Date, in immediately available funds, all or part of the Underlying Assets at a purchase price at least equal to, or (B) the Asset Manager (or an Affiliate or agent thereof) has priced but not yet closed another CLO or similar transaction, for which the net proceeds or any pre-closing financing available to such CLO or similar transaction will at least equal, in each case, an amount sufficient, together with the proceeds from the Underlying Assets and Eligible Investments maturing on or prior to the scheduled Redemption Date and (without duplication) any Cash to be applied to such redemption and (without duplication) the aggregate amount of the expected proceeds from the sale of the Underlying Assets and Eligible Investments not later than the Business Day immediately preceding the scheduled Redemption Date (A) to pay all Administrative Expenses payable under the Priority of Payments (including the fees and expenses incurred by the Trustee and the Asset Manager in connection with such sale of Underlying Assets and Eligible Investments), (B) to pay any accrued and unpaid amounts due to any Hedge Counterparty, (C) to pay any accrued and unpaid Senior Asset Management Fee and (D) to redeem such Secured Notes in whole but not in part on the scheduled Redemption Date at the applicable Redemption Price (the aggregate amount required to make all such payments and to effect such redemption, the "Total Redemption Amount") and in each case of subclauses (A) through (D), such net proceeds and pre-closing financing are used to pay the amounts or redeem the Secured Notes as described in such subclauses; or

(ii) at least five Business Days prior to the scheduled Redemption Date and prior to selling any Underlying Assets and/or Eligible Investments, the Asset Manager shall have certified to the Trustee and to each Rating Agency that the expected proceeds from such sale 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 scheduled Redemption Date, in immediately available funds, and will equal or exceed the Total Redemption Amount. Such certificate will set forth in reasonable detail the basis for the determination of the Asset Manager.

Refinancing. Any Class of the Secured Notes may be redeemed in whole, but not in part, on any Business Day falling after the Non-Call Period at their Redemption Price from Refinancing Proceeds if a Majority of the Subordinated Notes direct the Issuer and Co-Issuer, if applicable, to redeem such Class or Classes of the Secured Notes through the issuance by the Issuer and Co-Issuer, if applicable, of replacement securities ("Replacement

Notes") to new or existing investors or obtaining a loan from one or more financial institutions or other lenders (a refinancing provided pursuant to such issuance of Replacement Notes or loan, a "Refinancing"), as determined by the Asset Manager in its sole discretion. The terms thereof and any financial institutions acting as lenders thereunder or purchasers thereof will be negotiated by the Asset Manager on behalf of the Issuer and must be acceptable to the Asset Manager and a Majority of Subordinated Notes and such Refinancing must otherwise satisfy the conditions described below and the relevant agreements must include customary limited recourse and non-petition language. In the case of a Refinancing of all Outstanding Secured Notes, the proceeds from the Refinancing (the "Refinancing Proceeds") shall be at least equal to the Total Redemption Amount. In the case that one or more but not every Outstanding Class of Secured Notes is being refinanced, the Refinancing Proceeds together with the Partial Redemption Interest Proceeds shall be at least sufficient to redeem the applicable Class or Classes of Secured Notes being refinanced at the applicable Redemption Price. The expenses of the Issuers, the Trustee and the Asset Manager related to a Refinancing will be treated as Administrative Expenses.

The Issuer will obtain a Refinancing only if the Asset Manager makes certain certifications to the Trustee, including that:

(i) the spread over the Base Rate or the fixed interest rate, as applicable, of each class of obligations providing the Refinancing will not be greater than the spread over the Base Rate or the fixed interest rate, as applicable, of the Secured Notes of the corresponding Class being refinanced by such new class of obligations and the weighted average of the spread over the Base Rate and the fixed rates payable in respect of all of the Replacement Notes is less than or equal to the weighted average of the spread over the Base Rate and the fixed rate payable on all of the Classes of Secured Notes being refinanced (determined based on the respective spreads over the Base Rate or the fixed interest rate, as applicable, of such Classes of Secured Notes); *provided that* (x) any Class of Fixed Rate Notes may be refinanced with obligations that bear interest at a floating rate (i.e., at a stated spread over the Base Rate) so long as the floating rate of the obligations comprising the Refinancing is less than the applicable Interest Rate with respect to such Class of Fixed Rate Notes on the date of such Refinancing and (y) any Class of Senior Notes that bears interest at a floating rate may be refinanced with obligations that bear interest at a fixed rate so long as the fixed rate of the obligations comprising the Refinancing is less than the applicable Base Rate plus the relevant spread with respect to such Class of Senior Notes on the date of such Refinancing, and in each case under clause (x) and (y) Rating Agency Confirmation is obtained;

(ii) the principal balance of the Replacement Notes is equal to the Aggregate Outstanding Amount of the Secured Notes being refinanced;

(iii) the Stated Maturity of the Replacement Notes is the same as the Stated Maturity of the Secured Notes being refinanced;

(iv) the obligations under the Replacement Notes do not rank higher in priority pursuant to the Priority of Payments than the Class of Notes being refinanced;

(v) the voting rights, consent rights, redemption rights and other rights of the Replacement Notes are materially the same as the rights of the corresponding Class of Notes that is being refinanced; and

(vi) in connection with an issuance of Replacement Notes, an opinion of nationally recognized legal counsel with substantial experience in such matters has been obtained to the effect that (a) such issuance of Replacement Notes would not prevent the Secured Notes (other than any Class being redeemed in whole in connection with the Refinancing) previously issued from being characterized as debt for U.S. federal income tax purposes to the same extent as at the Closing Date and (b) any Co-Issued Notes issued in the Refinancing will be treated as debt for U.S. federal income tax purposes, and any other Secured Notes issued in the Refinancing should be treated as debt for U.S. federal income tax purposes.

If each Class of Outstanding Secured Notes is being refinanced, Refinancing Proceeds will constitute Principal Proceeds and will be applied in accordance with the Priority of Principal Payments. If one or more but not every Outstanding Class of Secured Notes is being refinanced (a "Partial Redemption", and the date thereof, the related "Partial Redemption Date"), Refinancing Proceeds will not constitute Interest Proceeds or Principal Proceeds but will be applied (together with the Partial Redemption Interest Proceeds) pursuant to the Priority of

Partial Redemption Proceeds on the Partial Redemption Date to redeem the Notes being refinanced and pay related expenses without regard to the Priority of Payments (other than the Priority of Partial Redemption Proceeds), provided that, to the extent that any Refinancing Proceeds remain after payment of the respective Redemption Prices of each redeemed Class and related expenses, such Refinancing Proceeds will be treated as Interest Proceeds.

The Trustee will, not less than 15 days prior to the applicable Redemption Date, notify each Holder of Notes to be redeemed, the Redemption Record Date and other terms of the redemption as required under the Indenture. Failure to give notice of redemption, or any defect therein, to any Holder of any Note selected for redemption will not impair or affect the validity of the redemption of any other Note.

Cancellation of Redemption. The Issuer will have the option to withdraw the notice of and cancel a Redemption or Refinancing on or prior to the Business Day prior to the proposed Redemption Date or Partial Redemption Date, as the case may be, and must cancel such redemption (i) if, in the case of a Redemption or a Refinancing of all Outstanding Secured Notes, the evidence or certifications as to Total Redemption Amount have not been received as described above, (ii) if a failure to close has occurred with respect to a CLO or similar financing transaction from which proceeds of newly-issued obligations were to provide funds necessary for the Issuer's payment of the Total Redemption Amount in a Redemption or Refinancing of all Outstanding Secured Notes (in which limited circumstance Redemption cancellation may occur on the Redemption Date) or (iii) if a direction by a Majority of the Subordinated Notes to effect such Optional Redemption or Refinancing is withdrawn by a Majority of the Subordinated Notes on or before the seventh Business Day prior to the scheduled Redemption Date or Partial Redemption Date, as the case may be. Disposition Proceeds related to a cancelled Redemption may be reinvested in accordance with the Indenture. Notice of any such withdrawal will be given by the Trustee to each Holder of Notes to be redeemed and to each Rating Agency not later than the scheduled Redemption Date.

Effect of Redemption. The Notes to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price, and from and after the Redemption Date (unless a default is made in the payment of the Redemption Price) such Notes will cease to bear interest. Upon final payment on a Note to be redeemed, any Holder of Definitive Securities being redeemed must surrender its Definitive Security at the place specified in the notice of redemption.

Optional Re-Pricing

On any Business Day after the Non-Call Period, at the direction of a Majority of the Subordinated Notes, the Issuer (or the Asset Manager on its behalf) shall be required to reduce the spread over the Base Rate (or the fixed interest rate) applicable to any Re-Pricing Eligible Class (such reduction with respect to such Class, a "Re-Pricing" and any such Re-Pricing Eligible Class to be subject to a Re-Pricing, a "Re-Priced Class"); *provided* that the Issuer shall not effect any Re-Pricing unless (i) each condition specified below is satisfied and (ii) each Outstanding Note of a Re-Priced Class will be subject to the related Re-Pricing. In connection with any Re-Pricing, the Issuer may engage a broker-dealer (the "Re-Pricing Intermediary") upon the recommendation and subject to the approval of the Asset Manager to assist the Issuer in effecting the Re-Pricing.

At least 30 Business Days prior to the date selected by a Majority of the Subordinated Notes for any Re-Pricing (the "Re-Pricing Date"), the Issuer, or the Re-Pricing Intermediary on behalf of the Issuer, shall deliver a notice (the "Re-Pricing Notice") in writing (with a copy to the Asset Manager and each Rating Agency then rating the Re-Priced Class), to the Trustee (who will forward such notice to each Holder of the Re-Priced Class), which notice shall: (i) specify the proposed Re-Pricing Date and the revised spread over the Base Rate (or revised fixed rate) to be applied with respect to such Class (such spread or the fixed interest rate, as applicable, the "Re-Pricing Rate"), (ii) request each Holder or beneficial owner of the Re-Priced Class to approve the proposed Re-Pricing, and (iii) specify the price equal to the outstanding principal amount plus accrued interest (including any Defaulted Interest (and any interest thereon)) to (but excluding) the Re-Pricing Date at which Notes of any Holder or beneficial owner of the Re-Priced Class which does not approve the Re-Pricing may be sold and transferred pursuant to the following paragraph, which, for purposes of such Re-Pricing, shall be the purchase price of such Notes (the "Re-Pricing Transfer Price").

In the event that any Holders or beneficial owners of the Re-Priced Class do not deliver to the Issuer written consent to the proposed Re-Pricing on or before the date that is 15 Business Days prior to the proposed Re-Pricing Date, the Issuer, or the Re-Pricing Intermediary on behalf of the Issuer, shall deliver written notice thereof

to the consenting Holders or beneficial owners of the Re-Priced Class, specifying the Aggregate Outstanding Amount of the Notes of the Re-Priced Class held by such non-consenting Holders or beneficial owners, and shall request each such consenting Holder or beneficial owner to provide written notice to the Issuer, the Trustee, the Asset Manager and the Re-Pricing Intermediary if such Holder or beneficial owner would like to purchase all or any portion of the Notes of the Re-Priced Class held by the non-consenting Holders or beneficial owners at the Re-Pricing Transfer Price with respect thereto (each such notice, an "Exercise Notice") within five Business Days after receipt of such notice.

In the event the Issuer receives Exercise Notices with respect to an amount equal to or more than the Aggregate Outstanding Amount of the Notes of the Re-Priced Class held by non-consenting Holders or beneficial owners, the Issuer, or the Re-Pricing Intermediary on behalf of the Issuer, shall cause the sale and transfer of the Notes of such non-consenting holders at the Re-Pricing Transfer Price with respect thereto, without further notice to the non-consenting Holders or beneficial owners thereof, on the Re-Pricing Date to the Holders or beneficial owners delivering Exercise Notices with respect thereto, *pro rata* based on the Aggregate Outstanding Amount of the Notes such Holders or beneficial owners who indicated an interest in purchasing pursuant to their Exercise Notices. In the event the Issuer shall receive Exercise Notices with respect to less than the Aggregate Outstanding Amount of the Notes of the Re-Priced Class held by non-consenting Holders or beneficial owners, the Issuer, or the Re-Pricing Intermediary on behalf of the Issuer, shall cause the sale and transfer of such Notes, without further notice to the non-consenting Holders or beneficial owners thereof, on the Re-Pricing Date to the Holders or beneficial owners delivering Exercise Notices with respect thereto, and any excess Notes of the Re-Priced Class held by non-consenting Holders or beneficial owners shall be sold at the Re-Pricing Transfer Price with respect thereto to one or more transferees designated by the Re-Pricing Intermediary on behalf of the Issuer. All sales of Notes to be effected pursuant to this paragraph shall be made at the Re-Pricing Transfer Price with respect to such Notes, and shall only be effected if the related Re-Pricing is effected in accordance with the provisions of the Indenture. Each Holder and beneficial owner of each Note of a Re-Pricing Eligible Class, by its acceptance of an interest in such Notes, agrees to sell and transfer its Notes in accordance with the provisions of the Indenture described herein under "—Optional Re-Pricing" and agrees to cooperate with the Issuer, the Re-Pricing Intermediary and the Trustee to effect such sales and transfers. The Issuer, or the Re-Pricing Intermediary on behalf of the Issuer, shall deliver written notice to the Trustee and the Asset Manager not later than ten Business Days prior to the proposed Re-Pricing Date confirming that the Issuer has received written commitments to purchase all Notes of the Re-Priced Class held by non-consenting Holders or beneficial owners (the "Re-Pricing Confirmation Notice").

The Issuer will not effect any proposed Re-Pricing unless: (i) the Issuers and the Trustee shall have entered into a supplemental indenture dated as of the Re-Pricing Date as described in "—The Indenture—Modification of Indenture" to reduce the spread over the Base Rate or the stated interest rate, as applicable, with respect to the Re-Priced Class; (ii) each Rating Agency then rating the Re-Priced Class shall have been notified of such Re-Pricing; and (iii) all expenses of the Issuer and the Trustee (including the fees of the Re-Pricing Intermediary and fees of counsel) incurred in connection with the Re-Pricing (including in connection with the related supplemental indenture) shall not exceed the amount of Interest Proceeds available to be applied to the payment thereof under the Priority of Payments on the subsequent Payment Date, after taking into account all amounts required to be paid pursuant to the Priority of Payments on such subsequent Payment Date prior to distributions to the Holders of the Subordinated Notes, unless such expenses shall have been paid or shall be adequately provided for by an entity other than the Issuer.

If a Re-Pricing Confirmation Notice has been received by the Trustee from the Issuer pursuant to the Indenture, notice of a Re-Pricing shall be forwarded by the Trustee, at the expense of the Issuer at least 10 Business Days prior to the proposed Re-Pricing Date, to each Holder of the Re-Priced Class at its address in the Notes Register (with a copy to the Asset Manager), specifying the applicable Re-Pricing Date, Re-Pricing Rate and Re-Pricing Transfer Price (in each case according to the information set forth in the Re-Pricing Notice). Failure to give such a notice of a Re-Pricing, or any defect therein, to any Holder or beneficial owner of any Notes of the 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 a Majority of the Subordinated Notes on or prior to the fourth Business Day prior to the scheduled Re-Pricing Date by written notice to the Issuer, the Trustee, and the Asset Manager for any reason. Upon receipt of such notice of withdrawal, the Trustee shall transmit such notice to the Holders of the Re-Priced Class and each Rating Agency then rating the Re-Priced Class. Notwithstanding anything contained herein to the contrary, failure to effect a Re-Pricing, whether or not notice of Re-Pricing has

been withdrawn, will not constitute an Event of Default. The Trustee shall be entitled to receive and may request and rely upon a written order or request from the Issuer (or the Asset Manager on behalf of the Issuer) providing directions and additional information necessary to effect a Re-Pricing.

Redemption for Failure to Satisfy the Coverage Tests

On any Payment Date on which any Coverage Test is not satisfied as of the related Determination Date, Interest Proceeds and, to the extent insufficient, Principal Proceeds will be applied to pay principal of each Class of Secured Notes in accordance with the Priority of Payments until such Coverage Test is satisfied or, if not satisfied, such Class of Notes is paid in full. Interest Coverage Tests will only apply on and after the Determination Date related to the second Payment Date. See "—Priority of Payments" below.

Effective Date Ratings Confirmation Failure

Following the occurrence of an Effective Date Ratings Confirmation Failure, the Issuer (or the Asset Manager on the Issuer's behalf) will, in accordance with the Priority of Interest Payments and at the discretion of the Asset Manager, instruct the Trustee in writing to re-designate Interest Proceeds as Principal Proceeds and (A) pay from Principal Proceeds (which may include Unused Proceeds and Interest Proceeds re-designated as Principal Proceeds for this purpose) principal of the Secured Notes in accordance with the Note Payment Sequence, and/or (B) purchase additional Underlying Assets with such Principal Proceeds or deposit such Principal Proceeds into the Collection Account for investment in Eligible Investments pending the purchase of Underlying Assets at a later date, until such ratings are confirmed or, if not confirmed, until the Secured Notes have been paid in full. The Issuer may take such other action permitted under the Indenture to obtain rating confirmation.

Special Amortization

If the Asset Manager has been unable, for a period of at least 30 consecutive Business Days during the Reinvestment Period, to identify Underlying Assets that it determines would be appropriate for purchase in accordance with the Portfolio Criteria in sufficient amounts to permit the investment of all or a portion of available Principal Proceeds, the Asset Manager may elect, in its sole discretion, to direct the Trustee to apply an amount (the "Special Amortization Amount") for payments of one or more Classes of Secured Notes in accordance with the Priority of Payments (a "Special Amortization"). See "—Priority of Payments" below. The Asset Manager may withdraw any notice of a Special Amortization on or prior to the related Determination Date.

Payments

Payments in respect of the Notes will be made to the person in whose name the Note is registered in the Notes Register at the close of the Regular Record Date. Payments will be made in U.S. Dollars by wire transfer in immediately available funds to the Holder (which in the case of Global Securities, will be DTC) so long as wiring instructions have been provided to the Trustee and, if such payment is to be made by Paying Agent, each Paying Agent, on or before the related Regular Record Date. If appropriate instructions for any such wire transfer are not received by the related Regular Record Date, then such payment shall be made by check drawn on a U.S. bank mailed to the Holder at its address in the register maintained by the Trustee under the Indenture. Upon final payments in respect of Definitive Securities, the applicable Definitive Securities must be surrendered at the office designated by the Trustee.

Payments in respect of any Global Securities will be made to DTC or its nominee, as the registered owner thereof. None of the Issuers, the Asset Manager, the Trustee or any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Securities or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests. The Issuers expect that DTC or its nominee, upon receipt of any payment in respect of a Global Security, will immediately credit participants' accounts (through which, in the case of Regulation S Global Securities, Euroclear and Clearstream hold their respective interests) with payments in amounts proportionate to their respective beneficial interests in the stated original amount of the applicable Class of Notes, as shown on the records of DTC or its nominee. The Issuers also expect that payments by participants to owners of beneficial interests in a Global Security held through the participants will be governed by standing instructions and customary

practices, as is now the case with Notes held for the accounts of customers registered in the names of nominees for customers. The payments will be the responsibility of the participants.

If any amounts deposited with the Trustee or any Paying Agent in trust for payment on the Notes remain unclaimed for two years after such amounts have become due and payable, such amounts will be paid to the Issuer pursuant to the Indenture. The Holder of a Security may thereafter, as an unsecured general creditor, look only to the Issuer for payment of such amounts and all liability of the Trustee and any Paying Agent with respect to such trust funds shall thereupon cease. The Issuer is not expected to retain any assets to satisfy any such unsecured claims.

Priority of Payments

On each Payment Date and on any Redemption Date (to the extent such Redemption Date is not a Payment Date), unless (x) such Payment Date is the Stated Maturity, (y) an Enforcement Event has occurred and is continuing or (z) such Payment Date is a Liquidation Payment Date, Interest Proceeds will be applied in accordance with the Priority of Interest Payments. See "Description of the Notes—Priority of Payments-Priority of Interest Payments"

On each Payment Date and on any Redemption Date (to the extent such Redemption Date is not a Payment Date), unless (x) such Payment Date is the Stated Maturity, (y) an Enforcement Event has occurred and is continuing or (z) such Payment Date is a Liquidation Payment Date, Principal Proceeds will be applied in the order of priority described in the Priority of Principal Payments. See "Description of the Notes—Priority of Payments-Priority of Principal Payments"

On each Payment Date, if (x) such Payment Date is the Stated Maturity, (y) an Enforcement Event has occurred and is continuing or (z) such Payment Date is a Liquidation Payment Date, Interest Proceeds and Principal Proceeds will be applied in accordance with the Subordination Priority of Payments. See "Description of the Notes—Priority of Payments-Subordination Priority of Payments"

Any test referred to in the Priority of Payments will be calculated by giving effect to all payments under preceding clauses, and any Principal Proceeds remaining after application of the Priority of Payments on any Payment Date during the Reinvestment Period will be invested in Underlying Assets.

The Issuer may apply Interest Proceeds to the payment of amounts described in clause (i) and (ii) of the Priority of Interest Payments or Subordination Priority of Payments on days other than Payment Dates; provided that (x) such payments do not exceed the Senior Administrative Expenses Cap with respect to the next Payment Date and (y) Interest Proceeds have been received during the relevant Due Period that together with amounts in the Expense Reserve Account are greater than or equal to such payments. Any such payments will be made first from the Expense Reserve Account and, if insufficient, from Interest Proceeds in the Collection Account.

The Indenture

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

Events of Default. "Event of Default" means any of the following events:

(a) a default in the payment of any interest on any Senior Note or, if no Senior Notes are Outstanding, a default in the payment of interest on the Controlling Class, in each case when the same becomes due and payable, which default continues for a period of five or more Business Days (or, in the case of a default in payment resulting solely from an administrative error or omission by the Trustee, any Paying Agent or the Note Registrar, such default continues for a period of five or more Business Days after the Trustee receives written notice or has actual knowledge of such administrative error or omission);

(b) a default in the payment of principal of any Secured Note, when the same becomes due and payable, at its Stated Maturity or on any Redemption Date;

(c) if any Class A-1 Notes are Outstanding, the failure of the Event of Default Par Ratio to be at least 102.5% on any Measurement Date;

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

(e) a default in the performance, or breach, of any other covenant, representation, warranty or other agreement of the Issuer or the Co-Issuer under the Indenture (it being understood that a failure of any Portfolio Criteria or the Reinvestment Overcollateralization Test shall not be a default or breach) or in any certificate or writing delivered by the Issuer or the Co-Issuer pursuant to the Indenture, or any representation or warranty of the Issuer or the Co-Issuer made in the Indenture or in any certificate or writing delivered by the Issuer or the Co-Issuer pursuant thereto fails to be correct in any respect when made, which default, breach or failure has a material adverse effect on the Holders of the Notes and continues for a period of 30 or more days after notice thereof shall have been given to the Issuer and the Asset Manager by the Trustee or to the Trustee (who shall forward it to the Issuer and the Asset Manager) by the Holders of at least 25% in 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;"

(f) the occurrence of a Bankruptcy Event; or

(g) the failure on any Payment Date to disburse amounts available in the Payment Account in excess of $1,000 in accordance with the Priority of Payments in respect of the Secured Notes and continuation of such failure for a period of five Business Days or, in the case of a failure to disburse due to an administrative error or omission by the Trustee, Collateral Administrator or any Paying Agent, such failure continues for five Business Days after a trust officer of the Trustee receives written notice or has actual knowledge of such administrative error or omission.

If an Event of Default occurs and is continuing (other than a Bankruptcy Event), (i) the Trustee may, and at the direction of the Majority of the Controlling Class will, by written notice to the Issuer, or (ii) a Majority of the Controlling Class, by written notice to the Issuer, the Asset Manager and the Trustee, may declare the principal of all the Notes to be immediately due and payable, and upon any such declaration, such principal, together with all accrued and unpaid interest thereon, and other amounts payable in accordance with the Indenture, shall become immediately due and payable and the Reinvestment Period will terminate. If a Bankruptcy Event occurs, all unpaid principal, together with any accrued and unpaid interest thereon, of all the Notes, and other amounts payable in accordance with the Indenture, shall automatically become due and payable. Any such declaration of acceleration may be rescinded by a Majority of the Controlling Class if all overdue amounts are paid and certain other requirements set forth in the Indenture are satisfied.

If any Event of Default has occurred and has not been cured or waived and acceleration occurs, payments will be made in accordance with the Subordination Priority of Payments. See "—Subordination; Payments Following an Event of Default."

If an Event of Default has occurred and is continuing (except as provided below), the Trustee will not liquidate or sell the Collateral, will collect the proceeds thereof and will make and apply all payments and deposits and maintain all accounts in respect of the Collateral and the Notes in accordance with the Indenture unless the Notes have been accelerated and either:

- the Trustee determines that the anticipated proceeds of a sale or liquidation 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 the Outstanding Secured Notes, and (B)(1) all Administrative Expenses and (2) all other items senior in right of payment to the distributions on the Subordinated Notes under clause (xiii) of the Subordination Priority of Payments, and a Majority of the Controlling Class agrees with such determination;

- if any Event of Default other than (x) a Class A-1 Default (as defined below) or (y) as set forth in clause (c) of the definition of Event of Default has occurred and is continuing, a Supermajority of each Class of Secured Notes (voting separately) directs the sale or liquidation of the Collateral;

- if an Event of Default set forth in either clause (a) or (b) of the definition of Event of Default has occurred and is continuing, and was caused by the failure to pay interest on or (as applicable) principal of the Class A-1 Notes (a "Class A-1 Default"), a Majority of the Class A-1 Notes directs the sale or liquidation of the Collateral; or

- if the Event of Default set forth in clause (c) of the definition of Event of Default has occurred and is continuing, and any Class A-1 Notes are Outstanding, a Majority of the Class A-1 Notes directs the sale or liquidation of the Collateral.

Regardless of whether the conditions set forth above have been satisfied, (i) the Asset Manager may direct the Trustee to (and the Trustee will) complete the acquisition of assets that are the subject of a binding commitment entered into by the Issuer prior to such Event of Default (including a commitment with respect to which the principal amount has not yet been allocated) and to accept any Offer or tender offer made to all holders of any Underlying Asset at a price equal to or greater than its par amount plus accrued interest and (ii) the Issuer will continue to hold funds on deposit in the Variable Funding Account to the extent required to meet the Issuer's obligations with respect to the aggregate unfunded portion of any Revolving Credit Facility or Delayed-Draw Loan.

Following an Event of Default, Credit Risk Obligations with respect to which at least one criterion in clause (a), (b) or (c) of the definition of Credit Risk Obligation applies, Defaulted Obligations, Permitted Equity Securities, Margin Stock, Unsaleable Assets and Tax Assets may be sold by the Issuer at the direction of the Asset Manager.

Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee will be under no obligation to exercise or to honor any of the rights or powers vested in it by the Indenture at the request or direction of any of the Holders of Notes pursuant to the Indenture, unless such Holders will have offered to the Trustee reasonable security or indemnity reasonably satisfactory to it against all costs, expenses and liabilities which might reasonably be incurred by it in compliance with such request or direction.

Prior to the time a judgment or decree for payment of the money due has been obtained by the Trustee, as provided in the Indenture, a Majority of the Controlling Class may waive any past Default or Event of Default and its consequences, except a Default or Event of Default (i) under clause (a) or (b) of the definition of Event of Default (which may be waived solely by 100% of the Holders of each affected Class); or (ii) in respect of a covenant or provision of the Indenture that under the Indenture cannot be modified or amended without the consent of each Holder of each Class of Notes materially adversely affected thereby.

No Holder of any Note will have any right to institute any Proceedings, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture, unless:

- such Holder has previously given written notice to the Trustee of a continuing Event of Default;

- except as otherwise provided in the Indenture, the Holders of at least 25% of the Aggregate Outstanding Amount of the Controlling Class have made written request to the Trustee to institute Proceedings in respect of such Event of Default in its own name as the Trustee;

- such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

- the Trustee for 30 days after its receipt of such notice, request and offer of indemnity has failed to institute any such Proceeding; and

- no direction inconsistent with such written request has been given to the Trustee during such 30-day period by a Majority of the Secured Notes of each Class (voting separately).

No one or more Holders will have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other Holders of Notes of the same Class or to obtain or to seek to obtain priority or preference over any other Holders of the Notes of the same Class or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable

benefit of all the Holders of Notes of the same Class, subject to and in accordance with the Indenture and the Priority of Payments.

If direction from less than a Majority of the Secured Notes of any Class is required under the immediately preceding two paragraphs, and the Trustee receives conflicting or inconsistent requests and indemnity from two or more groups of Holders of the Secured Notes of such Class, each representing less than a Majority of the Secured Notes of such Class, the Trustee will take the action requested by the Holders of the largest percentage in Aggregate Outstanding Amount of the Secured Notes of such Class, notwithstanding any other provisions of the Indenture.

Subordination; Payments Following an Event of Default. The Indenture provides that if an Event of Default has occurred and acceleration has not occurred, payments will be made in accordance with the Priority of Interest Payments and Priority of Principal Payments. However, if an Event of Default has occurred and has not been cured or waived and acceleration occurs, payments will be made in accordance with the Subordination Priority of Payments.

Prior to commencement of the liquidation of the Collateral, distributions will be made on each Payment Date. Upon commencement of liquidation, distributions will not be made on regularly scheduled Payment Dates but will made on one or more dates designated by the Trustee (each, a "Liquidation Payment Date").

Notices. Notices to the Holders of the Notes will be sufficient if given by first class mail, postage prepaid, to Holders at each such Holder's address appearing in the register maintained under the Indenture. In the case of Global Securities, such notice will only be delivered to DTC. 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 reports, notices or executed supplemental indentures) required to be provided by the Trustee to Holders may be provided by providing notice of, and access to, the Trustee's website containing such documents as long as the Trustee customarily maintains websites for Noteholder communications.

Modification of Indenture. With the written consent of a Majority of each Class of Notes materially adversely affected thereby and the written consent of the Asset Manager, the Trustee and the Issuers may enter into a supplemental indenture to add provisions to, or change in any manner or eliminate any provisions of, the Indenture or modify in any manner the rights of the Holders of the Notes of such Class.

Notwithstanding the foregoing, the Trustee may not enter into any supplemental indenture without the written consent of the Asset Manager and written consent of each Holder of each Class of Notes materially adversely affected thereby if such supplemental indenture:

(i) changes the Stated Maturity of any Notes, the due date of any installment of interest on any Secured Note or the date on which any payment or any final distribution on the Subordinated Notes is payable; reduces the principal amount of any Secured Note or any Redemption Price; changes the Re-Pricing Transfer Price of a Re-Priced Class, any of the conditions applicable to a Re-Pricing or any of the conditions applicable to an additional issuance of Notes; changes the Note Interest Rate (other than in connection with a Re-Pricing) or the manner in which interest is calculated (other than pursuant to a Base Rate Amendment), the earliest date on which any Note may be redeemed or re-priced, or the manner in which Deferred Interest accrues, any place where, or the coin or currency in which, any Note or the principal of or interest on Secured Notes is payable or where the making of payments or any final distribution on the Subordinated Notes is payable; or impairs the right to institute suit for the enforcement of any such payment on any Secured Note on or after the Stated Maturity thereof (or, in the case of redemption, on or after the applicable Redemption Date);

(ii) changes the percentage in Aggregate Outstanding Amount of Holders of Notes of each Class whose consent is required under the Indenture, including for the authorization of any supplemental indenture, exercise of remedies under the Indenture or for any waiver of compliance with certain provisions of the Indenture or certain defaults thereunder or their consequences;

(iii) impairs or adversely affects in a material way the Collateral except as otherwise permitted in the Indenture;

(iv) permits the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any part of the Collateral or terminates the lien of the Indenture on any property at any time subject thereto or deprives any Secured Party of the security afforded by the lien of the Indenture except as otherwise permitted in the Indenture;

(v) modifies any of the provisions of the Indenture related to amendments requiring the consent of Holders;

(vi) modifies the Priority of Payments;

(vii) modifies the definitions of the terms "Person," "Holder," "Outstanding," "Class," "Controlling Class," "Majority" or "Supermajority";

(viii) amends any provision of the Indenture relating to the institution of proceedings for certain events of bankruptcy, insolvency, receivership or reorganization of the Issuers or any Tax Subsidiary;

(ix) amends any provision of the Indenture that provides that the obligations of the Issuer or the Co-Issuer, as the case may be, are limited recourse obligations of the Issuer or the Co-Issuer, respectively, payable solely from the Collateral and in accordance with the terms of the Indenture; or

(x) at the time of the execution of such supplemental indenture, causes the Issuer to become subject to withholding or other taxes, fees or assessments or causes the Issuer to be treated as engaged in a U.S. trade or business or otherwise be subject to U.S. federal income tax on a net income basis.

In addition, the Trustee and the Issuers may enter into a supplemental indenture to modify (1) clauses (i) through (iv), (vii) through (ix), (xiii), (xiv) and (xv) of the Eligibility Criteria; and (2) the criteria set forth in clauses (b) and (c) of the Portfolio Criteria, with the written consent of a Majority of the Controlling Class and a Majority of any other Class of Notes materially and adversely affected thereby and the Asset Manager.

Further, the Trustee and the Issuers may enter into a supplemental indenture (a "Base Rate Amendment") to change the Base Rate to an alternate base rate (the "Alternate Base Rate") at the direction of the Asset Manager if (i) each Holder of Notes consents to such Base Rate Amendment and (ii) Rating Agency Confirmation is obtained. If the Base Rate Amendment is executed, the Alternate Base Rate will replace LIBOR as the Base Rate commencing on the first Interest Accrual Period to begin after the execution and the effectiveness of the Base Rate Amendment.

The Trustee and Issuers may enter into one or more supplemental indentures with the written consent of a Majority of the Controlling Class (and no other Class) and the Asset Manager and with Rating Agency Confirmation, to amend (i) any Collateral Quality Test or component thereof, (ii) any requirement or restriction applicable to the right of the Issuer (or the Asset Manager on behalf of the Issuer) to consent to a Maturity Amendment or (iii) the Moody's Schedule.

Without the consent of any Holders, but only with the prior written consent of the Asset Manager, the Issuers and the Trustee may enter into one or more supplemental indentures, in form reasonably satisfactory to the Trustee, (x) if such supplemental indenture would have no material adverse effect on any Class of Notes or (y) notwithstanding anything to the contrary in the Indenture, for any of the following purposes:

(i) to evidence the succession of any Person to the Issuer or the Co-Issuer, and the assumption by any such successor of the covenants and obligations of the Issuer or the Co-Issuer in the Indenture and in the Notes;

(ii) to add to the covenants of the Issuers or the Trustee for the benefit of the Holders of the Notes, or to surrender any right or power conferred upon the Issuers by the Indenture;

(iii) 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 Notes;

(iv) to evidence and provide for the acceptance of appointment by a successor Trustee and to add to or change any of the provisions of the Indenture as shall be necessary to facilitate the administration of the trusts thereunder by more than one Trustee, pursuant to the requirements of the Indenture;

(v) 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 subject 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 additional property to be subject to the lien of the Indenture;

(vi) to (A) cure any ambiguity or manifest error or correct or supplement any provisions in the Indenture that may be defective or inconsistent with any other provision or (B) make any modification that is of a formal, minor or technical nature;

(vii) to take any action necessary or advisable (A) to prevent the Issuer, any Tax Subsidiary, the Holders or beneficial owners of any Class of Notes, or the Trustee from becoming subject to (or otherwise to reduce) withholding or other taxes, fees or assessments, including by achieving FATCA Compliance or (B) to prevent the Issuer from (or otherwise to reduce the risk to the Issuer of) being treated as engaged in a trade or business within the United States or otherwise being subject to U.S. federal, state or local income tax on a net income basis, provided that such actions do not conflict with the provisions related to Tax Subsidiaries set forth in the Indenture;

(viii) to effect the issuance of Additional Securities in accordance with the Indenture requirements or participation notes, combination notes, composite securities and other similar securities in connection therewith;

(ix) to modify the restrictions on and procedures for resales and other transfers of the Notes to reflect any changes in applicable law or regulation (or the interpretation thereof) or 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 after receipt of an opinion of counsel;

(x) to accommodate the settlement of the Notes in book-entry form through the facilities of DTC or otherwise;

(xi) to conform the Indenture to this Offering Memorandum;

(xii) 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;

(xiii) to make appropriate changes for the Notes to be listed on an exchange or to make appropriate changes for the Notes to be de-listed from an exchange, if, in the sole judgment of the Asset Manager, the maintenance of the listing is unduly onerous or burdensome;

(xiv) to modify the representations as to Collateral in the Indenture in order that it may be consistent with applicable laws or Rating Agency requirements;

(xv) to evidence any waiver by any Rating Agency as to any requirement or condition, as applicable, of the Rating Agency in the Indenture;

(xvi) to facilitate hedging transactions; *provided* that the consent of a Majority of the Controlling Class is obtained;

(xvii) to facilitate the repurchase of Notes by the Issuer in accordance with the Indenture;

(xviii) to modify any provision to facilitate an exchange of one security for another security of the same issuers that has substantially identical terms except transfer restrictions, including to effect any serial designation relating to the exchange;

(xix) to conform to ratings criteria and other guidelines (including any alternative methodology published by either of the Rating Agencies or any use of the Rating Agencies' credit models or guidelines for ratings determination) relating to Tax Subsidiaries and collateral debt obligations in general published or otherwise communicated by the applicable Rating Agency;

(xx) to effect or facilitate any Refinancing or Re-Pricing (solely to reflect the terms of the Notes that are the subject of the Refinancing or Re-Pricing and the Replacement Notes and solely to the extent changes in the terms of such Notes are permitted in accordance with the requirements of the Indenture);

(xxi) to change the name of the Issuer or the Co-Issuer in connection with the change in name or identity of the Asset 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;

(xxii) 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 after the Closing Date that are applicable to the Securities or the transactions contemplated by the Indenture;

(xxiii) to amend or modify the Eligibility Criteria (other than clauses (i) through (iv), (vii) through (ix), (xiii), (xiv) and (xv) of the Eligibility Criteria), with the written consent of a Majority of the Controlling Class; *provided* that Rating Agency Confirmation is obtained if such amendment or modification relates to clause (x) of the Eligibility Criteria;

(xxiv) to reduce the Authorized Denomination of any Class (other than the Class D Notes and the Subordinated Notes), subject to applicable law; *provided* that (x) such reduction does not result in additional requirements in connection with any stock exchange on which Notes are listed and (y) such reduction does not have any adverse effect on the clearing of the Notes of such Class through any clearance or settlement system or the availability of any resale exemption for the Notes of such Class under applicable securities laws;

(xxv) to take any action necessary or advisable to implement the Bankruptcy Subordination Agreement; or (A) issue new certificates or divide a Bankruptcy Subordinated Class into one or more sub-classes of Securities, in each case with new identifiers (including CUSIPs, ISINs and Common Codes, as applicable); *provided* that any certificate or sub-class of Securities of a Bankruptcy Subordinated Class issued pursuant to this clause will be issued on identical terms (other than with respect to payment rights being modified pursuant to the Bankruptcy Subordination Agreement) with the existing Securities of such Bankruptcy Subordinated Class and (B) provide for procedures under which beneficial owners of Securities of such Bankruptcy Subordinated Class that are subject to the Bankruptcy Subordination Agreement will receive an interest in such new certificate or sub-class;

(xxvi) to make any modification or amendment determined by the Issuer or the Asset Manager (in consultation with legal counsel of national reputation experienced in such matters) as necessary or advisable (A) for any Class of Secured Notes to not be considered an "ownership interest" as defined for purposes of the Volcker Rule or (B) for the Issuer to not otherwise be considered a "covered fund" as defined for purposes of the Volcker Rule, in each case so long (1) as any such modification or amendment would not have a material adverse effect on any Class of Notes, as evidenced by an opinion of counsel (which may be supported as to factual (including financial and capital markets) matters by any relevant certificates and other documents necessary or advisable in the judgment of the counsel delivering the opinion), and (2) such modification or amendment is approved in writing by a supermajority (66-2/3% based on the aggregate principal amount of Notes held by the Section 13 Banking Entities) of the Section 13 Banking Entities (voting as a single class); or

(xxvii) if such supplemental indenture would have no material adverse effect on any Class of Notes, to amend or modify the definition of the term "Underlying Asset"; *provided that* the written consent of a Majority of the Controlling Class is obtained;

provided that, in the case of any supplemental indenture described in clauses (vi), (xiv), (xv), (xix) or (xxiii), if Holders of not less than 33-1/3% of the Controlling Class notify the Trustee at least one Business Day prior to the proposed execution thereof that the Controlling Class would be materially and adversely affected thereby (which notice may be withdrawn by any Holder prior to such date), the Issuers and the Trustee shall not enter into such supplemental indenture without the consent of a Majority of the Controlling Class.

Unless notified prior to the execution of a supplemental indenture by a Majority of any Class of Notes that such Class of Notes would be materially and adversely affected, the determination of whether any Holder or any Class of Notes is materially adversely affected by any proposed supplemental indenture will be made based on a certificate of any of the Issuer, the Asset Manager, any investment banking firm or other independent expert familiar with the market for the Notes as to the economic effect of the proposed supplemental indenture. Such determination shall be conclusive and binding on all present and future Holders.

Not later than 15 Business Days prior to the execution of any proposed supplemental indenture, the Trustee, at the expense of the Issuers, will provide to each Rating Agency, any Hedge Counterparty, the Asset Manager and the Noteholders, a copy of such proposed supplemental indenture.

For the avoidance of doubt, the failure of any Noteholder to expressly object to any supplemental indenture (which supplemental indenture requires the consent of such Noteholder, or of the Class of Notes to which such Noteholder belongs) shall not be deemed to constitute the giving by such Noteholder of an affirmative approval or consent for such supplemental indenture.

Additional Issuance. The Asset Manager, in its sole discretion, may direct the Issuers to issue additional securities under the Indenture (collectively, "Additional Securities") subject to the terms of a supplemental indenture as described below.

(a) At any time during the Reinvestment Period with respect to the Secured Notes and at any time, with respect to the Subordinated Notes, the Issuers may issue Additional Securities of any one or more existing Classes and use the proceeds to purchase Underlying Assets, enter into Hedge Agreements and pay expenses related to such issuance; *provided* that the following conditions are met:

(i) unless only additional Subordinated Notes are being issued, Rating Agency Confirmation has been obtained from Moody's and S&P with respect to any Class of Secured Notes then being rated by such Rating Agency not constituting part of such additional issuance and, with respect to each issuance of Additional Securities, Fitch shall have been notified of such additional issuance;

(ii) such issue is approved by a Majority of the Subordinated Notes and, in the case of an issuance of Secured Notes, a Majority of the Controlling Class;

(iii) in the case of any Secured Notes, such issue does not exceed 100% of the original issue amount of each applicable Class;

(iv) the terms of the Additional Securities issued are identical to the terms of previously issued Notes of the Class of which such Additional Securities are a part except for the terms related to the issuance price or spread over the Base Rate or the fixed interest rate in the case of the Secured Notes (which, in each case, will be lower or equal to the interest rate of the respective Class), date on which interest begins to accrue and the first Payment Date;

(v) except in the case of an additional issuance of Subordinated Notes only, such issue (apart from an additional issuance or issuance of Additional Securities pursuant to paragraph (i) above) shall be on a pro rata basis across all Classes of Secured Notes (based upon the Aggregate Outstanding Amount of each Class of Notes immediately prior to such issuance);

(vi) an opinion of counsel must be delivered to the Trustee providing that, for U.S. federal income tax purposes, (x) such issuance will not adversely affect the tax characterization as debt of any Outstanding Class of Secured Notes that were characterized as debt at the time of issuance and (y) any additional Co-Issued Notes will be treated, and any additional Class D Notes should be treated, as indebtedness for U.S. federal income tax purposes;

(vii) a certificate of the Issuer certifying that such additional issuance shall be issued in a manner: (x) that will be a qualified reopening for U.S. federal income tax purposes, (y) in which the Notes issued in the additional issuance will be distinguishable from the original Notes, or (z) which will otherwise allow the Issuer to accurately provide the information described in Treasury Regulation Section 1.1275-3(b)(1)(i) with respect to all Notes;

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

(ix) each Holder of a Class of previously issued Notes of which Additional Securities are a part is given at least 30 days prior notice of the issuance and offered an opportunity to purchase Additional Securities such that its proportional ownership of such Class prior to the additional issuance is maintained following the additional issuance; and

(x) each Coverage Test is satisfied before and after the issuance of Additional Securities and the Overcollateralization Ratios (including, for the avoidance of doubt, the Overcollateralization Ratios applicable to the Class A Notes) are maintained or improved after the issuance of the Additional Securities.

(b) The Issuer may, at any time pursuant to a supplemental indenture in accordance with the Indenture, at the direction or with the consent of the Asset Manager and consent of a Majority of the Subordinated Notes, issue Additional Securities of one or more new classes that will be subordinate in right of payment of principal and interest to all existing Classes of Notes (other than the Subordinated Notes) and use the proceeds to purchase additional Underlying Assets, enter into Hedge Agreements and pay expenses related to such issuance; *provided* that (i) the Issuer issues an authentication order for the Additional Securities; (ii) if such class is rated by any Rating Agency, such rating has been assigned; (iii) the expenses in connection with such additional issuance have been paid or adequately provided for as Administrative Expenses; and (iv) each Holder of Subordinated Notes is given at least 30 days prior notice of the issuance and offered an opportunity to purchase Additional Securities such that its proportional ownership of such Additional Securities is no less than its proportional interest of Subordinated Notes prior to the additional issuance. For the avoidance of doubt, any such additional issuance is not subject to the satisfaction of the conditions set forth in clause (a).

(c) The Issuer or Issuers may, at any time pursuant to a supplemental indenture in accordance with the Indenture, issue Replacement Notes in connection with a Re-Pricing or in connection with a Refinancing for the Class or Classes being refinanced.

In addition, the Issuer may, at any time pursuant to a supplemental indenture in accordance with the Indenture, at the direction or with the consent of the Asset Manager, issue a subordinated funding note evidencing the right to receive payments that would otherwise be payable as the Subordinated Asset Management Fee and/or the Incentive Asset Management Fee.

Contributions. The Issuer (or the Asset Manager on its behalf) may accept or reject any Contribution in its reasonable discretion. If a Contribution is designated for the repurchase of Notes, the Asset Manager will provide a notice to the Trustee stating the amount and intended purpose of such Contribution no later than the Business Day following the Issuer's receipt of such Contribution, which notice the Trustee will forward to the Holders no later than the next Business Day after its receipt.

If a Contribution is accepted, the Issuer will invest, apply, hold and dispose of such Contribution as directed by the Contributor in writing to the Asset Manager and the Trustee at the time such Contribution is made. The Issuer will deposit any Contribution identified as Interest Proceeds or Principal Proceeds into the Collection Account and may establish accounts at the Bank to hold any other Contributions.

Purchase and Surrender of Notes. The Indenture permits the Asset Manager to direct the Issuer to acquire Notes (or beneficial interests in such Notes) of the Class designated by a Contributor, through a tender offer, in the open market, or in privately negotiated transaction, with the proceeds of a Contribution designated for such purpose (any such Notes, "Repurchased Notes"). Any such Repurchased Notes will be submitted to the Trustee for cancellation. Notes may also be tendered without payment by a Holder to the Issuer or Trustee (any such Notes, "Surrendered Notes"). Surrendered Notes will be submitted to the Trustee for cancellation. Surrendered Notes and Repurchased Notes (other than Repurchased Notes and Surrendered Notes of the Controlling Class) will continue to be treated as Outstanding for purposes of the Overcollateralization Ratio and the Event of Default Par Ratio until all Notes 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, reduced proportionately with, and to the extent of, any payments of principal on Notes of the same Class thereafter. No Holder of Notes will be required to sell or surrender its Notes in any transaction referred to in this paragraph unless such Holder affirmatively elects to do so.

Compulsory Sales. The Issuer has the right 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. In addition, if a beneficial owner fails for any reason to provide to the Issuer and the Trustee (or their agents or authorized 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 or authorized representatives, as applicable) to achieve FATCA Compliance, or such information or documentation is not accurate or complete, or the Issuer otherwise reasonably determines that such purchaser's 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, the Issuer will have the right, to (x) compel the Holder to sell its interest in such Note, (y) sell such interest on such Holder's behalf, and/or (z) assign to such Note a separate CUSIP or CUSIPs. Each purchaser of Notes, by its purchase, will be deemed to have agreed to sell its Notes to the Issuer (or any person as directed by the Issuer) if it is or becomes a Non-Permitted Holder, fails to provide information needed or helpful for FATCA Compliance or the Issuer otherwise reasonably determines that such purchaser's 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. Prior to selling any Holder's interest in a Note, the Issuer will send notice to such Holder demanding that such Holder transfer such Note or interest in accordance with all transfer requirements within 30 days of the date of such notice. None of the Issuers, the Asset Manager or JPMorgan will be required to purchase any such Notes required to be so sold.

An Asset Manager Party or its designee may in its sole discretion, but will not be required to, purchase the Subordinated Notes of Holders that have directed an Optional Redemption (except upon occurrence of a Tax Event) at the Subordinated Notes NAV Amount, in lieu of effecting the Optional Redemption for the Issuer, *provided* that each such purchase in lieu of redemption must be approved by a Majority of the Subordinated Notes in the related Optional Redemption Direction. Each purchaser of Subordinated Notes (including a beneficial owner), by its purchase, will be deemed to have agreed to sell its Subordinated Notes to an Asset Manager Party or its designee if such Asset Manager Party exercises such right.

Consolidation, Merger or Transfer of Collateral. Except under the limited circumstances set forth in the Indenture, neither the Issuer nor the Co-Issuer may consolidate with, merge into, or transfer or convey all or substantially all of its assets to, any other corporation, limited liability company, partnership, trust or other Person.

Petitions for Bankruptcy. The Holders of the Notes of each Class will agree, and the beneficial owners of the Notes will be deemed to agree, pursuant to the Indenture, not to seek to institute against, or join any other person in instituting against, the Issuer, the Co-Issuer or any Tax Subsidiary any, bankruptcy, reorganization, arrangement, insolvency, winding up, moratorium or liquidation proceedings, or other proceedings under Cayman Islands law, or U.S. federal or state bankruptcy or similar laws of other jurisdictions until the payment in full of all Notes and the expiration of a period equal to one year and one day or, if longer, the applicable preference period then in effect plus one day, following such payment in full.

The Indenture will require (notwithstanding any provision in the Indenture relating to enforcement of rights or remedies) the Issuer, the Co-Issuer or any Tax Subsidiary, as applicable, subject to the availability of funds as described in the immediately following sentence, to promptly object to the institution of any such proceeding against it and to take all necessary or advisable steps to cause the dismissal of any such proceeding (including,

without limiting the generality of the foregoing, to timely file an answer and any other appropriate pleading objecting to (i) the institution of any proceeding to have the Issuer, the Co-Issuer or any Tax Subsidiary, as the case may be, adjudicated as bankrupt or insolvent or (ii) the filing of any petition seeking relief, reorganization, arrangement, adjustment or composition or in respect of the Issuer, the Co-Issuer or any Tax Subsidiary, as the case may be, under applicable bankruptcy law or any other applicable law). The reasonable fees, costs, charges and expenses incurred by the Co-Issuer, the Issuer or any Tax Subsidiary (including reasonable attorneys' fees and expenses) in connection with taking any such action will be paid as Administrative Expenses.

In the event one or more Holders or beneficial owners of Securities cause the filing of a petition in bankruptcy against the Issuer, the Co-Issuer or any Tax Subsidiary in violation of the prohibition described above, the Indenture will provide that such Holder or beneficial owner will be deemed to acknowledge and agree that (i) any claim that such Holder or beneficial owner has against the Issuer, the Co-Issuer or any Tax Subsidiary, or with respect to any Collateral (including any proceeds thereof) will, 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 Note that does not seek to cause any such filing, with such subordination being effective until each Secured Note held by each Holder or beneficial owner of any Secured Note 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), (ii) it will promptly return or cause all amounts received by it following the filing of such petition to be returned to the Issuer, the Co-Issuer or the relevant Tax Subsidiary, as the case may be, and (iii) it will take all necessary action to give effect to the Bankruptcy Subordination Agreement. The agreement set forth in the immediately preceding sentence constitutes the "Bankruptcy Subordination Agreement" and any Class of Secured Notes of any Holder or beneficial owner who becomes subject to such subordination will be referred to as the "Bankruptcy Subordinated Class." 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 Indenture will provide that any Holder or beneficial owner of a Security, any Tax Subsidiary or either of the Issuers may seek and obtain specific performance of the restrictions described above and the Bankruptcy Subordination Agreement (including injunctive relief), including in any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings, or other proceedings under Cayman Islands law, United States federal or state bankruptcy law or similar laws.

Satisfaction and Discharge of the Indenture. The Indenture will be discharged when all amounts due with respect to the Notes have been paid in full in accordance with the Indenture or all Collateral has been disposed of and the proceeds have been distributed in accordance with the Indenture.

Trustee. U.S. Bank National Association will be the Trustee under the Indenture. The Indenture contains provisions for the indemnification of the Trustee by the Issuer, for any loss, liability or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust. The payment of the fees, expenses and any indemnification payments to the Trustee is solely the obligation of the Issuer and solely payable out of the Collateral. The Trustee and/or its Affiliates may receive compensation in connection with the Trustee's investment of trust assets in certain Eligible Investments as provided in the Indenture. Eligible Investments may include investments for which the Trustee or an Affiliate of the Trustee provides services. The Issuers, the Asset Manager and their Affiliates may maintain other banking relationships in the ordinary course of business with the Trustee or its Affiliates.

The Trustee may resign at any time by providing written notice. The Trustee may be removed at any time by a Majority of the Notes (voting as a single class) or following an Event of Default by a Majority of the Controlling Class as set forth in the Indenture. No resignation or removal of the Trustee will become effective until the acceptance of the appointment of the successor Trustee. The Bank will also act as the Collateral Administrator pursuant to the Collateral Administration Agreement. If the Collateral Administrator resigns or is removed, the Issuer will appoint a successor.

Governing Law. The Indenture and each Note will be construed in accordance with and governed by the law of the State of New York.

RATING OF THE NOTES

The Issuer has engaged S&P to provide its ratings on the Class A-1 Notes, Moody's to provide its ratings on the Senior Notes and Fitch to provide its ratings on the Secured Notes. The fees and expenses payable to the Rating Agencies in connection with the initial rating will be paid as part of the organizational expenses of the Issuer. On-going fees, including for surveillance of the ratings, will constitute Administrative Expenses and will be paid in accordance with the Priority of Payments. If the Issuer does not provide information requested by a Rating Agency or relevant to the ratings on the Secured Notes, or such information contains material untrue statements or omits material information necessary to make such information not misleading, the Issuer could be liable to such Rating Agency for any losses it incurs as a result.

It is a condition of the issuance of the Secured Notes that the Secured Notes receive at least the ratings indicated under "Overview of Terms—Principal Terms of the Notes." The Subordinated Notes will not be rated. A security rating is not a recommendation to buy, sell or hold securities and is subject to withdrawal at any time. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the assigning Rating Agency if in its judgment circumstances in the future so warrant.

The ratings assigned to Senior Notes by Moody's, the Class A-1 Notes by S&P and the Secured Notes by Fitch are based upon such Rating Agency's assessment of the probability that the Underlying Assets will provide sufficient funds to pay such Notes (based upon the respective Note Interest Rates and principal balance), based largely upon such Rating Agency's statistical analysis of historical default rates on debt securities with various ratings, the terms of the Indenture, the asset and interest coverage required for the Secured Notes, and the Eligibility Criteria and the Collateral Quality Tests that must be satisfied or improved in order to reinvest in additional Underlying Assets.

As of the date hereof, Moody's, Fitch and S&P are not established in the European Union and are not registered in accordance with Regulation (EC) No. 1060/2009.

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

SECURITY FOR THE SECURED NOTES

The collateral for the Secured Notes will consist of (a) the Underlying Assets, (b) Equity Securities (other than Margin Stock), (c) the rights of the Issuer under the Asset Management Agreement, the Collateral Administration Agreement, the Administration Agreement and any Hedge Agreement, (d) Accounts of the Issuer (subject to, in the case of the Hedge Counterparty Account, the related Hedge Agreement), and all Eligible Investments purchased with funds on deposit in any of the Accounts, and all income from the investment of funds therein, (e) all cash and money delivered to the Trustee (or bailee) for the benefit of the Secured Parties, (f) all other assets in which the Issuer has an interest other than the Excluded Property, (g) any ownership interest in a Tax Subsidiary and (h) the proceeds of the foregoing, in each case, excluding any Margin Stock (collectively, the "Collateral"). The Collateral does not include (a) $250, being the proceeds of the issuance of the Issuer Ordinary Shares; (b) $250 received as a fee for issuing the Notes, standing to the credit of the bank account of the Issuer in the Cayman Islands; (c) any earnings on items described in clauses (a) and (b) or proceeds thereof; (d) any Contributions unless designated by the Contributor as Interest Proceeds or Principal Proceeds and (e) any Margin Stock (collectively, the "Excluded Property"). The Subordinated Notes will not be secured by the Collateral.

Underlying Assets

It is anticipated that the Issuer will have completed the purchase (or commitment to purchase) of at least $1,034,520,000 (by par amount) of the initial portfolio of Underlying Assets on the Closing Date. It is expected (but there can be no assurance) that the Portfolio Criteria and all of the Coverage Tests will be satisfied on or before the Effective Date (or, in the case of the Interest Coverage Test, on or before the Determination Date occurring immediately prior to the second Payment Date).

The composition of the Underlying Assets will change over time as a result of (i) scheduled and unscheduled principal payments on the Underlying Assets and (ii) subject to the limitations described under "—Portfolio Criteria and Trading Restrictions" and "—Purchase of Underlying Assets during Initial Investment Period" during the Reinvestment Period, the acquisition of additional Underlying Assets, sales of Collateral and reinvestment of Disposition Proceeds and other Principal Proceeds.

Portfolio Criteria and Trading Restrictions

During the Reinvestment Period, subject to the first paragraph under the heading "—Underlying Assets," the Asset Manager may instruct the Trustee to invest Principal Proceeds and, to the extent of accrued interest, Interest Proceeds in Underlying Assets. Following the Reinvestment Period, the Asset Manager may continue to instruct the Trustee to reinvest Unscheduled Principal Payments and the Disposition Proceeds of Credit Risk Obligations in Underlying Assets and, in the case of assets that are the subject of binding commitments entered into prior to the end of the Reinvestment Period, to apply Principal Proceeds for the purchase of such Underlying Assets. In addition, at any time during or after the Reinvestment Period, at the direction of the Asset Manager, the Issuer may direct the Trustee to pay from amounts on deposit in the Interest Collection Account any amount required to exercise a warrant held in the Collateral to the extent that, after giving effect thereto, there are sufficient funds available in the Interest Collection Account to pay the Interest Distribution Amount with respect to each Class of Secured Notes in full in accordance with the Priority of Payments on the immediately following Payment Date. Coverage Tests shall be calculated prior to such proposed reinvestment.

Other than with respect to certain tax matters specified in the Indenture, at any time, the Asset Manager may direct the Trustee to apply a Contribution designated as Principal Proceeds by the Contributor to the purchase of securities resulting from the exercise of an option, warrant, right of conversion or similar right in accordance with the documents governing any Permitted Equity Security without regard to the Portfolio Criteria and to make any payments required in the connection with a workout or restructuring of an Underlying Asset.

Any investment in Underlying Assets may only be made subject to the following Portfolio Criteria, measured as of the date the Asset Manager commits on behalf of the Issuer to make such investment. The "Portfolio Criteria" are comprised of the Eligibility Criteria and the criteria set forth in clauses (b) and (c) below. For purposes of calculating compliance with the Portfolio Criteria, any such criteria need not be satisfied with respect to the purchase of an Underlying Asset that is subject to a Trading Plan if such criteria are satisfied on an aggregate basis for such purchase and all other purchases subject to the same Trading Plan.

(a) On and after the Effective Date, so long as any of the Secured Notes are Outstanding, the Eligibility Criteria are satisfied or, except as otherwise explicitly stated below, if immediately prior to such investment any such limitation is not satisfied, the limitation must either be improved or remain unchanged after giving effect to such investment.

(b) On and after the Effective Date, so long as any of the Secured Notes are Outstanding, the Issuer shall not acquire an Underlying Asset unless (I) each of the Coverage Tests is satisfied or, if immediately prior to such investment any such test is not satisfied, the related ratio must either be improved or remain unchanged after giving effect to such investment and (II) if each Coverage Test is not satisfied, the Principal Proceeds received in respect of any Defaulted Obligation or the Disposition Proceeds of any sale of a Defaulted Obligation pursuant to Section (i) of "The Sales of Underlying Assets" below shall not be reinvested; provided that, following the Reinvestment Period, Unscheduled Principal Payments and the Disposition Proceeds of Credit Risk Obligations may be reinvested in Underlying Assets only if:

(i) the Coverage Tests are satisfied after giving effect to such reinvestment;

(ii) the Underlying Asset Maturity of the purchased Underlying Asset is no later than the Underlying Asset Maturity of the Underlying Asset that was prepaid or the Credit Risk Obligation that was sold (for the avoidance of doubt, without giving effect to any Trading Plans);

(iii) such Unscheduled Principal Payments and Disposition Proceeds of Credit Risk Obligations are reinvested on or prior to the later of (x) the 20th Business Day following receipt of such amounts and (y) the last Business Day of the Due Period during which such amounts were received;

(iv) (a) the Moody's Default Probability Rating of the purchased Underlying Asset is no lower than the Moody's Default Probability Rating of the Underlying Asset that was prepaid or the Credit Risk Obligation that was sold and (b) the S&P Rating of the purchased Underlying Asset is no lower than the S&P Rating of the Underlying Asset that was prepaid or the Credit Risk Obligation that was sold;

(v) no Event of Default has occurred and is continuing; and

(vi) the Weighted Average Rating Test is satisfied.

(c) On and after the Effective Date, the Issuer shall not acquire an Underlying Asset unless each of the Collateral Quality Tests is satisfied or, if immediately prior to such investment any such test is not satisfied, the related ratio or value for each Collateral Quality Test will be improved or at least maintained following such investment; *provided that:*

(i) during the Reinvestment Period, the S&P CDO Monitor Test is not required to be satisfied or improved in connection with sales of Defaulted Obligations and Credit Risk Obligations and reinvestment of the proceeds thereof; and

(ii) following the Reinvestment Period, in addition to the restrictions set forth in paragraph (b) above:

(A) Disposition Proceeds of Credit Risk Obligations may be reinvested in Underlying Assets only if done in accordance with the first paragraph under the heading "Security for the Secured Notes—Sales of Underlying Assets" and each of the Collateral Quality Tests is satisfied (other than the S&P CDO Monitor Test) or, if immediately prior to such investment any such test is not satisfied, the related ratio must either be improved or remain unchanged after giving effect to such investment, *provided that* Disposition Proceeds of Credit Risk Obligations may not be reinvested in Underlying Assets during a Restricted Trading Period (as defined below); and

(B) Unscheduled Principal Payments may be reinvested in Underlying Assets only if:

1. each of the Collateral Quality Tests (other than the S&P CDO Monitor Test) is satisfied or, if immediately prior to such investment any such test is not satisfied, the related ratio must either be improved or remain unchanged after giving effect to such investment,

2. unless the Effective Date Overcollateralization Test is satisfied after giving effect to such reinvestment, the Underlying Assets purchased with such Unscheduled Principal Payments have an Aggregate Principal Balance at least equal to the amount of such Unscheduled Principal Payments, and

3. a Restricted Trading Period is not in effect.

As described in "Assumptions as to Collateral" below, if the Issuer has entered into a binding commitment to purchase an Underlying Asset during the Reinvestment Period but such purchase has not settled prior to the end of the Reinvestment Period, such Underlying Asset will be treated as having been purchased by the Issuer prior to the end of the Reinvestment Period for purposes of the Portfolio Criteria, as long as not later than the Business Day immediately preceding the end of the Reinvestment Period, the Asset Manager shall deliver to the Trustee a schedule of Underlying Assets purchased by the Issuer with respect to which purchases the trade date has occurred but the settlement date has not yet occurred and shall certify to the Trustee that sufficient Principal Proceeds are available (including for this purpose, cash on deposit in the Principal Collection Account, any scheduled or unscheduled principal proceeds that will be received by the Issuer from Underlying Assets with respect to which the obligor has already delivered an irrevocable notice of repayment or which are required by the terms of the applicable Underlying Instruments, as well as any Principal Proceeds that will be received by the Issuer from the sale of Underlying Assets for which the trade date has already occurred but the settlement date has not yet occurred) to effect the settlement of such Underlying Assets.

If an Optional Redemption has been cancelled pursuant to the withdrawal of a redemption notice under the terms of the Indenture (including after the Reinvestment Period), any Disposition Proceeds that have been received by the Issuer in anticipation of such Optional Redemption may be applied to the purchase of Underlying Assets subject to the Portfolio Criteria; *provided* that the restrictions regarding the type of Principal Proceeds that may be reinvested after the Reinvestment Period and the restrictions set forth in the immediately preceding paragraph will not apply to the reinvestment of such Disposition Proceeds.

In calculating the Coverage Tests and the Collateral Quality Tests in connection with the reinvestment of Disposition Proceeds of Credit Risk Obligations and Defaulted Obligations during the Reinvestment Period and the Disposition Proceeds of Credit Risk Obligations after the Reinvestment Period, the level of compliance with each Coverage Test and each Collateral Quality Test immediately following the sale of such Credit Risk Obligation or Defaulted Obligation will be compared with the level of compliance with such Coverage Test and Collateral Quality Test immediately following the reinvestment of the related Disposition Proceeds.

The Issuer will not purchase or acquire (whether in exchange for an Underlying Asset or otherwise) (i) any asset the ownership of which would otherwise cause the Issuer to be subject to income tax on a net income basis in any jurisdiction, or (ii) any asset that constitutes a "United States real property interest" (as such term is defined in the Code), including certain interest in a "United States real property holding corporation" (as such term is defined in the Code); *provided* that such assets may be acquired through a Tax Subsidiary.

If an Event of Default has occurred and is continuing, no Underlying Asset may be acquired by the Issuer except that the Issuer may (i) complete the acquisition of assets that are the subject of a binding commitment entered into by the Issuer prior to such Event of Default, including a commitment with respect to which the principal amount has not yet been allocated, and (ii) accept any Offer or tender offer made to all holders of any Underlying Asset at a price equal to or greater than its par amount plus accrued interest.

Solely for purposes of measuring the level of compliance with the Eligibility Criteria, Principal Proceeds will be considered Floating Rate Underlying Assets that pay interest at least quarterly, that are also Senior Secured Loans and are issued by obligors organized in the United States.

Without regard to the Portfolio Criteria, the Asset Manager, on behalf of the Issuer, may consent to solicitations by issuers of an Underlying Asset to a Maturity Amendment if:

(i) the Underlying Asset Maturity would be extended to a date not later than the Stated Maturity of the Notes; and

(ii) either (x) the Weighted Average Life Test will be satisfied or (y) if the Weighted Average Life Test was not satisfied immediately prior to such Maturity Amendment, the level of compliance with the test will be maintained or improved after giving effect to such Maturity Amendment and after giving effect to any Trading Plan; *provided that* Underlying Assets that are subject to Maturity Amendments that fall under clause (ii)(y) at any time from the Closing Date (whether or not still held by the Issuer at the time of determination) in the aggregate shall not exceed 10% of the Effective Date Target Par Amount.

However, the Issuer will not be in violation of the restriction in the preceding paragraph with respect to any Maturity Amendment that is effected in violation of clause (ii) above so long as the Issuer (or the Asset Manager on behalf of the Issuer) has either (A) refused to consent to such Maturity Amendment or (B) provided its consent in connection with the workout or restructuring of such Underlying Asset as a result of the financial distress, or an actual or imminent bankruptcy or insolvency, of the related obligor.

Purchase of Underlying Assets during Initial Investment Period

The Issuer expects that by the Closing Date (after giving effect to the Closing Merger) it will own or will have entered into agreements to purchase Underlying Assets selected by the Asset Manager having an Aggregate Principal Balance of approximately U.S.$1,034,520,000. The Issuer expects to purchase the remainder of the proposed portfolio of Underlying Assets during the Initial Investment Period and the Asset Manager will use all commercially reasonable efforts to cause the Issuer to acquire (or cause the Issuer to enter into binding agreements to acquire) by the Effective Date Underlying Assets such that the sum of (1) the Aggregate Principal Balance of the Underlying Assets and (2) the aggregate amount of any prepayment, redemption or maturity payments on Underlying Assets that has not yet been reinvested in other Underlying Assets, is equal to at least the Effective Date Target Par Amount. The Issuer is not required to satisfy the Portfolio Criteria during the Initial Investment Period. For the purposes of any calculation made in connection with the second sentence of this paragraph, any Underlying Asset that becomes a Defaulted Obligation on a date prior to the Effective Date will be treated as having a Principal Balance of the lesser of (i) the applicable Moody's Recovery Rate multiplied by the Principal Balance of such Defaulted Obligation (determined without giving effect to this proviso) as of such date and (ii) the Current Market Value of such Defaulted Obligation as of such date.

The Effective Date

On the Business Day following any Business Day on which the Effective Date Condition has been satisfied, the Asset Manager may declare that the Effective Date will occur on the date specified by the Asset Manager (which must be no later than the Effective Date Cut-Off). If no such declaration is made, the Effective Date will be the Effective Date Cut-Off. The "Effective Date Condition" is a condition satisfied if each of the Coverage Tests (other than the Interest Coverage Tests) and the Collateral Quality Tests are satisfied, and both (x) the sum of (1) the Aggregate Principal Balance of the Underlying Assets and (2) the aggregate amount of any prepayment, redemption or maturity payments on Underlying Assets that has not yet been reinvested in other Underlying Assets, is not less than the Effective Date Target Par Amount and (y) the Eligibility Criteria are satisfied. For the purposes of any calculation made in connection with clause (x) of the immediately preceding sentence, any Underlying Asset that becomes a Defaulted Obligation on a date prior to the Effective Date shall be treated as having a Principal Balance of the lesser of (i) the applicable Moody's Recovery Rate multiplied by the Principal Balance of such Defaulted Obligation (determined without giving effect to this proviso) as of such date and (ii) the Current Market Value of such Defaulted Obligation as of such date.

The Asset Manager (on behalf of the Issuer) will request Moody's to provide Effective Date Ratings Confirmation; however, if both (a) Moody's has received a report from the Collateral Administrator confirming that the Effective Date Condition has been satisfied and (b) the Trustee and the Collateral Administrator have received a report from the Issuer's accountants (i) comparing and agreeing the information with respect to each Underlying

Asset set forth thereon by reference to such sources as shall be specified therein, (ii) recalculating and comparing as of the Effective Date each item described in the definition of Effective Date Condition, including the Coverage Tests, the Collateral Quality Tests and the Eligibility Criteria, and (iii) specifying the procedures undertaken by them to review data and computations relating to such information, Effective Date Ratings Confirmation will be deemed received from Moody's. Following the occurrence of an Effective Date Ratings Confirmation Failure, the Issuer (or the Asset Manager on the Issuer's behalf) will, in accordance with the Priority of Interest Payments and at the discretion of the Asset Manager, instruct the Trustee to re-designate Interest Proceeds as Principal Proceeds and (A) pay from Principal Proceeds (which may include Unused Proceeds and Interest Proceeds re-designated as Principal Proceeds for this purpose) principal of the Secured Notes in accordance with the Note Payment Sequence, and/or (B) purchase additional Underlying Assets with such Principal Proceeds or deposit such Principal Proceeds into the Collection Account for investment in Eligible Investments pending the purchase of Underlying Assets at a later date, until such ratings are confirmed or, if not confirmed, until the Secured Notes have been paid in full. The Issuer may take such other action permitted under the Indenture to obtain rating confirmation.

The occurrence of an Effective Date Ratings Confirmation Failure shall not constitute a Default or Event of Default.

The Coverage Tests, the Reinvestment Overcollateralization Test and Collateral Quality Tests

The Coverage Tests will be used primarily to determine whether principal and interest may be paid on the Secured Notes or whether funds which would otherwise be used to pay interest on the Secured Notes (other than the Class A-1 Notes and the Class A-2 Notes) and to make distributions on the Subordinated Notes must instead be used to pay principal on one or more Classes of Secured Notes according to the Priority of Payments. The "Coverage Tests" will consist of (i) the Overcollateralization Test and the Interest Coverage Test, each as applied to both the Class A-1 Notes and the Class A-2 Notes (together, the "Class A Coverage Tests"), and (ii) the Overcollateralization Test and the Interest Coverage Test applied respectively to the Class B Notes (together, the "Class B Coverage Tests"), the Class C Notes (together, the "Class C Coverage Tests") and the Class D Notes (together, the "Class D Coverage Tests").

The "Reinvestment Overcollateralization Test" is a test that will be satisfied as of any Measurement Date on or after the Effective Date and on which Class D Notes remain Outstanding, if the Overcollateralization Ratio with respect to the Class D Notes as of such Measurement Date is equal to or greater than 113.14%.

During the Reinvestment Period, if the Reinvestment Overcollateralization Test is not satisfied as of the related Determination Date, the lesser of (i) 50% of the Interest Proceeds remaining on the related Payment Date after application of Interest Proceeds under clauses (A) through (S) of the Priority of Interest Payments and (ii) the amount required to cause the Reinvestment Overcollateralization Test to be satisfied as of such Determination Date on a pro forma basis after giving effect to any payments made shall be applied to the purchase of additional Underlying Assets or deposited into the Collection Account as Principal Proceeds and used during the Reinvestment Period to purchase additional Underlying Assets at a later date.

The "Collateral Quality Tests" which will be used primarily as criteria for purchasing Underlying Assets, consist of the following tests: (i) the Diversity Test, (ii) the Weighted Average Rating Test, (iii) the Weighted Average Moody's Recovery Rate Test, (iv) for so long as any Class A-1 Note is Outstanding, the Weighted Average S&P Recovery Rate Test, (v) the Weighted Average Spread Test, (vi) the Weighted Average Life Test, (vii) the Weighted Average Coupon Test and (viii) for so long as any Class A-1 Note is Outstanding, the S&P CDO Monitor Test.

Assumptions as to Collateral

In connection with all calculations required to be made pursuant to the Indenture with respect to Scheduled Distributions on any Pledged Obligations, or any payments on any other assets included in the Collateral, and with respect to the income that can be earned on Scheduled Distributions on such Pledged Obligations, and on any other amounts that may be received for deposit in the Collection Account, the following provisions will apply:

(a) All calculations with respect to Scheduled Distributions on the Pledged Obligations will be made on the basis of information as to the terms of each such Pledged Obligation and upon report of payments, if any,

received on such Pledged Obligation that are furnished by or on behalf of the issuer of or borrower with respect to such Pledged Obligation and, to the extent they are not manifestly in error, such information or report may be conclusively relied upon in making such calculations.

(b) For each Due Period, the Scheduled Distribution on any Pledged Obligation (other than (i) a Defaulted Obligation to the extent required to be treated as Principal Proceeds under the Indenture, (ii) any security that in accordance with its terms is making payments due thereon entirely "in kind" in lieu of Cash or (iii) other Collateral which is expressly assigned a Principal Balance of zero, in each case, under the Indenture, which will be assumed to have a Scheduled Distribution of zero) shall be the minimum amount (including (w) coupon payments, (x) accrued interest, (y) scheduled Principal Payments, if any, by way of sinking fund payments which are assumed to be on a pro rata basis or other scheduled amortization of principal, return of principal, and redemption premium, if any, and (z) the Cash-pay interest portion of any Partial PIK Security or any Underlying Asset excluded from the definition of "Partial PIK Security" by the proviso thereof) assuming that any index applicable to any payments on a Pledged Obligation that is subject to change is not changed that, if paid as scheduled, will be available in the Collection Account at the end of the Due Period net of withholding or similar taxes to be withheld from such payments (but taking into account gross up payments in respect of such taxes).

(c) Each Scheduled Distribution receivable with respect to a Pledged Obligation will be assumed to be received on the applicable Due Date, and each such Scheduled Distribution will be assumed to be immediately deposited into the Collection Account and, except as otherwise specified, to earn interest at the greater of (i) zero percent and (ii) LIBOR *minus* 0.25% per annum. All such funds will be assumed to continue to earn interest until the date on which they are required to be available in the Collection Account for application, in accordance with the terms of the Indenture, to payments of principal of or interest on the Notes or other amounts payable pursuant to the Indenture.

(d) All calculations and measurements required to be made and all reports that are to be prepared pursuant to the Indenture with respect to the Pledged Obligations will be made on the basis of the trade confirmation date after the Issuer makes a binding commitment to purchase or sell an asset (the "trade date"), not the settlement date. Under the Indenture, the following will apply:

(i) if the Issuer has previously entered into a binding commitment to acquire an asset, the Issuer will not be required to comply with any of the Portfolio Criteria on the settlement date of such acquisition if the Issuer complied with the Portfolio Criteria on the date on which the Issuer entered into such binding commitment; and

(ii) for purposes of determining the Net Collateral Principal Balance as of any date, assets for which the Issuer (or the Asset Manager on behalf of the Issuer) has entered into a binding commitment with respect to the acquisition or disposition of such asset on or before any date of determination will be included in the calculation of the Aggregate Principal Balance of the Underlying Assets (and, for the avoidance of doubt, the purchase price of such assets will be deducted from the calculation of the Net Collateral Principal Balance).

(e) If the Issuer has entered into a binding commitment to purchase an Underlying Asset during the Reinvestment Period but such purchase has not settled prior to the end of the Reinvestment Period, such Underlying Asset will be treated as having been purchased by the Issuer prior to the end of the Reinvestment Period for purposes of the Portfolio Criteria, as long as not later than the Business Day immediately preceding the end of the Reinvestment Period, the Asset Manager shall deliver to the Trustee a schedule of Underlying Assets purchased by the Issuer with respect to which purchases the trade date has occurred but the settlement date has not yet occurred and shall certify to the Trustee that sufficient Principal Proceeds are available (including for this purpose, cash on deposit in the Principal Collection Account, any scheduled or unscheduled principal proceeds that will be received by the Issuer from Underlying Assets with respect to which the borrower has already delivered an irrevocable notice of repayment or which are required by the terms of the applicable Underlying Instruments, as well as any Principal Proceeds that will be received by the Issuer from the sale of Underlying Assets for which the trade date has already occurred but the settlement date has not yet occurred) to effect the settlement of such Underlying Assets.

(f) For purposes of calculating the Coverage Tests, the Reinvestment Overcollateralization Test and the Effective Date Overcollateralization Test:

(i) Except as provided in clause (ii) below, the principal amount of the applicable Class of Notes required to be paid to cause any Coverage Test or the Effective Date Overcollateralization Test to be satisfied will be the amount that, if it had been paid in reduction of the principal amount of each Class of Notes being tested 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 Notes subject to mandatory redemption on any Payment Date because any Overcollateralization Test is not satisfied as of the related Determination Date will be the amount that, if it were applied to make payments (including Deferred Interest, if any) on such Class of Notes in accordance with the Note 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 Payments assuming that any such amount applied to pay principal 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 Payments (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 Asset Manager has not designated for reinvestment have been applied in accordance with the Note 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 Notes pursuant to a more senior priority level of the Priority of Interest Payments 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 Notes 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 Payments on that Payment Date.

(iii) During the Reinvestment Period only, subject to available Interest Proceeds, the amount of Interest Proceeds available for the purchase of additional Underlying Assets or for investment in Eligible Investments pending the purchase of additional Underlying Assets because the Reinvestment Overcollateralization Test is not satisfied as of the related Determination Date will be the amount that, if it were applied to the purchase of additional Underlying Assets or Eligible Investment pending the purchase of additional Underlying Assets would cause such test to be met for the current Determination Date. This amount will be determined by calculating the amount of Interest Proceeds required for such purchase assuming that any such amount would increase the numerator of the Overcollateralization Ratio with respect to the Class D Notes for purposes of the Reinvestment Overcollateralization Test (but would not change the denominator).

(g) For purposes of determining whether Unscheduled Principal Payments and Disposition Proceeds of Credit Risk Obligations are available for reinvestment on any Payment Date after the Reinvestment Period under the Priority of Principal Payments, Principal Proceeds of all other types will be deemed to be distributed prior to the distribution of Unscheduled Principal Payments and Disposition Proceeds of Credit Risk Obligations on such Payment Date.

(h) In connection with all calculations required to be made pursuant to the definition of Effective Spread and the calculation of the Interest Coverage Ratio, only Cash distributions will be considered.

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

(j) Except where expressly referenced herein for inclusion in such calculations, Defaulted Obligations will not be included in the calculation of the Collateral Quality Tests. For the purposes of calculating compliance with clause (ix) of the Eligibility Criteria, Defaulted Obligations will not be considered to have a Moody's Rating of "Caa1" or below or an S&P Rating of "CCC+" or below. For purposes of determining the percentage of the Maximum Investment Amount of any component of the Eligibility Criteria, Defaulted Obligations will be treated as having a Principal Balance of zero.

(k) All monetary calculations shall be in Dollars.

(l) To the extent of any ambiguity in the interpretation of any definition or term contained in the Indenture or to the extent more than one methodology can be used to make any of the determinations or calculations set forth herein, the Collateral Administrator will request direction from the Asset Manager as to the interpretation and/or methodology to be used, and the Collateral Administrator shall follow such direction, and together with the Trustee, shall be entitled to conclusively rely thereon without any responsibility or liability therefor.

(m) For purposes of all calculations under the Indenture, assets held by any Tax Subsidiary will be treated as Underlying Assets or Permitted Equity Securities owned by the Issuer, as the case may be.

(n) Any future anticipated tax liabilities of a Tax Subsidiary related to an Underlying Asset held at such Tax Subsidiary will be excluded from the calculation of the Weighted Average Spread and Weighted Average Coupon (which exclusion, for the avoidance of doubt, may result in such Tax Subsidiary having a negative interest rate spread or negative interest rate coupon, as applicable, for purposes of such calculation), and the Interest Coverage Ratio. For purposes of calculating the Overcollateralization Ratio, an Underlying Asset held by a Tax Subsidiary will be treated as having a value no greater than the higher of (x) the amount of Cash the Asset Manager expects will be received by the Issuer upon final payment of such Underlying Asset and (y) the value determined for such Underlying Asset pursuant to the definition of Net Collateral Principal Balance.

(o) For purposes of calculating compliance with the Portfolio Criteria, solely at the discretion of the Asset Manager, any Eligible Investment representing Principal Proceeds received upon the maturity, redemption, sale or other disposition of any Underlying Asset will be deemed to have the characteristics of such Underlying Asset until reinvested in an additional Underlying Asset. Such calculations shall be based upon the principal amount of such Underlying Asset, except in the case of Defaulted Obligations and Credit Risk Obligations, in which case the calculations will be based upon the Principal Proceeds received on the disposition or sale of such Defaulted Obligation or Credit Risk Obligation.

Sales of Underlying Assets

So long as (A) no Event of Default has occurred and is continuing and (B) the Asset Manager determines that each of the conditions applicable to such sale set forth in the Indenture has been satisfied, the Issuer (or the Asset Manager on its behalf) may at any time sell:

(i) any Defaulted Obligation (unless earlier required herein); *provided* that (1) during the Reinvestment Period, the Asset Manager shall use its commercially reasonable efforts to purchase (on behalf of the Issuer) one or more additional Underlying Assets subject to the Portfolio Criteria within 90 Business Days after the settlement date on which such Defaulted Obligation is sold, and (2) unless the Effective Date Overcollateralization Test is satisfied after giving effect to such reinvestment, any such additional Underlying Asset(s) acquired by the Asset Manager must have an Aggregate Principal Balance at least equal to the Disposition Proceeds received from the sale of such Defaulted Obligation (excluding Disposition Proceeds that constitute Interest Proceeds);

(ii) any Permitted Equity Security or security or other interest received by the Issuer in a workout, restructuring or similar transaction;

(iii) any Credit Risk Obligation; *provided* that (1) during the Reinvestment Period, the Asset Manager shall use its commercially reasonable efforts to purchase (on behalf of the Issuer) one or more additional Underlying Assets subject to the Portfolio Criteria within 30 Business Days after the settlement date on which such Credit Risk Obligation is sold and (2) unless the Effective Date Overcollateralization Test is satisfied after giving effect to any reinvestment during or after the Reinvestment Period, any such Underlying Asset(s) acquired by the Asset Manager must have an Aggregate Principal Balance at least equal to the Disposition Proceeds received from the sale of such Credit Risk Obligation (excluding Disposition Proceeds that constitute Interest Proceeds); and

(iv) any Credit Improved Obligation; *provided* that (1) during the Reinvestment Period, the Asset Manager shall use its commercially reasonable efforts to purchase (on behalf of the Issuer) one or

more additional Underlying Assets subject to the Portfolio Criteria within 30 Business Days after the settlement date on which such Credit Improved Obligation is sold and (2) unless the Effective Date Overcollateralization Test is satisfied after giving effect to such reinvestment, any such additional Underlying Asset(s) acquired by the Asset Manager must have an Aggregate Principal Balance at least equal to the Aggregate Principal Balance of the Credit Improved Obligation that was sold.

For the purposes of any such sale, a direction by the Asset Manager to the Issuer and/or the Trustee to sell an Underlying Asset pursuant to the Indenture shall be deemed to be a certification by the Asset Manager, and may be relied upon by the Issuer and the Trustee as evidence of such certification, that each of the conditions applicable to such sale set forth in the Indenture has been satisfied.

Without limiting the foregoing, during the Reinvestment Period provided a Restricted Trading Period is not in effect, the Issuer (or the Asset Manager on its behalf) may sell any Underlying Asset that is not a Defaulted Obligation, a Credit Risk Obligation or a Credit Improved Obligation if the Aggregate Principal Balance of all such sales during the same calendar year is not greater than 25% of the Maximum Investment Amount as of the first Business Day of such calendar year (or, in the case of the year 2014, as of the Closing Date). The Asset Manager will use its commercially reasonable efforts to purchase (on behalf of the Issuer), within 30 days after the settlement date on which such Underlying Asset is sold, one or more additional Underlying Assets having an Aggregate Principal Balance at least equal to the Aggregate Principal Balance of the Underlying Asset that was sold. For purposes of determining the percentage of Underlying Assets sold during any such period, the amount of any Underlying Assets sold will be reduced to the extent of any purchases of Underlying Assets of the same obligor (which are *pari passu* or senior to such sold Underlying Asset) occurring within 20 Business Days of such sale (determined based upon the date of any relevant trade confirmation or commitment letter) so long as any such Underlying Asset was sold with the intention of purchasing an Underlying Asset of the same obligor (which would be *pari passu* or senior to such sold Underlying Asset).

The Asset Manager, on behalf of the Issuer, shall sell:

(i) each Permitted Equity Security received in exchange for a Defaulted Obligation as soon as commercially practicable, but in any event within three years after the related Underlying Asset became a Defaulted Obligation (or within one year of such later date as such Permitted Equity Security may first be sold in accordance with its terms);

(ii) each Pledged Obligation that constitutes Margin Stock and is not a Subordinated Note Underlying Asset not later than 45 days after the later of (x) the date of the Issuer's purchase thereof or (y) the date such Pledged Obligation became Margin Stock, except as described below; and

(iii) at any time that the Issuer holds Margin Stock with an aggregate Current Market Value in excess of 10% of the Maximum Investment Amount, Margin Stock with a Current Market Value at least equal to such excess.

The Asset Manager, on behalf of the Issuer, (i) may, on the Closing Date or at the time of purchase (or receipt), designate certain Underlying Assets as Subordinated Note Underlying Assets *provided* that the amount of Underlying Assets so designated (measured by the Issuer's acquisition cost (including accrued interest)) shall not exceed the Subordinated Note Reinvestment Ceiling and (ii) shall not, after the Closing Date, purchase any Subordinated Note Underlying Assets with any funds other than funds in the Subordinated Note Unused Proceeds Account or the Subordinated Note Principal Collection Account. The Trustee will segregate on its books and records all Subordinated Note Underlying Assets. If an Underlying Asset that has not been designated as a Subordinated Note Underlying Asset becomes Margin Stock or Margin Stock is received by the Issuer in respect of an Underlying Asset that was not designated as a Subordinated Note Underlying Asset (each, "Transferable Margin Stock"), the Asset Manager, on behalf of the Issuer, may direct the Trustee to (i) transfer one or more non-Margin Stock Subordinated Note Underlying Assets having a value equal to or greater than such Transferable Margin Stock to the Secured Note Collateral Account, and simultaneously (ii) transfer such Transferable Margin Stock to the Subordinated Note Collateral Account and such Transferable Margin Stock will thereafter be designated a Subordinated Note Underlying Asset; *provided* that to the extent that any Transferable Margin Stock is not transferred to the Subordinated Note Collateral Account, such Transferable Margin Stock must be sold within 45 days of receipt. The value of each transferred Underlying Asset shall be its Current Market Value.

In addition, the Asset Manager:

- will sell all Underlying Assets prior to Stated Maturity;
- will sell Underlying Assets as required to fund a Redemption;
- will liquidate Eligible Investments as required to facilitate payments by the Issuer from time to time;
- may sell the remaining Underlying Assets, if on any date of determination the Aggregate Principal Balance of the Underlying Assets is less than U.S.$10,000,000;
- may sell any Credit Risk Obligations with respect to which at least one criterion in clause (a), (b) or (c) of the definition of Credit Risk Obligation applies, Defaulted Obligations, Margin Stock, Equity Securities and Tax Assets without regard to whether an Event of Default has occurred; and
- after the Reinvestment Period, may direct the Trustee to (unless an Event of Default has occurred and is continuing and the Notes have been declared due and payable and such declaration and its consequences have not been rescinded and annulled (in which case the Trustee, may, and will at the direction of a Majority of the Controlling Class)) conduct an auction of Unsaleable Assets, subject to the following procedures.

An "Unsaleable Asset" is (a) any Defaulted Obligation, Permitted Equity Security, obligation received in connection with an Offer, in a restructuring or plan of reorganization with respect to the obligor, or other exchange or any other security or debt obligation that is part of the Collateral, 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 the certificate of the Asset Manager as having a Current Market Value of less than $1,000, in each case of (a) and (b) with respect to which the Asset 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.

The Trustee will provide notice to the Holders of an auction of Unsaleable Assets.

- a Holder may submit a written bid to purchase one or more Unsaleable 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);
- 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;
- if no Holder submits such a bid, unless delivery in kind is not legally or commercially practicable, the Trustee will provide notice thereof to each Holder and offer to deliver (at no cost to the Holder) a pro rata portion of each unsold Unsaleable Asset to the Holders of the Highest Ranking Class that provide delivery instructions to the Trustee on or before the date specified in such notice, subject to minimum denominations. To the extent that minimum denominations do not permit a pro rata distribution, the Trustee will distribute the Unsaleable Assets on a pro rata basis to the extent possible and will select by lottery the Holder to whom the remaining amount will be delivered. The Trustee shall use commercially reasonable efforts to effect delivery of such interests; and
- if no such Holder provides delivery instructions to the Trustee, the Trustee will promptly notify the Asset Manager and offer to deliver (at no cost to the Asset Manager) the Unsaleable Asset to the Asset Manager. If the Asset Manager declines such offer, the Trustee will take such action as directed by the Asset Manager (on behalf of the Issuer) to dispose of the Unsaleable Asset, which may be by donation to a charity, abandonment or other means.

Hedge Agreements

The Issuer will not enter into Hedge Agreements on the Closing Date but may enter into Hedge Agreements from time to time after the Closing Date solely for the purpose of managing interest rate and other risks in connection with the Issuer's issuance of, and making payments on, the Notes with the consent of a Majority of the Controlling Class and Rating Agency Confirmation. Each Hedge Counterparty (or its respective Hedge Guarantor) will be required to have, at the time that any Hedge Agreement to which it is a party is entered into, the Required Hedge Counterparty Ratings unless Rating Agency Confirmation is obtained or credit support is provided as set forth in the Hedge Agreement. Each Hedge Agreement will be required to contain appropriate limited recourse and non-petition provisions equivalent to those contained in the Indenture with respect to the Notes. Payments on Hedge Agreements will be subject to the Priority of Payments. Each Hedge Agreement will, at a minimum, (i) include requirements for collateralization by or replacement of the Hedge Counterparty (including timing requirements) that satisfy Rating Agency criteria in effect at the time of execution of the Hedge Agreement and (ii) permit the Issuer to terminate such agreement (with the Hedge Counterparty bearing the costs of any replacement Hedge Agreement) for failure to satisfy such requirement.

Notwithstanding anything to the contrary contained in the Indenture, the Issuer (or the Asset Manager on behalf of the Issuer) will not enter into any Hedge Agreement or any amendment of any Hedge Agreement unless the following conditions have been satisfied: (A) except as a Majority of the Controlling Class and a Majority of the Subordinated Notes will otherwise specify in a notice to the Issuer, the Issuer receives confirmation from the Asset Manager that it has received the advice of its external counsel to the effect that either: (1) the Issuer entering into such hedge agreement would fall within the scope of the exclusion from commodity pool regulation set forth in CFTC Letter No. 12-45 (Interpretation and No-Action) dated December 7, 2012 issued by the Division of Swap Dealer and Intermediary Oversight of the Commodity Futures Trading Commission; (2) the Issuer entering into such hedge agreement would otherwise not cause the Issuer to be considered a "commodity pool" as defined in Section 1a(10) of the Commodity Exchange Act, as amended; or (3) if the Issuer would be a commodity pool, that (a) the Asset Manager, and no other party, would be the "commodity pool operator" and "commodity trading advisor"; and (b) with respect to the Issuer as the commodity pool, the Asset Manager is either (x) eligible for an exemption from registration as a commodity pool operator and commodity trading advisor and all conditions precedent to obtaining such an exemption have been satisfied or (y) has registered, prior to or as of entering into such Hedge Agreement, as a commodity pool operator and commodity trading advisor and is in compliance with all applicable laws and regulations applicable to commodity pool operators and commodity trading advisors; and (B) the Asset Manager agrees in writing that for so long as the Issuer is a commodity pool, the Asset Manager will take all actions necessary to ensure ongoing compliance with, as the case may be, either (x) the applicable exemption from registration as a commodity pool operator and commodity trading advisor with respect to the Issuer or (y) the applicable registration requirements as a commodity pool operator and commodity trading advisor with respect to the Issuer, and will in each case take any other actions required as a commodity pool operator and commodity trading advisor with respect to the Issuer.

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, an Underlying Asset. In such cases, the Indenture does not permit the Issuer to hold Margin Stock except to the extent that (i) the aggregate Current Market Value of all Margin Stock held by the Issuer does not exceed 10% of the Maximum Investment Amount and (ii) such Margin Stock can be attributed to the Subordinated Note Underlying Assets, 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 Note Underlying Assets (and the proceeds thereof). In the event that any Underlying Asset that is not a Subordinated Note Underlying Asset becomes Margin Stock or Margin Stock is received in exchange for an Underlying Asset that is not a Subordinated Note Underlying Asset, the Asset Manager will be required to sell such Underlying Asset 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 Note Underlying Assets.

Regulation U ("Regulation U") governs certain extensions of credit that are secured by Margin Stock by persons other than securities broker-dealers (such persons, "Regulation U Lenders") issued by the Board of Governors of the Federal Reserve System ("FRB"). 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 credit that Regulation U Lenders may extend that is used to purchase or carry Margin Stock ("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 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 Asset Management Agreement are intended to provide that for purposes of Regulation U (i) the proceeds of the Secured Notes 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 Holders 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 Current Market Value in excess of 10% of the Maximum Investment Amount; however, such results are not guaranteed.

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. 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 Notes may obtain a Form U-1 or G-3, as applicable, executed by the Issuer or the Issuers, as applicable, from the Issuer or (after the Closing Date) the Trustee, 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.

Tax Subsidiaries

In addition, pursuant to the Asset Management Agreement, the Issuer (and the Asset Manager on behalf of the Issuer) is prohibited from acquiring (through conversion or otherwise) or holding certain Equity Securities (and other assets) that could cause the Issuer to be treated as engaged in a trade or business for U.S. federal income tax purposes or otherwise subject to U.S. federal income tax on a net income basis. Prior to the receipt of any security or interest (i) received in exchange for an Underlying Asset pursuant to an unsolicited Offer the acceptance of which is, in the commercially reasonable judgment of the Asset Manager, in the best interests of the Holders or (ii) otherwise received (or expected or deemed to be received) including deemed received for U.S. federal income tax purposes, in respect of an Underlying Asset in a workout, restructuring or exchange, in each case the ownership or disposition of which would cause the Issuer to be engaged in a trade or business in the United States for U.S. federal income tax purposes or otherwise subject to U.S. federal income tax on a net income basis (such security, interest, or Underlying Asset itself, in each case including any assets, income and proceeds received in respect thereof, a "Tax Asset"), the Issuer will (i) sell or otherwise dispose of the Underlying Asset with respect to which such security or interest will be received, (ii) form one or more wholly-owned special purpose vehicles (with notice to each Rating Agency) of the Issuer that is treated as a corporation for U.S. federal income tax purposes (a "Tax Subsidiary") to receive and hold such Tax Asset or (iii) cause an existing Tax Subsidiary to receive and hold such Tax Asset. The Issuer will cause the purposes and permitted activities of any such Tax Subsidiary to be restricted solely to the acquisition, receipt, holding and disposition of the Tax Assets, and the Issuer will cause the Tax

Subsidiary to distribute, or cause to be distributed, the proceeds of Tax Assets, net of any tax liabilities, to the Issuer, in such amounts and at such times as shall be determined by the Asset Manager. Tax Subsidiaries may not have any subsidiaries.

The Trustee will provide notice to the Holders of the formation of any Tax Subsidiary, along with certain information prescribed by the Indenture. The Indenture places numerous restrictions and requirements with respect to any such Tax Subsidiaries. The Asset Manager, on behalf of the Tax Subsidiary, must use commercially reasonable efforts to sell or otherwise dispose of a Tax Asset within three years of the date that it receives such Tax Asset. The transfer of Tax Assets from the Issuer to the Tax Subsidiary and dispositions of Tax Assets may be made at any time at the direction of the Asset Manager.

Certain Issuer Accounts

The Trustee will establish certain segregated trust accounts in the name of the Trustee at an Eligible Institution for the benefit of the Secured Parties, which will include the following:

Unused Proceeds Account. On the Closing Date, Unused Proceeds will be deposited into the "Unused Proceeds Account." During the Initial Investment Period, Unused Proceeds may be used to purchase Underlying Assets. On the first Determination Date, if the Initial Determination Date Transfer Conditions are satisfied, then any Unused Proceeds (excluding any proceeds that will be used to settle binding commitments entered into prior to the first Determination Date) not applied to pay principal on the Secured Notes in connection with an Effective Date Ratings Confirmation Failure will be designated as Interest Proceeds or Principal Proceeds by the Asset Manager in writing and transferred to the Collection Account, subject to the Interest Proceeds Designation Restriction, and the Unused Proceeds Account will be closed. If the Initial Determination Date Transfer Conditions are not satisfied, then all proceeds then in the Unused Proceeds Account will be designated as Principal Proceeds and transferred to the Collection Account, and the Unused Proceeds Account will be closed. The "Initial Determination Date Transfer Conditions" will be satisfied if (and only if) (i) the Aggregate Principal Balance of the Underlying Assets (together with the aggregate amount of any prepayment, redemption or maturity payments on Underlying Assets that has not yet been reinvested in other Underlying Assets and is not subject of the Initial Determination Date Principal Transfer) is not less than the Effective Date Target Par Amount; (ii) no Effective Date Ratings Confirmation Failure has occurred; (iii) the Coverage Tests are satisfied (other than the Interest Coverage Test) after giving effect thereto; and (iv) the Collateral Quality Tests are satisfied after giving effect thereto. The "Interest Proceeds Designation Restriction" means that the sum of the deposits from the Unused Proceeds Account and the Principal Collection Account into the Interest Collection Account as Interest Proceeds on the first Determination Date shall not exceed 1.0% of the Effective Date Target Par Amount, as determined by the Asset Manager in writing.

Collection Account. All collections and distributions with respect to the Underlying Assets and any proceeds received from the disposition of such obligations, will be deposited into one of two segregated non-interest bearing trust accounts, collectively referred to as the "Collection Account" as required under the Indenture, and will be available, together with reinvestment earnings thereon, for application to the payment of amounts under the Priority of Payments and for the acquisition of Underlying Assets under the circumstances and pursuant to the requirements of the Indenture. One such account will be designated the "Interest Collection Account" and one such account will be designated the "Principal Collection Account". All Interest Proceeds received by the Trustee after the Closing Date will be deposited in the Interest Collection Account. All other amounts remitted to the Collection Account will be deposited in the Principal Collection Account, except that, on the first Determination Date, if the Initial Determination Date Transfer Conditions are satisfied the Trustee will transfer (the "Initial Determination Date Principal Transfer") from the Principal Collection Account into the Interest Collection Account as Interest Proceeds an amount designated by the Asset Manager in writing, subject to the Interest Proceeds Designation Restriction. Principal Proceeds in respect of Subordinated Note Underlying Assets will be deposited in the "Subordinated Note Principal Collection Account" (which may be, if applicable, the "Subordinated Note Unscheduled Principal Payments Account" or the "Subordinated Note Credit Risk Proceeds Account") and all other Principal Proceeds will be deposited in the "Secured Note Principal Collection Account" (which may be, if applicable, the "Secured Note Unscheduled Principal Payments Account" or the "Secured Note Credit Risk Proceeds Account").

Collateral Account. All Collateral will be deposited into the "Collateral Account" as required by the Indenture. The Collateral Account is comprised of the "Subordinated Note Collateral Account" to which

Subordinated Note Underlying Assets are deposited or credited and the "Secured Note Collateral Account" to which all other Underlying Assets are deposited or credited.

Payment Account. On the Business Day prior to each Payment Date, funds in the Collection Account that are not required or permitted to remain in such Account will be deposited in the "Payment Account". In addition, the Trustee will be required under the Indenture, upon receipt, to deposit in the Payment Account all funds and property designated in the Indenture for deposit in the Payment Account, including as described under "—Interest Reserve Account" below. Funds on deposit in, or otherwise to the credit of, the Payment Account will be used to make payments on each Payment Date in accordance with the Priority of Payments.

Variable Funding Account. Upon the purchase of any Revolving Credit Facility or Delayed-Draw Loan, funds will be deposited and maintained, in each case to the extent described below, in the "Variable Funding Account" such that the amount of funds on deposit in the account will be at least equal to the Variable Funding Reserve Amount. After the initial purchase, all principal payments received on any Revolving Credit Facility or Delayed-Draw Loan will be deposited directly into the Variable Funding Account (and will not be available for distribution as Principal Proceeds) to the extent required for the aggregate amount of funds on deposit in the Variable Funding Account to be at least equal to the Variable Funding Reserve Amount. The only permitted withdrawals from or application of funds or property on deposit in the Variable Funding Account shall be in accordance with the provisions of the Indenture, including at the direction of the Asset Manager (A) to fund any draws on Revolving Credit Facilities and any additional funding obligations of the Issuer under any Delayed-Draw Loans and (B) upon the disposition, the occurrence of the Underlying Asset Maturity or the termination of a Revolving Credit Facility or Delayed-Draw Loan or termination or permanent reduction of the related commitment, any funds in the Variable Funding Account in excess of the amount needed to maintain the Variable Funding Reserve Amount may be transferred at the direction of the Asset Manager to the Collection Account and treated as Principal Proceeds; *provided that* funds so transferred upon the termination or reduction of the Issuer's funding commitment prior to the Underlying Asset Maturity thereof with respect to a Delayed Draw Loan or a Revolving Credit Facility shall constitute Unscheduled Principal Payments. The "Variable Funding Reserve Amount" means 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-Draw Loan.

Interest Reserve Account. On the Closing Date, the Issuer will deposit U.S.$3,125,000 into the "Interest Reserve Account." Before the Effective Date, funds in the Interest Reserve Account may be designated as Principal Proceeds by the Asset Manager in writing. On the Business Day before the first Payment Date, all remaining amounts in the Interest Reserve Account will be transferred to the Payment Account and applied as Interest Proceeds.

Expense Reserve Account. On the Closing Date, the Issuer will deposit funds into the "Expense Reserve Account" to pay any organization fees and expenses not paid on the Closing Date. On each Payment Date, to the extent of funds available in accordance with the Priority of Interest Payments, the Issuer may, in the discretion of the Asset Manager, deposit additional funds into the Expense Reserve Account in accordance with the Priority of Interest Payments. Amounts on deposit in the Expense Reserve Account may be used to pay governmental fees and Administrative Expenses between Payment Dates.

Hedge Counterparty Collateral Account. The Trustee will from time to time deposit upon receipt any collateral, posted by a Hedge Counterparty in respect of a Hedge Agreement. Such collateral, funds and other property in the account may only be withdrawn or applied in accordance with the provisions of the relevant Hedge Agreement and the Indenture.

USE OF PROCEEDS

The net proceeds from the issuance of the Notes that will be used to acquire Underlying Assets, after payment of applicable fees and expenses in connection with the structuring and placement of the Notes (including by making a deposit to the Expense Reserve Account of funds to be used to pay expenses following the Closing Date and a deposit to the Interest Reserve Account of funds for use as described herein), are expected to be approximately U.S.$1,248,870,000.

Prior to the Closing Date, an affiliate of the Placement Agent and the Warehouse Equity Purchasers provided a warehouse facility to the Issuer to finance the acquisition of certain Underlying Assets, and an affiliate of the Placement Agent and the Ares XXXI-B Warehouse Equity Purchasers provided a warehouse facility to Ares XXXI-B, which will merge into the Issuer on the Closing Date, to finance the acquisition of certain Underlying Assets. The net proceeds from the issuance of the Notes will be used to repay such warehouse facilities, to acquire Underlying Assets on the Closing Date and to make deposits into certain accounts.

Certain proceeds of the issuance of the Notes not deposited in the Expense Reserve Account, the Variable Funding Account or the Interest Reserve Account will be deposited into the Unused Proceeds Account for the purchase of additional Underlying Assets prior to the Effective Date. On the Closing Date, approximately U.S.$2,855,000 will be deposited into the Expense Reserve Account and approximately U.S.$3,125,000 will be deposited into the Interest Reserve Account, in each case for use as described herein and an amount to be specified in the Indenture will be deposited in the Variable Funding Account as described herein.

THE ASSET MANAGER

The information appearing in this section has been prepared by the Asset Manager, a wholly-owned subsidiary of Ares Management LLC ("Ares Management" or the "Firm"), and has not been independently verified by the Issuers or JPMorgan. The Issuer has taken reasonable care to ensure that this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information provided by the Asset Manager, no facts have been omitted which would render the reproduced information inaccurate or misleading. Accordingly, notwithstanding anything to the contrary herein, JPMorgan does not assume any responsibility for the accuracy, completeness or applicability of such information.

General. The Asset Manager has been formed to provide certain investment management and monitoring services for the Issuer and will continue to provide such services pursuant to the Asset Management Agreement. See "The Asset Management Agreement". The Asset Manager was organized by certain of the investment professionals of Ares Management and will consist of the individuals currently managing bank loan and high yield investments for the approximately thirty CLO funds currently managed by Ares Management. The Asset Manager intends to use the facilities and resources of Ares Management. There can be no assurance that any such investment professionals will remain employed by Ares Management or if employed, will remain involved with the Asset Manager's performance obligations under the Asset Management Agreement.

The Asset Manager utilizes the resources of Ares Management's U.S. and European credit teams who manage the leveraged loan, high yield, total return and distressed/special situations credit funds for the Ares Tradable Credit Group as well as its global structured products team. The Asset Manager intends to use the facilities and other resources of Ares Management. There can be no assurance that any such investment professionals will remain employed by Ares Management or if employed, will remain involved with the Asset Manager's performance obligations under the Asset Management Agreement. Ares Management, L.P. is a publicly traded, leading global alternative investment manager. Its common units are traded on the New York Stock Exchange under the ticker symbol "ARES". Founded in 1997, Ares Management has over 700 employees and approximately $77 billion of assets under management with principal and originating offices located in Los Angeles, New York, London, Atlanta, Chicago, Chengdu, Dallas, Frankfurt, Hong Kong, Madrid, Mumbai, Paris, San Francisco, Shanghai, Stockholm, Sydney and Washington D.C.[2]

Ares Management's investment activities are conducted through four business platforms:

- Tradable Credit Group: The Tradable Credit Group manages a range of long-only and alternative credit strategies which include U.S. and European senior secured bank loans, high yield bonds, structured products, distressed debt and other fixed income investments in a variety of funds and investment vehicles. The group currently has approximately 60 investment professionals and manages approximately $31 billion.[2]

- Direct Lending Group: The Direct Lending Group manages U.S. corporate lending activities, primarily through Ares Capital Corporation (NASDAQ: ARCC) ("ARCC"), certain portfolio companies of ARCC and certain private accounts, and European corporate lending activities primarily through Ares Capital Europe L.P. and Ares Capital Europe II L.P. The Direct Lending Group invests primarily in self originated / lead-agented first and second-lien senior loans and mezzanine debt of private middle market companies. The group currently has approximately 120 investment professionals and manages approximately $28 billion[2] of assets under management.

- Private Equity Group: The significant majority of the group's focus is on opportunistic majority or shared-control investments, principally in under-capitalized middle market companies in North America. In addition, the group also has a dedicated Asian team that focuses on growth equity

[2] Ares Management, L.P. is the parent to several registered investment advisers, including Ares Management LLC. AUM refers to the assets of the funds, alternative asset companies and other entities and accounts that are managed or co-managed by Ares. It also includes funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of ARCC, and a registered investment adviser. It includes drawn and undrawn amounts, including certain amounts that are subject to regulatory leverage restrictions and/or borrowing base restrictions. AUM amounts are as of March 31, 2014 and are unaudited. Certain amounts are preliminary and remain subject to change, and differences may arise due to rounding.

investments in Greater China. The group currently has approximately 45 investment professionals and approximately $10 billion[1] of assets under management.

- Real Estate Group: The Real Estate Group's activities include opportunistic and value-add equity and debt investments in commercial real estate ("CRE") assets in North America, Europe and India and self-originated middle-market commercial real estate loans and other CRE investments in North America. The Real Estate Group manages CRE equity investments through various private equity funds and its debt investments primarily through the management of Ares Commercial Real Estate Corporation (NYSE: ACRE) and various private funds and vehicles. The group currently has approximately 80 investment professionals and manages approximately $8 billion of assets under management.

Ares provides its clients an assortment of investment strategies that range in capital structure seniority and company influence/control through its four business platforms. Each platform employs a consistent, credit-based philosophy and seeks well-structured investments in high quality companies. While distinct, these four businesses are complementary and Ares believes provides it with a competitive advantage as it allows Ares to (i) leverage proprietary industry and company research and relationships from across Ares, (ii) maintain a leading market presence across the leveraged finance universe and (iii) present a range of potential capital solutions (debt and equity) to Ares' clients. In addition to the primary business platforms, Ares has a deep and experienced team of support professionals in client relations, business development, accounting, finance, legal, compliance, operations, human resources and administration.

Since its inception in November 1997, Ares Management has sponsored (i) 36 U.S. structured cash flow funds and other leveraged managed accounts in the Ares Tradable Credit Group ("TCG"), (ii) two publicly traded closed-end U.S. investment companies, (iii) a publicly traded closed-end U.S. real estate investment trust, (iv) two European debt funds focused on direct lending to middle market companies, (v) a European senior secured debt fund focused on direct lending to upper middle market issuers, (vi) 21 global real estate equity funds, (vii) three global real estate debt funds and (viii) five private equity funds. As of March 31, 2014, Ares Management has approximately $77 billion in assets under management. Approximately $23 billion is allocated to investments in bank loans and high yield bond strategies, approximately $2 billion is allocated to investments in structured credit, approximately $6 billion is allocated to total return strategies and approximately $1 billion is allocated to investments in the distressed and special situations market. In addition, approximately $10 billion is allocated to be invested in private equity ("Ares Corporate Opportunities Funds I, II, III, IV and Asia") and approximately $28 billion is allocated to be invested in middle market private debt (ARCC and Ares Capital Europe L.P. and Ares Capital Europe II L.P.). Further, approximately $8 billion is allocated to investments in commercial real estate.[3]

The Asset Manager will seek to benefit from its relationship with Ares Private Equity Group and its approximately 45 investment professionals as well as the Ares Direct Lending Group. The Ares Direct Lending Group consists of approximately 120 investment professionals and focuses on originating and investing in private debt obligations of middle market companies.

The Asset Manager is a limited partnership organized under the laws of the State of Delaware and will manage the Issuer's assets pursuant to the Asset Management Agreement. The Asset Manager will be a relying adviser of Ares Management, an affiliate that is registered as an investment adviser under the Investment Advisers Act. Initially, the Asset Manager will have the services of some or all of the professionals described below. See "Risk Factors—Relating to Certain Conflicts of Interest—The Issuer will depend on the managerial expertise available to the Asset Manager and its key personnel." A copy of Part 2A of the Form ADV of Ares Management and additional information about the Asset Manager is available upon written request to Ares Management LLC, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067, Attention: Investor Relations.

[3] Ares Management, L.P. is the parent to several registered investment advisers, including Ares Management LLC. AUM refers to the assets of the funds, alternative asset companies and other entities and accounts that are managed or co-managed by Ares. It also includes funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of ARCC, and a registered investment adviser. It includes drawn and undrawn amounts, including certain amounts that are subject to regulatory leverage restrictions and/or borrowing base restrictions. AUM amounts are as of March 31, 2014 and are unaudited. Certain amounts are preliminary and remain subject to change, and differences may arise due to rounding.

Investment Professionals

Senior Members of Ares Management LLC

Michael J. Arougheti

Mr. Arougheti is a Co-Founder of Ares and a Director and the President of Ares Management GP LLC, Ares' general partner. He is a Senior Partner of Ares and Co-Head of its Direct Lending Group and a member of the Management Committee. He also serves as Chief Executive Officer and a director of ARCC and as a director of ACRE. Prior to joining Ares in 2004, Mr. Arougheti was employed by Royal Bank of Canada from 2001 to 2004, where he was a Managing Partner of the Principal Finance Group of RBC Capital Partners and a member of the firm's Mezzanine Investment Committee. Mr. Arougheti oversaw an investment team that originated, managed and monitored a diverse portfolio of middle-market leveraged loans, senior and junior subordinated debt, preferred equity and common stock and warrants on behalf of RBC and other third-party institutional investors. Mr. Arougheti joined Royal Bank of Canada in October 2001 from Indosuez Capital, where he was a Principal and an Investment Committee member, responsible for originating, structuring and executing leveraged transactions across a broad range of products and asset classes. Prior to joining Indosuez in 1994, Mr. Arougheti worked at Kidder, Peabody & Co., where he was a member of the firm's Mergers and Acquisitions Group. Mr. Arougheti also serves on the boards of directors of Investor Group Services, Riverspace Arts, a not-for-profit arts organization and Operation Hope, a not-for-profit organization focused on expanding economic opportunity in underserved communities through economic education and empowerment. Mr. Arougheti received a B.A. in Ethics, Politics and Economics, cum laude, from Yale University.

John Bartling

Mr. Bartling is a Senior Partner in and Co-Head of the Real Estate Group and serves on the Management Committee of Ares Management. Mr. Bartling serves on the Ares Real Estate Group's U.S. Equity, Europe/India Equity, and Real Estate Debt Investment Committees. He also serves as Chairman of the Board of Directors of ACRE. Prior to joining Ares Management in 2010, from May 2007 to September 2010, he was Managing Partner and Chief Investment Officer of AllBridge Investments, a portfolio company of ARCC. Prior to AllBridge, Mr. Bartling founded WMC Management Company, a privately held real estate operating company with over 3,000 employees and clients including Olympus Real Estate Partners, Arnold Palmer Golf Management, or APGM, Walden, and Hyphen Solutions. From December 1995 to October 1999, Mr. Bartling served as the CEO and President for Lexford, f/k/a Cardinal Realty, a publicly traded, fully integrated multifamily REIT. Lexford merged with Equity Residential Properties Trust in 1999. Before Lexford, Mr. Bartling served as Director of the Real Estate Products Group of Credit Suisse First Boston. Prior to CSFB, Mr. Bartling served as an Executive Vice President of NHP Incorporated. Mr. Bartling's previous professional experience also includes Trammell Crow Residential, as a Development Principal, and Mellon Bank, N.A. as a Vice President of the Commercial Mortgage Banking Group. Currently, Mr. Bartling is a member of Real Estate Round Table and is on the Board of Directors of Texas Real Estate Council. Mr. Bartling won the BBB Business Integrity Award for Lexford, Inc in 1996 and was a judge for Ernst & Young Entrepreneur of the Year. He was the co-founder of Caring Partners for Kids, awarded the 2004 Community Service Award by Multifamily Executive, and served on the Strategic Planning Committee of Saint Michael and All Angels Episcopal Church in Dallas. Mr. Bartling received a B.S. in Marketing from Robert Morris College in Pittsburgh, Pennsylvania.

Seth J. Brufsky

Mr. Brufsky is a Founding Member of Ares Management. He is a Senior Partner and Portfolio Manager in the Tradable Credit Group and is a member of the Firm's Management Committee. Mr. Brufsky also serves as a Director, President and Chief Executive Officer of Ares Dynamic Credit Allocation Fund ("ARDC") and Ares Multi-Strategy Credit Fund, Inc. ("ARMF"), two publicly traded closed end funds managed by an affiliate of Ares Management. He is a member of the ARDC and ARMF Investment Committees, as well as the Tradable Credit Group's Global Loan, High Yield and Total Return Credit Funds Investment Committee. Mr. Brufsky joined Ares in March 1998 from the Corporate Strategy and Research Group of Merrill Lynch & Co., where he specialized in analyzing and marketing non-investment grade securities and was acknowledged by Institutional Investor as a member of the top-ranked credit analyst team each year of his tenure. Prior to joining Merrill Lynch, Mr. Brufsky

was a member of the Institutional Sales and Trading Group of the Global Fixed Income Division at Union Bank of Switzerland. Mr. Brufsky serves on the Board of Directors of the Luminescence Foundation, a charitable giving organization. Mr. Brufsky graduated from Cornell University with a B.S. in Applied Economics and Business Management and received his M.B.A. in Finance with honors from the University of Southern California's Marshall School of Business, where he was awarded the Glassick Scholarship for academic achievement.

David Kaplan

Mr. Kaplan is a Co-Founder of Ares and a Director and Senior Partner of Ares Management GP LLC, Ares' general partner. He is a Senior Partner of Ares and Co-Head of its Private Equity Group and a member of the Management Committee. Mr. Kaplan joined Ares in 2003 from Shelter Capital Partners, LLC, where he was a Senior Principal from June 2000 to April 2003. From 1991 through 2000, Mr. Kaplan was affiliated with, and a Senior Partner of, Apollo Management, L.P. and its affiliates, during which time he completed multiple private equity investments from origination through exit. Prior to Apollo Management, L.P., Mr. Kaplan was a member of the Investment Banking Department at Donaldson, Lufkin & Jenrette Securities Corp. Mr. Kaplan currently serves as Chairman of the Boards of Directors of the parent entities of The Neiman Marcus Group LLC, 99 Cents Only Stores LLC and Smart & Final, Inc. and as a member of the Boards of Directors of the parent entity of Floor and Decor Outlets of America, Inc. and of Guitar Center Holdings, Inc. Mr. Kaplan's previous public company Board of Directors experience includes Maidenform Brands, Inc. where he served as the company's Chairman, GNC Holdings, Inc., Dominick's Supermarkets, Inc., Stream Global Services, Inc., Orchard Supply Hardware Stores Corporation and Allied Waste Industries Inc. Mr. Kaplan also serves on the Board of Directors of Cedars-Sinai Medical Center, is a Trustee of the Center for Early Education, is a Trustee of the Marlborough School and serves on the President's Advisory Group of the University of Michigan. Mr. Kaplan graduated with High Distinction, Beta Gamma Sigma, from the University of Michigan, School of Business Administration with a B.B.A. concentrating in Finance.

John H. Kissick

Mr. Kissick is a Co-Founder of Ares and a Director and Senior Partner of Ares Management GP LLC, Ares' general partner. He is a Senior Partner of Ares in the Private Equity Group. Prior to joining Ares in 1997, Mr. Kissick was a co-founder of Apollo Management, L.P. in 1990. Mr. Kissick oversaw and led the capital markets activities of Apollo Management, L.P. from 1990 until 1997, particularly focusing on high yield bonds, leveraged loans, distressed debt and other fixed income assets. Prior to 1990, Mr. Kissick served as a Senior Executive Vice President of Drexel Burnham Lambert Inc., where he began in 1975, eventually heading its Corporate Finance Department. Mr. Kissick also serves on the Board of Directors of City Ventures LLC and on the boards of the Cedars-Sinai Medical Center in Los Angeles, the Stanford University Athletic Department and its Graduate School of Education, and L.A.'s Promise which helps economically disadvantaged children graduate from high school through a variety of mentoring and other programs. Mr. Kissick graduated from Yale University with a B.A. in Economics and with highest honors from the Stanford Business School with a M.B.A. in Finance.

Gregory A. Margolies

Mr. Margolies is a Senior Partner in and Head of the Tradable Credit Group. He also sits on the Management Committee of Ares Management. Mr. Margolies is a member of the Investment Committees of all Tradable Credit Group funds. He joined Ares in 2009 from Merrill Lynch & Co. where he served as a Managing Director and the Global Head of Leveraged Finance and Capital Commitments. In addition he was a member of the Executive Committee for Merrill Lynch's Global Investment Banking group. Prior to joining Merrill Lynch, Mr. Margolies was the Co-Head of the DB Capital Mezzanine Fund. Mr. Margolies serves on the Board of Directors for the International Organization for Women & Development and the Advisory Council for University of Michigan's Life Science Institute. Mr. Margolies graduated with a B.A. in International Economics and Finance from the University of Michigan and received his M.B.A. from the University of Pennsylvania's Wharton School of Business.

Antony P. Ressler (Tony)

Mr. Ressler is a Co-Founder of Ares and the Chairman and Chief Executive Officer of Ares Management GP LLC, Ares' general partner. He is a Senior Partner of Ares in the Private Equity Group and serves as Chairman of the Management Committee. Mr. Ressler also serves on the Board of Directors of ARCC. Prior to Ares, Mr. Ressler was a co-founder of Apollo Management, L.P. in 1990. Mr. Ressler oversaw and led the capital markets activities of Apollo Management, L.P. from 1990 until 1997, particularly focusing on high yield bonds, leveraged loans, distressed debt and other fixed income assets. Prior to 1990, Mr. Ressler served as a Senior Vice President in the High Yield Bond Department of Drexel Burnham Lambert Inc., with responsibility for the New Issue/Syndicate Desk. Mr. Ressler is also a member of the Board of Directors of Cedars-Sinai Medical Center, is Co-Finance Chair and a member of the Executive Committee of the Los Angeles County Museum of Art (LACMA), and is a founding Board member and Co-Chair of the Alliance for College Ready Public Schools, a group of 22 charter high schools and middle schools based in Los Angeles. Mr. Ressler is also one of the founding Board members and Finance Chair of the Painted Turtle Camp, a southern California based organization (affiliated with Paul Newman's Hole in the Wall Association), which was created to serve children dealing with chronic and life threatening illnesses by creating memorable, old-fashioned camping experiences. Mr. Ressler is also a former member of the Board of Directors of Air Lease Corporation. Mr. Ressler received his B.S.F.S. from Georgetown University's School of Foreign Service and received his M.B.A. from Columbia University's Graduate School of Business.

Bennett Rosenthal

Mr. Rosenthal is a Co-Founder of Ares and a Director and Senior Partner of Ares Management GP LLC, Ares' general partner. He is a Senior Partner of Ares and Co-Head of its Private Equity Group and a member of the Management Committee. Mr. Rosenthal additionally serves as the Chairman of ARCC. Mr. Rosenthal joined Ares in 1998 from Merrill Lynch & Co. where he served as a Managing Director in the Global Leveraged Finance Group. He currently serves on the Boards of Directors of Aspen Dental Management, Inc., City Ventures, LLC, Nortek, Inc. and the parent entities of CHG Healthcare Holdings L.P., CPG International Inc., Serta International Holdco LLC and Simmons Bedding Company, and other private companies. Mr. Rosenthal's previous public company Board of Directors experience includes Maidenform Brands, Inc. and Hanger, Inc. Mr. Rosenthal also serves on the Board of Trustees of the Windward School in Los Angeles. Mr. Rosenthal graduated summa cum laude with a B.S. in Economics from the University of Pennsylvania's Wharton School of Business where he also received his M.B.A. with distinction.

David A. Sachs

Mr. Sachs is a Senior Partner in the Tradable Credit Group. He serves as an Investment Committee member on all Ares Direct Lending, Tradable Credit and Private Equity Group funds, as well as the Ares Real Estate Group's Real Estate Debt Investment Committee. Mr. Sachs also serves as a Director and Chairman of the Board of Ares Dynamic Credit Allocation Fund and Ares Multi-Strategy Credit Fund, Inc., two publicly traded closed-end funds managed by an affiliate of Ares Management. From 1994 to 1997, Mr. Sachs was a principal of Onyx Partners, Inc. specializing in merchant banking and related capital raising activities in the private equity and mezzanine debt markets. From 1990 to 1994, Mr. Sachs was employed by Taylor & Co., an investment manager providing investment advisory and consulting services to members of the Bass Family of Fort Worth, Texas. From 1984 to 1990, Mr. Sachs was with Columbia Savings and Loan Association, most recently as Executive Vice President, responsible for all asset-liability management as well as running the investment management department. Mr. Sachs serves on the Board of Directors of Terex Corporation. Mr. Sachs serves on the McCormick Advisory Council at Northwestern University. Mr. Sachs graduated from Northwestern University with a B.S. in Industrial Engineering and Management Science.

Michael Weiner

Mr. Weiner is the Executive Vice President and Chief Legal Officer of Ares Management GP LLC, Ares' general partner, and a member of the Management Committee. Mr. Weiner has been an officer of ARCC since 2006, including General Counsel from September 2006 to January 2010, and also serves as Vice President of ACRE and Vice President of ARDC and ARMF. Mr. Weiner joined Ares in September 2006. Previously, Mr. Weiner served as General Counsel to Apollo Management L.P. and had been an officer of the corporate general partner of Apollo since 1992. Prior to joining Apollo, Mr. Weiner was a partner in the law firm of Morgan, Lewis & Bockius

specializing in corporate and alternative financing transactions and securities law, as well as general partnership, corporate and regulatory matters. Mr. Weiner has served from time to time on the boards of directors of several public and private corporations. Mr. Weiner also serves on the Board of Governors of Cedars-Sinai Medical Center in Los Angeles. Mr. Weiner graduated with a B.S. in Business and Finance from the University of California at Berkeley and a J.D. from the University of Santa Clara.

Ares Tradable Credit Group Portfolio Managers & Senior Management

Keith Ashton

Mr. Ashton is a Portfolio Manager in the Tradable Credit Group, primarily responsible for managing structured credit funds and separate accounts. He serves as one of two portfolio managers for Ares Dynamic Credit Allocation Fund ("ARDC") and Ares Multi-Strategy Credit Fund, Inc. ("ARMF"), two NYSE-listed, closed end funds managed by an affiliate of Ares Management. He is also a member of the Investment Committees of ARDC and ARMF, as well as the Tradable Credit Group's Global Structured Credit Funds Investment Committee. Prior to joining Ares in November 2011, Keith was a partner at Indicus Advisors where he launched the global structured credit business in May 2007. Prior to Indicus, Keith was a portfolio manager and Head of Structured Credit at TIAA-CREF where he managed a portfolio of structured credit investments and helped launch TIAA's institutional asset management business. Keith's experience as an investor in alternative fixed income products spans virtually all securitized asset classes, including CLOs, consumer and commercial receivables, insurance and legal settlements, small business and trade receivables, whole business securitizations, timeshare other mortgage-related receivables, and esoteric asset classes such as catastrophe risk and intellectual property. Mr. Ashton earned a B.A. in Economics from Brigham Young University and received his M.B.A. in Finance & Accounting from the William E. Simon School of Business, University of Rochester.

Seth J. Brufsky

Mr. Brufsky is a Founding Member of Ares Management. He is a Senior Partner and Portfolio Manager in the Tradable Credit Group and is a member of the Firm's Management Committee. Mr. Brufsky also serves as a Director, President and Chief Executive Officer of Ares Dynamic Credit Allocation Fund ("ARDC") and Ares Multi-Strategy Credit Fund, Inc. ("ARMF"), two publicly traded closed end funds managed by an affiliate of Ares Management. He is a member of the ARDC and ARMF Investment Committees, as well as the Tradable Credit Group's Global Loan, High Yield and Total Return Credit Funds Investment Committee. Mr. Brufsky joined Ares in March 1998 from the Corporate Strategy and Research Group of Merrill Lynch & Co., where he specialized in analyzing and marketing non-investment grade securities and was acknowledged by Institutional Investor as a member of the top-ranked credit analyst team each year of his tenure. Prior to joining Merrill Lynch, Mr. Brufsky was a member of the Institutional Sales and Trading Group of the Global Fixed Income Division at Union Bank of Switzerland. Mr. Brufsky serves on the Board of Directors of the Luminescence Foundation, a charitable giving organization. Mr. Brufsky graduated from Cornell University with a B.S. in Applied Economics and Business Management and received his M.B.A. in Finance with honors from the University of Southern California's Marshall School of Business, where he was awarded the Glassick Scholarship for academic achievement.

Americo Cascella

Mr. Cascella is a Portfolio Manager in the Tradable Credit Group. Mr. Cascella is additionally a member of the Tradable Credit Group's Global Loan, High Yield and Total Return Credit Funds Investment Committee. Mr. Cascella joined Ares in 1998 from Price Waterhouse LLP where he served as a Senior Associate with responsibility for foreign exchange and interest rate derivative risk analysis and corporate treasury risk management consulting. Mr. Cascella also directed financial evaluations of clients in various industries, including financial services, industrial products, manufacturing, professional services, and construction engineering and design. Mr. Cascella graduated from the University of California at Los Angeles, where he earned a B.A. in Economics with an emphasis in Business.

Ujjaval Desai

Mr. Desai is a Portfolio Manager and Head of the Europe Tradable Credit Group. He serves as a member of the Ares Tradable Credit Group's European Loan Funds and Global Structured Credit Funds Investment Committees, as well as the Direct Lending Group's European Investment Committee. Mr. Desai joined Ares in November 2011 from the Capital Markets Group of Indicus Advisors. He has over 18 years' experience in structuring and originating structured alternative investments. He has been managing director and co-head of JPMorgan's European CDO group. Before that, he was head of CDO structuring and origination at Goldman Sachs. Mr. Desai holds undergraduate and master's degrees in electrical engineering and computer science from the Massachusetts Institute of Technology.

John Y. Eanes

Mr. Eanes is a Portfolio Manager in the Ares Tradable Credit Group, primarily responsible for managing the Firm's collateralized loan obligations (CLOs) and U.S. leveraged loan separate accounts. Mr. Eanes serves as a member of the Tradable Credit Group's Global Loan, High Yield and Total Return Credit Funds Investment Committee. Mr. Eanes joined Ares in February 2006 as a Credit Analyst. Prior to his time at Ares, Mr. Eanes worked for Lehman Brothers, Inc. where he served as an Analyst in the securitization banking group, focusing on the origination and structuring of asset-backed securitizations. Mr. Eanes graduated from the University of Pennsylvania, where he earned his B.S. in Electrical Engineering.

Francois Gauvin

Mr. Gauvin is a Portfolio Manager in the Tradable Credit Group and is a member of the group's European Loan Funds Investment Committee. Prior to joining Ares in November 2011, Mr. Gauvin was a Partner and Managing Director at Indicus Advisors from 2006-2011. Prior to that, Mr. Gauvin was responsible for managing the leveraged loan investment management business at BNP PARIBAS in Europe from 2000 to 2006, and was a Portfolio Manager for PARIBAS in the US from 1996 to 2000. Mr. Gauvin holds a Master in Business from HEC, Paris (Haute, Etudes Commerciales).

Jeffrey Kramer

Mr. Kramer is a Portfolio Manager in the Tradable Credit Group, and is primarily responsible for managing investments in the asset based and structured finance markets, broadly across the consumer and commercial finance sectors. He is also a member of the Tradable Credit Group's Global Structured Credit Funds Investment Committee. Mr. Kramer joined Ares in June 2013 from the Special Situations Group at Goldman Sachs & Co., where he was a member of the Asset Investing team from 2009 through 2013, focusing on investing and lending across a wide range of consumer and commercial related assets. Prior to Mr. Kramer's integration into the Special Situations Group at Goldman Sachs, he had founded ReMark Capital Group, LLC, in 2005, an investment management company focused on the acquisition and structured lending of pools of consumer loans. ReMark Capital was a partnership between Mr. Kramer and Goldman Sachs, and the platform was acquired in full by Goldman Sachs in 2009. From 2000 to 2005, Mr. Kramer was an Executive Director in Global Financial markets division and Co-Head of the Securitization and Structured Credit unit of WestLB AG, a European based global commercial and investment bank. Prior to joining WestLB, Mr. Kramer worked in the Structured Finance and Capital Markets Group of both Rothschild, Inc. and Nomura Securities. Mr. Kramer also spent 9 years at Financial Security Assurance Inc., as a Vice President in its Asset Finance unit. Mr. Kramer earned his B.B.A. in Finance from the University of Texas at Austin.

John A. Leupp

Mr. Leupp is a Portfolio Manager in the Tradable Credit Group and is a member of the group's Global Loan, High Yield and Total Return Credit Funds Investment Committee. Mr. Leupp joined Ares in 2003 from Credit Suisse First Boston (formerly DLJ), most recently as a Director in the Fixed Income Department responsible for the gaming, lodging and leisure industries. From 1989 to 1997, Mr. Leupp was involved in the fixed income market as a high yield research analyst covering various industries. Mr. Leupp graduated with a B.S. in Finance from Santa Clara University and received his M.A. in Economics from UCLA.

Gregory A. Margolies

Mr. Margolies is a Senior Partner in and Head of the Tradable Credit Group. He also sits on the Management Committee of Ares Management. Mr. Margolies is a member of the Investment Committees of all Tradable Credit Group funds. He joined Ares in 2009 from Merrill Lynch & Co. where he served as a Managing Director and the Global Head of Leveraged Finance and Capital Commitments. In addition he was a member of the Executive Committee for Merrill Lynch's Global Investment Banking group. Prior to joining Merrill Lynch, Mr. Margolies was the Co-Head of the DB Capital Mezzanine Fund. Mr. Margolies serves on the Board of Directors for the International Organization for Women & Development and the Advisory Council for University of Michigan's Life Science Institute. Mr. Margolies graduated with a B.A. in International Economics and Finance from the University of Michigan and received his M.B.A. from the University of Pennsylvania's Wharton School of Business.

Jeff M. Moore

Mr. Moore is a Portfolio Manager in the Tradable Credit Group. Mr. Moore is a Portfolio Manager of the Ares Special Situations Fund and functions as a Senior Investment Analyst in the Tradable Credit Group. Mr. Moore serves as an Investment Committee member on all Ares U.S. Credit Strategy/Tradable Credit Funds. Prior to Ares, Mr. Moore was associated with Lion Advisors, L.P. (an affiliate of Apollo Management, L.P.) from 1992 to 1997 and worked as a senior credit analyst participating in both portfolio management and strategy. From 1990 until 1992, Mr. Moore was a Vice President in the Investment Management Division at the Executive Life Insurance Company of California ("ELIC") where he had responsibility for portfolio risk credit analysis, and participated in analyzing and negotiating restructuring alternatives for troubled investments. Prior to joining ELIC, Mr. Moore was a Senior Manager with the public accounting firm of Deloitte and Touche where he specialized in credit review and risk analysis of various classes of investment assets. Mr. Moore graduated with honors from St. Louis University with a B.S. in Business Administration.

David A. Sachs

Mr. Sachs is a Senior Partner in the Tradable Credit Group. He serves as an Investment Committee member on all Ares Direct Lending, Tradable Credit and Private Equity Group funds, as well as the Ares Real Estate Group's Real Estate Debt Investment Committee. Mr. Sachs also serves as a Director and Chairman of the Board of Ares Dynamic Credit Allocation Fund and Ares Multi-Strategy Credit Fund, Inc., two publicly traded closed-end funds managed by an affiliate of Ares Management. From 1994 to 1997, Mr. Sachs was a principal of Onyx Partners, Inc. specializing in merchant banking and related capital raising activities in the private equity and mezzanine debt markets. From 1990 to 1994, Mr. Sachs was employed by Taylor & Co., an investment manager providing investment advisory and consulting services to members of the Bass Family of Fort Worth, Texas. From 1984 to 1990, Mr. Sachs was with Columbia Savings and Loan Association, most recently as Executive Vice President, responsible for all asset-liability management as well as running the investment management department. Mr. Sachs serves on the Board of Directors of Terex Corporation. Mr. Sachs serves on the McCormick Advisory Council at Northwestern University. Mr. Sachs graduated from Northwestern University with a B.S. in Industrial Engineering and Management Science.

Darryl L. Schall

Mr. Schall is a member of the Ares Tradable Credit Group, where he is a Portfolio Manager for the Ares Special Situations Fund. He is a member of the Tradable Credit Group's Distressed and Special Situations Funds Investment Committee and the Global Loan, High Yield and Total Return Credit Funds Investment Committee. Mr. Schall joined Ares in 2009 from Tudor Investment Corporation where he managed distressed and high yield investments. From 1994 to 2002, Mr. Schall was a Managing Director and Director of High Yield Research at Trust Company of the West where he managed portfolios of distressed and high yield debt. From 1991 to 1994, Mr. Schall was a senior research analyst and Senior Vice President at Dabney/Resnick & Wagner, Inc., a boutique investment firm specializing in high yield and distressed debt. From 1987 to 1990, Mr. Schall was an investment banking associate of the Corporate Finance Department of Drexel Burnham Lambert Inc. From 1982 to 1985, Mr. Schall was a Supervising Senior Accountant with KPMG Peat Marwick. Mr. Schall graduated cum laude from the University of California, Los Angeles with a B.A. in History in and holds an M.B.A. degree from the University of Chicago. Mr. Schall is a Certified Public Accountant in the State of California.

Pietro Stella

Mr. Stella joined Ares in July 2013. He currently serves as a Portfolio Manager within the Tradable Credit Group, responsible for asset based and structured finance investments in Europe, focusing primarily on performing and non-performing loan portfolios. He is a member of the Tradable Credit Group's Global Structured Credit Funds Investment Committee. Prior to joining Ares, Mr. Stella worked for Deutsche Bank from 2005 to 2013 where he was most recently Managing Director, Head of Loan Portfolio Strategy within its European Distressed Products Group. Mr. Stella has over 16 years' experience in principal investing, distressed debt, and real estate. Mr. Stella started his career in the Principal Transactions Group of CS First Boston. Mr. Stella holds a BSc (Hons) in Economics from Warwick University, and an MPhil in Economics from Nuffield College, Oxford where he was a Citibank Scholar.

Ares Tradable Credit Group Senior Analysts

Andrea Cullen – Head of Research

Ms. Cullen is the Head of Research and a Senior Analyst in the Tradable Credit Group. Ms. Cullen joined Ares in 2003 from Credit Suisse First Boston where she was a member of the Leveraged Finance Division performing detailed financial modeling and credit analysis for companies in the consumer products sector. Ms. Cullen graduated cum laude from Hunter College with a BA in History and received her MBA from Pepperdine University.

Shane T. Mengel – Client Portfolio Manager

Mr. Mengel is a Client Portfolio Manager in the Tradable Credit Group, where he previously served as Co-Director of Research and a Senior Analyst. Mr. Mengel joined Ares in 1999 from DeCrane Aircraft Holdings, Inc. where he was Manager of Acquisitions and Finance and responsible for the analysis of strategic acquisition candidates. Prior to joining DeCrane, Mr. Mengel was with Price Waterhouse LLP where he was a Senior Associate in the Transaction Services Group directing financial due diligence on merger and acquisition candidates and providing consulting services to both financial and strategic buyers. Mr. Mengel graduated from Villanova University with a BS in Accounting.

Jennifer Kozicki – Chief Operating Officer, Tradable Credit Group

Ms. Kozicki joined Ares in 1999 and is the Chief Operating Officer of the Ares Tradable Credit Group. From 1999 through 2004, Ms. Kozicki was a member of the Private Equity Group. Prior to joining Ares, Ms. Kozicki was at Merrill Lynch & Co., where she served most recently in the London office as a member of the European Leveraged Finance Group. Prior to joining Merrill Lynch's London office, Ms. Kozicki was with Merrill Lynch & Co.'s Global Leveraged Finance Group in New York where she participated in the origination and structuring of high yield bond and mezzanine financing transactions across a number of industries. Ms. Kozicki graduated with a dual B.S. in Finance and International Business from New York University's Stern School of Business.

Russell Almeida

Mr. Almeida is a Senior Analyst in the Ares Tradable Credit Group. Mr. Almeida joined Ares in 2008 from Lehman Brothers where he was an Associate in the Securitization Banking Group, providing advisory services to financial institutions. Mr. Almeida graduated magna cum laude with a BS in Business Administration from the University of California, Riverside and is a CFA® charterholder.

Charles Arduini

Mr. Arduini is a Senior Analyst in the Tradable Credit Group. Mr. Arduini joined Ares in November 2011 from Indicus Advisors, where he worked as a Managing Director, focused on Structured Credit investment opportunities. Before joining Indicus Advisors, Mr. Arduini worked at TIAA-CREF, where he was a Director of Structured Credit in the Fixed Income Investment group, and before that, a Manager in the Risk Management group. Prior to TIAA-CREF, Mr. Arduini worked for 12 years in the telecommunications and IT industries in various

systems, operations, and management roles. Mr. Arduini graduated from Bucknell University with a B.A. in Mathematics and received an M.S. in Mathematics from Stevens Institute of Technology. Mr. Arduini also received an M.S. in Computational Finance from Carnegie Mellon University. Mr. Arduini is a CFA® charterholder and a member of the New York Society of Security Analysts.

Ben Bonsall

Mr. Bonsall is a Senior Analyst in the Tradable Credit Group. Mr. Bonsall joined Ares in July 2009 from Bank of America Merrill Lynch, where he was most recently an Associate. While at Bank of America Merrill Lynch, Mr. Bonsall worked in the Global Structured Finance Group, both in analytics and investment banking, structuring transactions and advising issuers of consumer and esoteric ABS. Mr. Bonsall graduated from the University of Pennsylvania with a B.A. in Economics and is a CFA® charterholder.

Nilesh Desai

Mr. Nilesh Desai is a Senior Analyst in the Tradable Credit Group. Prior to joining Ares in April 2011, Mr. Desai was a Director in the Credit Alternatives team at The Carlyle Group, where he focused on the analysis and monitoring of leveraged credits predominantly in the TMT (technology, media, and telecommunications) sector. Prior to The Carlyle Group, Mr. Desai was a Vice President on the global portfolio management team at Citigroup. Mr. Desai earned a BSc in Management Sciences from the University of Warwick, is a chartered accountant and a CFA® charterholder.

Zhen Guo

Mr. Guo is a Senior Analyst in the Ares Tradable Credit Group. He joined Ares in 2012 from the Royal Bank of Canada's (RBC) Capital Markets Group where he served as a Senior Quantitative Developer in the Fixed Income group. Prior to joining RBC, Mr. Guo was a Senior Financial Engineer in Freddie Mac's Capital Markets Group where he focused on MBS/CMO pricing and risk analytics. He started his finance career at Countrywide Securities Corporation as an AVP of Fixed Income research. Mr. Guo completed his PhD in Computer Engineering and a Master of Science in Computer Science from the New Jersey Institute of Technology. He received his Bachelor of Science in Material Physics from the University of Science & Technology of China.

Alan Hart

Mr. Hart is a Senior Analyst in the Ares Tradable Credit Europe Group. Mr. Hart joined Ares in January 2014 from Deutsche Bank where he worked as a Director in the Credit Solutions Group in London from 2006-2011. Mr. Hart joined Deutsche Bank in May 2006 from ABN AMRO, where he was an Associate for Asset Securitization from 2005-2006. Prior to joining ABN AMRO in March 2005, Mr. Hart worked at GMAC-RFC as an Associate from 2002-2005. Mr. Hart earned his B.A., with honors, in Economics from University of the West of England, Bristol. He received his M.B.A. in Business Strategy from Imperial College London Business School.

Brad Hill

Mr. Hill is a Senior Analyst in the Ares Tradable Credit Group. Mr. Hill joined Ares in 2008 from Bear Stearns & Co., Inc. in Los Angeles where he worked as an Analyst. Prior to joining Bear Stearns &Co., Inc., Mr. Hill was with Countrywide Financial Corporation where he worked as Sub-Prime Forward Commitment Manager. Mr. Hill graduated from California Polytechnic State University with a BS in Business Administration.

Sung Hong

Mr. Hong is a Senior Analyst in the Ares Tradable Credit Group. Mr. Hong joined Ares in 2005 from Credit Suisse First Boston (formerly DLJ) ("CSFB") where he worked in the Global Leveraged Finance Research and Portfolio Strategy division, and assisted in providing fund management strategies within the high yield bond, leveraged loan, and CDO markets. Prior to joining CSFB, Mr. Hong was an analyst at Ernst & Young LLP. Mr. Hong graduated with Honors from Rutgers University with a BS in Accounting and received his MBA from the UCLA Anderson School of Management.

Michael Huddleston

Mr. Huddleston is a Senior Analyst in the Ares Tradable Credit Group. Mr. Huddleston joined Ares in 2007 from Maestro Management where he worked as a Summer Associate analyzing strategic alternatives for four funds of real estate assets. Prior to joining Maestro, Mr. Huddleston was with Houlihan Lokey Howard & Zukin in New York, most recently as an Associate, where he provided advisory services in connection with financial restructurings, mergers and acquisitions across a variety of industries. Mr. Huddleston graduated with distinction from Emory University's Goizueta Business School with a BBA in Finance and Accounting and a BA in Economics. He received his MBA from McGill University.

Graham Martin

Mr. Martin is Senior Analyst in the Ares Tradable Credit Group. Mr. Martin joined Ares in 2013 from The Blackstone Group where he was a Principal and his responsibilities covered leveraged loan and European High Yield investing and trading across a broad range of sectors. Prior to that he spent two years as a Director at MetLife's London office as part of the sub-investment grade team. Graham holds a first class degree in Financial Services from the University of Manchester and is an Associate of the Chartered Institute of Bankers.

Christopher Mathewson

Mr. Mathewson is a Senior Analyst in the Ares Tradable Credit Group. Mr. Mathewson joined Ares in 2006 from Lehman Brothers where he worked most recently in the Communications and Media Investment Banking Group creating financial models, performing valuation analysis and conducting due diligence. Mr. Mathewson graduated with a BA in Economics from Dartmouth College.

Samantha Milner

Ms. Milner is a Senior Analyst in the Ares Tradable Credit Group. Ms. Milner joined Ares in 2004 from Houlihan Lokey Howard & Zukin where she most recently was an Associate in the Financial Restructuring Group, providing advisory services in connection with restructurings, distressed mergers and acquisitions, and private placements. Ms. Milner graduated with distinction from Emory University's Goizueta Business School, where she received a Bachelor of Business Administration with a concentration in Finance and Accounting.

Nicolo Perari

Mr. Perari is a Senior Analyst for the Ares Tradable Credit Group in London. He joins from Indicus Advisors where he was a director in the European leveraged finance team for 5 years focusing on the analysis and monitoring of leveraged credits mainly in the TMT and Media sectors. Prior to that, he spent two years at AXA as a Senior Analyst on the European CLO team. Nicolo started his career in 2000 at Singer & Friedlander Bank in London in its leveraged finance team. Mr. Perari holds a BA in Economics from the University of Reading, United Kingdom and an MSc in Economics & Finance from the University of York, United Kingdom. He is a CFA® charterholder.

Jennifer Pullen

Ms. Pullen is a Senior Analyst in the Ares Tradable Credit Group. Ms. Pullen joined Ares in 2001 from The tv Corporation, where she was a marketing manager responsible for implementing on-line and off-line advertising, market analysis and the statistical analysis of advertising performance. Ms. Pullen graduated from the University of Southern California with a BS in Business Administration and emphasis in Information Systems and received her MBA from the Anderson School of Management at the University of California, Los Angeles.

Vincent Salerno

Mr. Salerno is a Senior Analyst in the Ares Tradable Credit Group. Mr. Salerno joined Ares in 2013 from Brevet Capital Management, where he was a Director and his responsibilities included sourcing, structuring and executing debt investments secured by non-traditional assets. Prior to Brevet, Mr. Salerno pursued a variety of structured finance mandates, including creation of an acquisition platform for specialty finance assets within the commercial bank affiliate of Greystone & Co., a privately-held financial services conglomerate, and co-founding

Brooklyn Park Asset Management, a consulting and advisory firm focused on providing deal execution and management services to investors in specialty finance assets. Mr. Salerno also spent three years as a Managing Director in Fortress Investment Group's hybrid hedge fund business focused on originating, structuring and executing investments across a wide array of consumer and commercial assets. In 1999, he helped found the NY Asset Securitization Group of DZ Bank AG, where over a seven year period he successfully structured and executed several billion dollars of commercial paper-funded asset-backed loan transactions. Prior to DZ, he served as an Associate in ING Capital's Asset Finance Group managing multiple revolving warehouse facilities secured by a variety of off-the-run asset classes. Mr. Salerno earned a B.S. in Applied Economics and Management, with distinction, from Cornell University.

Matthew F. Sheahan

Mr. Sheahan is a Senior Analyst in the Ares Tradable Credit Group. Mr. Sheahan joined Ares in February 2010 and is focused on distressed/special situation investment activities. Prior to joining Ares, Mr. Sheahan worked at Silver Point Capital L.P., most recently as a Senior Analyst and the Head of Silver Point's Los Angeles Office. From 2000 to 2006, Mr. Sheahan was a Vice President at Trust Company of the West, where he primarily focused on distressed investments and restructurings. From 1998 to 2000 Mr. Sheahan worked at Donaldson, Lufkin & Jenrette Securities Corp. as a member of the investment banking group. Mr. Sheahan graduated with distinction with a BA in Honors Business Administration from the University of Western Ontario's Richard Ivey School of Business.

Benjamin Tyszka

Mr. Tyszka joined Ares in November 2011 in the Tradable Credit Group as a Senior Analyst. Prior to joining Ares, Ben was a director at Indicus Advisors where he was a founding member of the structured credit team and helped to build and use the risk surveillance platform to monitor investments. Mr. Tyszka worked previously at TIAA-CREF as a director in the Risk Management group. Prior to TIAA-CREF, Mr. Tyszka worked in the municipal finance industry and as a systems engineer. Mr. Tyszka earned an MS in Mathematics of Finance from NYU's Courant Institute, an MS in Materials Science and Engineering from Michigan State University, and a BS in Mathematics from Michigan State University.

Howard H. Wang

Mr. Wang is a Senior Analyst in the Ares Tradable Credit Group. Mr. Wang joined Ares in 2000 from PricewaterhouseCoopers LLP where he was a Senior Associate in the Assurance and Business Advisory Services Group with responsibilities of directing financial evaluations of clients across a variety of industries. Mr. Wang graduated from the Haas School of Business at the University of California at Berkeley with a BS in Business Administration, received his MBA from the Anderson School of Management at the University of California, Los Angeles graduating as a Global Access Program Fellow and is a Certified Public Accountant.

David Wood

Mr. Wood is a Senior Analyst in the Tradable Credit Group. Mr. Wood joined Ares in November 2011 from Indicus Advisors, where he worked as a Senior Analyst on the European Leverage Finance team. Prior to joining Indicus Advisors, Mr. Wood joined Singer & Friedlander Group Plc, in 1992, and headed the four-person Workout/Recovery Team. David is a member of the Association of Chartered Certified Accountants® (ACCA) (Qualified in 1997).

Tim Zeiger

Mr. Zeiger is a Senior Analyst in the Tradable Credit Europe Group. Mr. Zeiger joined Ares in September 2013 from Värde Partners, where he was an Analyst from 2003 to 2012. Mr. Zeiger joined Värde Partners in November 2003 from US Bancorp Piper Jaffray, where he was an Analyst from 2001 to 2003. Mr. Zeiger graduated from DePauw University (US) with a Bachelor's degree in mathematics and economics and was a member of the Management Fellows Honors Program.

Ares Tradable Credit Group Analysts

Rami Ali

Mr. Ali is an Analyst in the Ares Tradable Credit Group. He joined Ares in March 2014 from Deutsche Bank in San Francisco where he worked as an Analyst in the Financial Sponsors Group covering west coast private equity clients. Mr. Ali received his Bachelor of Science in Economics from Duke.

Narendra Bandaranayake

Ms. Bandaranayake joined Ares in December 2011 in the Tradable Credit Group. Prior to joining Ares, Ms. Bandaranayake was an analyst in global investment research at Goldman Sachs, where she focused on the clean energy sector. Ms. Bandaranayake holds a Master of Finance from the University of Cambridge and a BSc (Honors) in Neuroscience from Kings College London.

David Bochetto

Mr. Bochetto is an Analyst in the Ares Tradable Credit Group. He joined Ares in 2011 from UBS where he worked in the Leveraged Finance Group. Mr. Bochetto graduated from Duke University with a BS in Economics.

Ilina Chen

Ms. Chen is an Analyst in the Ares Tradable Credit Group in London. Prior to joining Ares, Ms. Chen was an Associate in the Leveraged Finance origination team at RBS, where she focused on originating and executing LBO and refinancing transactions for financial sponsors and large corporates in Europe. Ms. Chen holds an MSc in Financial Economics from University of Oxford, and is currently a CFA® candidate.

Marcello Chermisqui

Mr. Chermisqui is an Analyst in the Ares Tradable Credit Group. Prior to joining Ares in 2012, Mr. Chermisqui was at Houlihan Lokey in the Capital Markets Group, most recently as an associate. Mr. Chermisqui received a Bachelor of Science in Economics with concentrations in Finance, Accounting and Marketing from The Wharton School at the University of Pennsylvania.

Anthony Esposito

Mr. Esposito is an Analyst in the Tradable Credit Group. Mr. Esposito joined Ares in February 2014 from Imperial Capital LLC, where he worked as an Associate Analyst in the Capital Structure and Research Group from 2010 to 2014. Prior to joining Imperial Capital LLC in February 2010, Mr. Esposito worked at Royal Bank of Scotland (RBS) as an Analyst for Corporate and Investment Banking from 2007 to 2010. Mr. Esposito graduated from Georgetown University, earning the William J. Usery Award for Excellence in Negotiation, Mediation and Conflict Resolution, with a B.S.B.A. in Finance and Management. Mr. Esposito is a CFA® charterholder.

Jonathan Jones

Mr. Jones joined Ares in 2011 as an Analyst in the Tradable Credit Group in London. Prior to joining Ares, Mr. Jones worked in the Leveraged Finance team at Barclays where he originated and executed LBO transactions for Mid Cap UK Corporates. Mr. Jones graduated with first class honours from Imperial College London with a BSc in Management Science and is currently a CFA® candidate.

Steve T. Kim

Mr. Kim is an Analyst in the Ares Tradable Credit Group. Mr. Kim joined Ares in 2007 from Gryphon Investors where he was an Associate focused on traditional buyouts, leveraged build-ups, and growth equity investments in the middle market from 2004 to 2006. Prior to joining Gryphon Investors, Mr. Kim was an investment banking analyst at Credit Suisse First Boston (formerly Donaldson, Lufkin & Jenrette Securities Corp.) from 2001 to 2004. Mr. Kim graduated from the Haas School of Business at University of California, Berkeley.

Corinna Lau

Ms. Lau is an Analyst in the Ares Tradable Credit Group. Ms. Lau joined Ares in 2009 from Merrill Lynch where she worked in their Leveraged Finance Group. Ms. Lau graduated with a BS in Finance and Accounting from New York University's Stern School of Business.

Riccardo Ottaviani

Mr. Ottaviani is an Analyst in the Tradable Credit Group. Mr. Ottaviani joined Ares in March 2014 from DZ Bank AG, where he worked as an Associate in Acquisition & Leveraged Finance from 2010 to 2014. Prior to joining DZ Bank AG in February 2010, Mr. Ottaviani worked at Dealogic PLC as a Research Intern from 2009 to 2010. Mr. Ottaviani graduated from University of Milan with a B.Sc. in Mathematics and earned his Postgraduate Diploma in Economics from University of Warwick. Mr. Ottaviani earned his M.Sc. in Economics & Management from London School of Economics.

Kristofer Pritchett

Mr. Pritchett joined Ares in November 2011 as an investment analyst for Ares Management Ltd. Prior to joining Ares, Kristofer was a member of Indicus' Structured Credit team and was primarily responsible for risk and performance surveillance, data integrity and systems enhancement. Prior to joining Indicus, Kristofer worked for Arup, a major engineering consultancy firm. Mr. Pritchett graduated with a Masters in Mechanical Engineering from Imperial College London in 2008.

Anoop Shah

Mr. Shah is an Analyst in the Ares Tradable Credit Group. Mr. Shah joined Ares in 2013 from Jefferies & Company where he worked in the Leveraged Finance Group. Mr. Shah graduated from Lafayette College with both a BA in Economics & Business and a BA in Spanish.

Ashwin Suresh

Mr. Suresh is an Analyst in the Ares Tradable Credit Group. Mr. Suresh joined Ares in 2013 from UBS where he worked in the Financial Sponsors Group as an analyst. Mr. Suresh graduated from Emory University with a BS in Economics.

Harry Woo

Mr. Woo is an Analyst in the Ares Tradable Credit Group. Mr. Woo joined Ares in 2013 from Houlihan Lokey where he worked in the Capital Markets Group as an analyst. Prior to this position, Mr. Woo worked at Ernst & Young as a senior in the Assurance Services Group. Mr. Woo graduated from the University of Southern California with a BS in Business Administration with concentrations in Finance and Accounting.

Cheng Zeng

Mr. Zeng is an Analyst in the Ares Tradable Credit Group. Mr. Zeng joined Ares in 2010 from Deutsche Bank New York where he worked as an industry analyst covering Power Utilities. Mr. Zeng graduated from Indiana University with a BS in Finance.

Ares Tradable Credit Group Traders

Laura N. Rogers

Ms. Rogers is a Head Trader in the Ares Tradable Credit Group. Ms. Rogers joined Ares in 2003 from Robertson Stephens where she was a Vice President serving as a NASDAQ market maker specializing in the retail sector. Prior to joining Robertson Stephens, Ms. Rogers was an Associate in International Equity Trading at Smith Barney and was an active market maker in over 50 Latin American equity securities. Ms. Rogers currently serves on the Board of Directors of the LSTA organization. Ms. Rogers graduated from Tufts University with a BA in

History and received her MBA with a concentration in Finance and Accounting from the Anderson Graduate School of Management at the University of California, Los Angeles.

Jason Edwards

Mr. Edwards is a Trading Assistant in the Ares Tradable Credit Group. Mr. Edwards joined Ares in 2008 in the Portfolio Risk and Analytics Group where he last served as Associate Vice President. Mr. Edwards graduated with honors from Indiana University's Kelley School of Business with a BS in Finance-Real Estate.

Tracy L. Mancuso

Ms. Mancuso is a Trader in the Ares Tradable Credit Group. Ms. Mancuso joined Ares in 2006 from Screaming Eagle Trading where she was Head Trader, facilitating low-cost execution in both NYSE-listed NASDAQ, large and small cap securities for mutual funds and hedge funds. Prior to joining Screaming Eagle Trading, Ms. Mancuso was Head Trader at Robertson Stephens where she was a NASDAQ market maker in over 50 company buybacks, special situations. Prior to joining Robertson Stephens, Ms. Mancuso was a Vice President with NASDAQ Trading, specializing in the retail and wireless communication sectors. Ms. Mancuso graduated from California State University with a BA in Business and Finance.

Ian Smith

Mr. Smith is a Trader for Structured Products in the Ares Tradable Credit Group. Mr. Smith joined Ares in 2001 where he served as manager of the Ares Tradable Credit Group Investment Analytics Team. Mr. Smith graduated from the University of Southern California with a BS in Business Administration and emphasis in Finance.

Kevin Terzic

Mr. Terzic is a Trading Associate in the Ares Tradable Credit Group. Mr. Terzic joined Ares in 2006 where he served as manager of the Ares Data Integrity Team. Mr. Terzic graduated from the University of Southern California with a BS in Business Administration and an emphasis in International Business and is a CFA® charterholder.

Victoria Tunberg

Ms. Tunberg is a Trading Assistant in the Ares Tradable Credit Group. Ms. Tunberg joined Ares in 2004 where she served as an Assistant in the Ares Tradable Credit Group. Ms. Tunberg graduated from Exeter University with a BA and received her MA from London University.

Ares Management LLC Legal & Compliance – Tradable Credit Group Focused

Michael Weiner

Mr. Weiner is the Executive Vice President and Chief Legal Officer of Ares Management GP LLC, Ares' general partner, and a member of the Management Committee. Mr. Weiner has been an officer of ARCC since 2006, including General Counsel from September 2006 to January 2010, and also serves as Vice President of ACRE and Vice President of ARDC and ARMF. Mr. Weiner joined Ares in September 2006. Previously, Mr. Weiner served as General Counsel to Apollo Management L.P. and had been an officer of the corporate general partner of Apollo since 1992. Prior to joining Apollo, Mr. Weiner was a partner in the law firm of Morgan, Lewis & Bockius specializing in corporate and alternative financing transactions and securities law, as well as general partnership, corporate and regulatory matters. Mr. Weiner has served from time to time on the boards of directors of several public and private corporations. Mr. Weiner also serves on the Board of Governors of Cedars-Sinai Medical Center in Los Angeles. Mr. Weiner graduated with a B.S. in Business and Finance from the University of California at Berkeley and a J.D. from the University of Santa Clara.

Brett A. Byrd

Mr. Byrd is a Senior Vice President and Deputy CCO in the Compliance Department. Mr. Byrd joined Ares in February 2011 from Macquarie Funds Group, where he worked as an Associate Director and was the CCO for four of Macquarie Funds Group's U.S. Registered Investment Advisers and its listed infrastructure closed end fund from 2004 to 2011. Prior to joining Macquarie Funds Group in September 2004, Mr. Byrd worked at ING Capital Advisors, LLC as a Director managing the Structured Products Analytics Group from 1997 to 2004. Prior to joining ING Capital Advisors, LLC in November 1997, Mr. Byrd worked at Astra Management Corporation as a Portfolio Administrator from 1994 to 1997. Prior to joining Astra Management Corporation in July 1997, Mr. Byrd worked at The Pilgrim Group from 1992 to 1994. Mr. Byrd graduated from University of Oklahoma with a B.B.A. in Finance.

Anthony Dell

Mr. Dell is an Executive Vice President and the Global Chief Compliance & Ethics Officer for Ares Management, and is the firm's Anti-Money Laundering Officer, Privacy Officer and Anti-Corruption Officer. Mr. Dell also serves as the Chief Compliance Officer for various regulated entities within the Ares Management organization, including registered investment advisers, registered investment companies, and a broker-dealer. Mr. Dell also serves as a Chief Compliance Officer of Ares Dynamic Credit Allocation Fund, and Ares Multi-Strategy Credit Fund, Inc., two publicly traded closed-end funds managed by an affiliate of Ares Management. Before joining Ares in August 2011, Mr. Dell was Chief Compliance Officer at Russell Investments and prior to Russell Investments, served in various roles at Fidelity Investments, including legal & compliance, relationship management and product development. Mr. Dell holds a B.A. in English and Philosophy from Boston College, a JD cum laude from Suffolk University School of Law, and an LL.M. in Banking and Financial Law from Boston University Law School. He is an attorney admitted to practice law in Massachusetts and holds Series 6, 7, 24, 63 and 65 licenses. He is a member of the American Bar Association, the National Society of Compliance Professionals, the Society of Corporate Compliance & Ethics, and the Open Compliance & Ethics Group Organization.

Daniel Hall

Mr. Hall is a Senior Vice President and Senior Associate General Counsel for the Legal Department who primarily focuses on TCG activities which include structuring and credit related issues. Mr. Hall also serves as the General Counsel, Chief Legal Officer and Secretary of Ares Dynamic Credit Fund and Ares Multi-Strategy Credit Fund, Inc., two publicly traded closed-end funds managed by an affiliate of Ares Management. Mr. Hall joined Ares in October 2009, from Clifford Chance LLP where he was based in both the New York and London offices and specialized in capital markets, structured finance and derivatives. Prior to joining Clifford Chance LLP, Mr. Hall was an Associate in the London and Moscow offices of Norton Rose LLP. Mr. Hall graduated with honors from the University of Liverpool and with distinction from the College of Law in Chester. Mr. Hall is admitted in the State of New York and in England and Wales.

Ares Management LLC – Finance, Operations & Other

Janine Cristiano

Ms. Cristiano is the Global Head of Human Resources and Corporate Services for Ares Management. Ms. Cristiano joined Ares from Espirito Santo Investment, where she served as Chief Administrative Officer for their New York operations. Her background includes over twenty years within the professional/financial services industry in a human resources capacity. Prior to Espirito Santo Investment, she was the Head of Human Resources for Citigroup's Smith Barney. Ms. Cristiano has also held leadership roles at Charles Schwab & Company, where she served as Senior Vice President, Human Resources and Ernst & Young LLP, as a former Director, Human Resources. Ms. Cristiano has been an active supporter of the Hole in the Wall Gang Camp based in Ashford, Connecticut, a non-profit organization that serves children with life threatening illnesses. She is a member of The Society for Human Resources Management (SHRM) and Human Resources Planning Society. Ms. Cristiano is a graduate of Virginia Commonwealth University, VA with a BA in Political Science and holds a MBA in Human Resources from Fairleigh Dickinson University, NJ. Ms. Cristiano has also earned a "SPHR" designation granted by SHRM for senior HR professionals.

Daniel Nguyen

Mr. Nguyen is the Executive Vice President and Chief Financial Officer of Ares Management GP LLC, Ares' general partner, and a member of the Management Committee. Mr. Nguyen also serves as Chief Financial Officer of ARDC and ARMF and as Treasurer of ACRE. He has been an officer of ARCC since 2004, including Chief Financial Officer from August 2004 to March 2007 and currently is Vice President and Assistant Treasurer. From 1996 to 2000, Mr. Nguyen was with Arthur Andersen LLP, where he was in charge of conducting business audits on financial clients, performing due diligence investigation of potential mergers and acquisitions, and analyzing changes in accounting guidelines for derivatives. Mr. Nguyen graduated with a B.S. in Accounting from the University of Southern California's Leventhal School of Accounting and received an M.B.A. in Global Business from Pepperdine University's Graziadio School of Business and Management. Mr. Nguyen also studied European Business at Oxford University as part of the M.B.A. curriculum. Mr. Nguyen is a CFA® charterholder and a Certified Public Accountant.

Ann Kono

Ms. Kono currently serves as Executive Vice President and Chief Information and Risk Officer at Ares Management. Ms. Kono joined Ares in 2007 from Western Asset Management where she served as a Senior Manager in Technology and Operations. In those roles, she worked alongside the Head of Technology and Operations in leading the integration of Citigroup Asset Management with Western Asset. In addition, she oversaw the implementation and enhancements of all systems as the Head of Application Delivery to support the global growth of the firm. Prior to joining Western Asset, Ms. Kono was employed at John Hancock Financial Services overseeing back office systems during their IPO. She previously worked at CSC Consulting as a Senior Consultant focused on the Financial Services Industry. Ms. Kono serves on the Markit Loan Advisory Board. Ms. Kono graduated from Boston University with a B.S. in Finance and received her M.B.A. in Finance from the University of Southern California. From 2008 through 2010, Ms. Kono was invited to attend Fortune's Most Powerful Women Summit.

THE ASSET MANAGEMENT AGREEMENT

General

In accordance with the applicable provisions of the Asset Management Agreement and the Indenture, the Asset Manager will be required to perform certain investment management functions, including supervising and directing the investment and reinvestment of Collateral, and performing certain administrative functions on behalf of the Issuer. Under the terms of the Asset Management Agreement and the Indenture, the Asset Manager will be required to (or, as applicable, may elect to), among other things,

- supervise and direct the investment and reinvestment of the Collateral and any Tax Assets, and perform on behalf of the Issuer the duties that have been expressly delegated to the Asset Manager (and the Asset Manager will have no obligation to perform any other duties under the Indenture, or otherwise), and, to the extent necessary or appropriate to perform such duties or any other duties that are authorized to be performed by the Asset Manager under the Indenture or any other document, the Asset Manager will have the power to execute and deliver all necessary and appropriate documents and instruments on behalf of the Issuer with respect thereto. The Asset Manager will be required to comply with all the terms and conditions of the Indenture specifically made applicable to the Asset Manager as specified therein affecting the duties and functions that have been delegated to it thereunder and under the Asset Management Agreement and, subject to the terms and conditions of the Asset Management Agreement, will be required to perform its obligations thereunder in good faith and with reasonable care, using a degree of skill and attention no less than that which the Asset Manager exercises with respect to assets comparable to the Underlying Assets or the Tax Assets, if any, that it manages for itself and exercises with respect to assets comparable to the Underlying Assets or the Tax Assets that it manages for others, and in a manner which the Asset Manager reasonably believes to be consistent with practices and procedures followed by institutional managers of national standing relating to assets of the nature and character of the Underlying Assets and the Tax Assets, except as expressly provided otherwise in the Asset Management Agreement and/or the Indenture. To the extent not inconsistent with the

foregoing, the Asset Manager will be required to follow its customary standards, policies and procedures in performing its duties under the Indenture and under the Asset Management Agreement (including those duties of the Issuer under the Indenture which the Asset Manager agrees under the Asset Management Agreement to perform on the Issuer's behalf). Under the terms of the Indenture and the Asset Management Agreement, the Asset Manager will not be bound to follow any amendment to the Indenture until it has received written notice thereof and until it has received a copy of the amendment from the Issuer or the Trustee; *provided*, *however*, that if the Asset Manager reasonably determines that such amendment to the Indenture increases existing, or imposes additional, duties, services or liabilities of the Asset Manager or materially and adversely changes the economic consequences to the Asset Manager, the Asset Manager will not be bound by, and the Issuer will agree that it will not execute or deliver, any such amendment unless the Asset Manager shall have consented (which consent will not be unreasonably withheld or delayed) thereto in writing,

- (i) determine during the Reinvestment Period, consistent with the applicable provisions of the Indenture, whether to reinvest Principal Proceeds in additional or substitute Underlying Assets or hold Principal Proceeds for reinvestment during the Reinvestment Period (or Disposition Proceeds of Credit Risk Obligations or Unscheduled Principal Payments after the Reinvestment Period), (ii) select all Underlying Assets and Eligible Investments which will be acquired by the Issuer and pledged to the Trustee pursuant to the Indenture and (iii) facilitate the acquisition, disposition and settlement of Underlying Assets by the Issuer in accordance with the Indenture,

- monitor the Collateral and the Tax Assets, on behalf of the Issuer, on an ongoing basis and use commercially reasonable efforts to provide to the Issuer all opinions, reports, schedules and other data which the Issuer is required to prepare, deliver or furnish under the Indenture, and be responsible for obtaining, to the extent practicable, any information concerning whether an Underlying Asset has become a Defaulted Obligation,

- use commercially reasonable efforts to furnish issuer orders, issuer requests and officer's certificates, including providing any certifications, and have the power to execute and deliver all necessary and appropriate documents and instruments on behalf of the Issuer with respect thereto,

- in its sole discretion, direct the Trustee in writing to take the following actions with respect to a Pledged Obligation, Tax Asset or Margin Stock (as applicable):

  (i) retain such Pledged Obligation, Tax Asset or Margin Stock,

  (ii) dispose of such Pledged Obligation, Tax Asset or Margin Stock in the open market or otherwise,

  (iii) acquire, as security for the Secured Notes in substitution for or in addition to any one or more Pledged Obligations included in the Collateral, one or more additional Underlying Assets or Eligible Investments,

  (iv) if applicable, tender such Pledged Obligation, Tax Asset or Margin Stock pursuant to an Offer,

  (v) if applicable, consent to any proposed amendment, modification or waiver of the Underlying Instruments pursuant to an Offer,

  (vi) retain or dispose of any securities or other property (if other than cash) received pursuant to an Offer,

  (vii) waive any default with respect to any Defaulted Obligation,

  (viii) vote to accelerate the Underlying Asset Maturity of any Defaulted Obligation,

(ix) amend, waive, consent, or vote with respect to any Underlying Instruments of any such Pledged Obligation, Tax Asset or Margin Stock,

(x) exercise any other rights or remedies with respect to any such Pledged Obligation, Tax Asset or Margin Stock and as provided in the related Underlying Instrument including, without limitation, the negotiation of any workout or restructuring and the acceptance of any security or other consideration issued in a plan of reorganization, bankruptcy or other proceeding involving any thereof, or take any other action consistent with the terms of the Indenture which it reasonably believes to be in the best interests of the Noteholders,

(xi) exercise any other rights or remedies with respect to such Pledged Obligation, Tax Asset or Margin Stock,

(xii) if applicable, acquire a Tax Asset pursuant to an Offer, and

(xiii) advise the Issuer with respect to interest rate risk and cash flow timing, including selecting and negotiating Hedge Agreements and any replacement Hedge Agreement upon any early termination thereof and determine whether and when the Issuer should exercise any rights with respect thereto.

Limitation of Liability

In the event that any vote is solicited with respect to any Pledged Obligation, Tax Asset or Margin Stock, under the terms of the Asset Management Agreement and the Indenture, the Asset Manager, on behalf of the Issuer, will be required to vote or refrain from voting with respect thereto in any manner permitted by the Indenture that the Asset Manager has determined in its reasonable judgment will be in the best interests of the Noteholders.

Subject to the Asset Management Agreement, the Asset Manager will assume no responsibility under the Asset Management Agreement other than to render the services called for thereunder and under the terms of the Indenture applicable to it and affecting the duties and functions that have been delegated to it thereunder and under the Indenture in good faith and, subject to the standard of conduct described in the next succeeding sentence, will not be responsible for any action of the Issuer, the Trustee or the Holders of the Secured Notes or the Subordinated Notes in following or declining to follow any advice, recommendation or direction of the Asset Manager. Under the terms of the Asset Management Agreement, the Asset Manager will be required to indemnify and hold harmless the Issuer and its Affiliates from and against any losses, claims, damages, judgments, assessments, costs or other liabilities (collectively, "Liabilities"), and to promptly reimburse each such party for all reasonable fees and expenses (including reasonable fees and expenses of counsel) (collectively, the "Expenses"), incurred by any such Person that arise out of or in connection with (i) acts or omissions of the Asset Manager, its directors, officers, partners, members, managers, shareholders, employees or agents, in the performance by the Asset Manager of its duties under the Asset Management Agreement, constituting a breach of the standard of care described in the first bullet point under the heading "—General," willful misconduct or gross negligence of the Asset Manager in the performance of its duties under the Asset Management Agreement and under the terms of the Indenture applicable to it and affecting the duties and functions that have been delegated to it thereunder and under the Asset Management Agreement, in each case, as finally determined by a court of competent jurisdiction or (ii) the Asset Manager Information containing any untrue statement of material fact or omitting to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Pursuant to the Asset Management Agreement, the Issuer will be required to indemnify and hold harmless the Asset Manager and its Affiliates from and against any and all Liabilities, and to promptly reimburse each such Person for all Expenses as such Expenses are incurred in investigating, preparing, pursuing or defending any claim, action, proceeding or investigation with respect to any pending or threatened litigation or any investigation or other proceedings by a governmental or regulatory agency or body, including without limitation, in connection with FATCA Compliance (collectively, the "Actions") caused by, or arising out of or in connection with, the issuance of the Notes (including, without limitation, with respect to this Offering Memorandum (other than the Asset Manager Information), any untrue statement of material fact or omission to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading), the

transactions contemplated by this Offering Memorandum, the Indenture (including for avoidance of doubt, any certificate provided by the Asset Manager thereunder) or the Asset Management Agreement, and/or any action taken by, or any failure to act by, such Person in connection with such Actions; *provided* that such Person will not be indemnified or held harmless for any Liabilities or reimbursed for any Expenses (i) it incurs as a result of any acts or omissions by any such Person constituting a breach of the standard of care described in the first bullet point under the heading "—General," willful misconduct or gross negligence of the Asset Manager in the performance of its duties under the Asset Management Agreement or under the terms of the Indenture applicable to it and affecting the duties and functions that have been delegated to it thereunder, (ii) it incurs as a result of or arising out of or in connection with the Asset Manager Information containing any untrue statement of material fact or omitting to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (iii) with respect to which the Asset Manager is required to indemnify the Issuer pursuant to the Asset Management Agreement. Notwithstanding anything contained herein to the contrary, the obligations of the Issuer as described in the foregoing sentences of this and the foregoing paragraph shall be limited recourse obligations of the Issuer payable solely out of the Collateral in accordance with the priorities set forth in the Indenture.

Assignment and Delegation; Removal and Termination

The Asset Manager may delegate to one or more third parties or Affiliates any or all of the duties under the Asset Management Agreement or the duties assigned to it under the Indenture, *provided* that no delegation (except for an assignment satisfying the applicable requirements below) by the Asset Manager of any of its duties under the Asset Management Agreement shall relieve the Asset Manager of any of its duties under the Asset Management Agreement nor relieve the Asset Manager of any liability with respect to the performance of such duties. Any assignment of any or all of its rights under the Asset Management Agreement to any Person, in whole or in part, by the Asset Manager will be deemed null and void unless such assignment is consented to in writing by the Issuer, a Majority of the Subordinated Notes and a Majority of the Controlling Class and Rating Agency Confirmation is obtained. Notwithstanding the provisions of the Asset Management Agreement described in the foregoing sentences of this paragraph, pursuant to the terms of the Asset Management Agreement (1) the Asset Manager will be permitted, without Rating Agency Confirmation and without the consent of the Issuer, a Majority of the Subordinated Notes or a Majority of the Controlling Class, to assign any or all of its rights under the Asset Management Agreement to an Affiliate or wholly-owned subsidiary of an Affiliate so long as notice is provided to Moody's and S&P and such Affiliate or subsidiary (i) has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Asset Manager under the Asset Management Agreement, (ii) is legally qualified and has the capacity to act as asset manager under the Asset Management Agreement, (iii) immediately after the assignment, employs or utilizes the principal personnel performing the duties required under the Asset Management Agreement who are substantially the same individuals who would have performed such duties had the assignment not occurred (iv) will not cause the Issuer or Co-Issuer to be treated as engaged, or deemed to be engaged, in a trade or business within the United States for U.S. federal income tax purposes or otherwise subject to United States income tax on a net basis and (v) if such an assignment constitutes an "assignment" for purposes of Section 205(a)(2) of the Investment Advisers Act, such an assignment is consented to in writing by the Issuer, and (2) the Asset Manager will be permitted, with the receipt of Rating Agency Confirmation and with the consent of the Issuer and a Majority of the Subordinated Notes, to assign any or all of its rights under the Asset Management Agreement to an entity, other than an Affiliate, which immediately after the assignment employs or utilizes the same principal personnel performing the duties required under the Asset Management Agreement who are substantially the same individuals who would have performed such duties had the assignment not occurred, *provided* that such entity meets the criteria in subclauses (i) and (ii) of sub-paragraph (1) set forth above. Any assignment permitted by the Asset Management Agreement, will bind the assignee under the Asset Management Agreement in the same manner as the Asset Manager is bound. In addition, the assignee will be required to execute and deliver to the Issuer and the Trustee a counterpart of the Asset Management Agreement naming such assignee as Asset Manager. Upon the execution and delivery of such a counterpart by the assignee, the assigning Asset Manager will be released from further obligations pursuant to the Asset Management Agreement, except with respect to its obligations arising under the Asset Management Agreement prior to such assignment and except with respect to its obligations under the Asset Management Agreement.

Additionally, any Person into which the Asset Manager may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Asset Manager shall be a party, or any Person otherwise succeeding to all or substantially all of the asset management business of the Asset Manager, will be the successor to the Asset Manager under the Asset Management Agreement (and entitled to all of its rights, and subject to all of its obligations, thereunder) without any further action by the Asset Manager, the Issuers, the Trustee, the Holders or any other Person; *provided* that the Asset Manager will give prompt written notice to each Rating Agency upon any such occurrence.

The Asset Management Agreement may not be assigned by the Issuer without the prior written consent of the Asset Manager and the Trustee, except in the case of assignment by the Issuer to (i) an entity which is a successor to the Issuer permitted under the Indenture, in which case such successor organization will be bound by the Asset Management Agreement and by the terms of said assignment in the same manner as the Issuer is bound thereunder or (ii) the Trustee as contemplated by the granting clause of the Indenture and as contemplated in the Indenture. In the event of any assignment by the Issuer, the Issuer will be required to use its best efforts to cause its successor to execute and deliver to the Asset Manager such documents as the Asset Manager will consider reasonably necessary to effect fully such assignment.

Notwithstanding any other provision set forth in the Asset Management Agreement to the contrary, but subject to certain sections thereof, the Asset Manager has the right to terminate the Asset Management Agreement without cause, and the Asset Manager may resign, upon 90 days' (or such shorter notice as is acceptable to the Issuer) prior written notice to the Issuer, the Trustee and each Rating Agency.

Pursuant to its terms, the Asset Management Agreement may be terminated, and the Asset Manager may be removed for cause, on the twentieth day after the date on which the Issuer or the Trustee, at the direction of a Supermajority of the Notes, delivers written notice setting forth the cause of such removal, to the Asset Manager and the Rating Agencies; *provided, however,* that the Asset Manager will have the opportunity to cure or remove the breach, event or other circumstance giving rise to such cause set forth in such removal notice. In the event that the Asset Manager cures such breach, event or other circumstance within 20 days of receipt of written notice, such breach, event or other circumstance will no longer constitute cause for removal. No termination or removal of the Asset Manager will be effective until a successor asset manager has been appointed pursuant to the Asset Management Agreement. For purposes of determining "cause" with respect to any such termination of the Asset Management Agreement or removal of the Asset Manager, such term will mean any one of the following events:

(a) the Asset Manager willfully violates or willfully breaches any provision of the Asset Management Agreement or the Indenture applicable to it (including, without limitation, any representation contained herein) (not including a willful and intentional breach that results from a good faith dispute regarding a reasonable interpretation of the Asset Management Agreement or the Indenture which is not inconsistent with the standard of care set forth in the first bullet point under "—General");

(b) the Asset Manager breaches in any respect any material provision of the Asset Management Agreement or any terms of the Indenture applicable to it (it being understood that failure to meet any Coverage Tests, the Reinvestment Overcollateralization Test, Eligibility Criteria or Collateral Quality Tests is not a breach under this subclause (b)) and such breach has had or could reasonably have a materially adverse effect on the Holders of the Secured Notes of any Class and, if capable of being cured, is not cured within 30 days of its becoming aware of, or its receiving notice from the Trustee of, such breach or, if such breach is not capable of cure within 30 days, the Asset Manager fails to cure such breach within the period in which a reasonably diligent Person could cure such breach;

(c) the Asset Manager experiences certain bankruptcy or insolvency events;

(d) the occurrence and continuation of any Event of Default under the Indenture that results from any breach by the Asset Manager of its duties under the Asset Management Agreement or under the Indenture which breach or default is not cured within any applicable cure period; or

(e) (i) the occurrence of an act by the Asset Manager or any of its Affiliates that constitutes fraud or criminal activity in the performance of its obligations under the Asset Management Agreement as determined by a court of competent jurisdiction or the Asset Manager or any of its executive officers primarily responsible for

administration of the Collateral being indicted for a criminal offense materially related to its primary business or (ii) any officer or director of the Asset Manager having responsibility for the performance by the Asset Manager of its obligations under the Asset Management Agreement is indicted for a criminal offense materially related to the primary business of the Asset Manager and continues to have responsibility for the performance by the Asset Manager for a period of 30 days after such indictment.

The Asset Manager will be required under the Asset Management Agreement to notify the Trustee, the Issuer and the Holders of the Controlling Class upon the Asset Manager's becoming aware of the occurrence of any event constituting cause for termination.

Any Notes owned by the Asset Manager Parties will be disregarded and deemed not to be Outstanding with respect to any vote, consent or rejection, as applicable, in connection with (a) the removal of the Asset Manager or (b) the waiver of "cause" for termination pursuant to the Asset Management Agreement; *provided* that any Notes held by the Asset Manager Parties will have such rights with respect to all other matters as to which the Noteholders are entitled to vote, consent or reject (including without limitation any vote, consent or rejection in connection with the appointment of a replacement asset manager which is not affiliated with the Asset Manager in accordance under the Asset Management Agreement).

Subject to the immediately following paragraph, the Asset Management Agreement shall be terminated, and the Asset Manager may be removed by the Issuer without the consent of any other person in the event that it is determined by the Issuer in good faith that the Issuer or the Co-Issuer or the pool of Collateral has become required to register under the provisions of the Investment Company Act (and such status continues for 45 days), and the Issuer notifies the Asset Manager thereof.

Any removal or resignation of the Asset Manager while any Notes are Outstanding will be effective only upon (i) the appointment by the Issuer of an Eligible Successor and (ii) written acceptance of appointment by such Eligible Successor and the effective assumption by such Eligible Successor of the duties of the Asset Manager. Upon the removal or resignation of the Asset Manager, an Eligible Successor may be nominated by a Supermajority of the Subordinated Notes; *provided* that any such nomination of an Eligible Successor shall not be effective unless approved by a Majority of the Controlling Class within 30 days of notice of such nomination. If no Eligible Successor has been so nominated and approved within 60 days of the date upon which notice of removal or resignation of the Asset Manager was given, a Majority of the Controlling Class may nominate an Eligible Successor; *provided* that any such nominee Eligible Successor may be vetoed by a Majority of the Subordinated Notes within 30 days of notice of nomination. If no Eligible Successor has been nominated or if nominated but thereafter vetoed within 120 days of the date upon which notice of removal or resignation of the Asset Manager was given, a Majority of the Controlling Class may petition any court of competent jurisdiction for the appointment of a successor asset manager. If the Holders of the Controlling Class do not petition any court in accordance with the preceding sentence within 150 days of the date upon which notice of removal or resignation of the Asset Manager was given, the Asset Manager may petition any court of competent jurisdiction for the appointment of a successor asset manager. Such appointment of an Eligible Successor by any court of competent jurisdiction will not require the consent of, nor be subject to the disapproval of, the Issuer or any Noteholder or require Rating Agency Confirmation. Although any Notes held by the Asset Manager Parties will be disregarded and deemed not to be Outstanding for purposes of any vote, consent or rejection in connection with the removal of the Asset Manager or the waiver of "cause" for termination pursuant to the Asset Management Agreement, any Notes held by the Asset Manager Parties will have such rights with respect to all other matters as to which Holders are entitled to vote, consent or reject (including, without limitation, any vote, consent or rejection to appoint a replacement asset manager that is not an Affiliate of the Asset Manager).

An "Eligible Successor" is an institution which (a) has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Asset Manager under the Asset Management Agreement, (b) is legally qualified and has the capacity to act as successor to the Asset Manager under the Asset Management Agreement in the assumption of all of the responsibilities, duties and obligations of the Asset Manager under the Asset Management Agreement and under the terms of the Indenture applicable to the Asset Manager and with respect to which Rating Agency Confirmation has been obtained, (c) will not cause the Issuer or the Co-Issuer or the pool of Collateral to become required to register under the provisions of the Investment Company Act, (d) will not cause the Issuer or Co-Issuer to be treated as engaged in a trade or business within the United States for

U.S. federal income tax purposes or subject to United States income tax on a net income basis and (e) is not an Affiliate of the Asset Manager.

Under the terms of the Asset Management Agreement, the Issuer will be required to use its reasonable best efforts to appoint a successor asset manager to assume the duties and obligations of the removed or resigning Asset Manager, and any successor asset manager must be appointed by the Issuer as described above. Following the appointment of an Eligible Successor, the Issuer will be required to give the Trustee, the Holders of the Controlling Class and the Holders of the Subordinated Notes and each Rating Agency written notice of such appointment. The Issuer, the Trustee and the successor asset manager will be required to take such action (or cause the outgoing Asset Manager to take such action) consistent with the Asset Management Agreement and the terms of the Indenture applicable to the Asset Manager, as will be necessary to effectuate any such succession.

In the event of any appointment of a successor asset manager, the Issuer will be required to consent to pay to such successor asset manager a successor asset management fee, which shall replace any Asset Management Fees in (and have the same priority under) the Priority of Payments and shall be paid in lieu of, and not in addition to, any Asset Management Fees (*provided* that, for the avoidance of doubt, the resigning or removed Asset Manager shall remain entitled to be paid the Asset Management Fees accrued prior to (and to but excluding) the effective date of its resignation or removal). The successor asset management fee will include a senior management fee of 0.20% per annum of the Maximum Investment Amount as of the first day of the relevant Due Period and a subordinated asset management fee of (a) during the Reinvestment Period, 0.30% per annum of the Maximum Investment Amount as of the first day of the relevant Due Period and (b) after the Reinvestment Period, 0.25% per annum of the Maximum Investment Amount as of the first day of the relevant Due Period, each calculated on the basis of a 360-day year and the actual number of days elapsed. The aggregate of the successor asset manager's senior management fee and subordinated management fee will not exceed 0.50% per annum of the Maximum Investment Amount as of the first day of the relevant Due Period calculated on the basis of a 360-day year and the actual number of days elapsed.

The Asset Management Fees payable to the resigning or removed Asset Manager through the effective date of its resignation or removal will be prorated for any partial period between the preceding Payment Date during which the Asset Management Agreement was in effect with respect to the resigning or removed Asset Manager and the effective date of such termination, and such Asset Management Fees (including any previously accrued but unpaid Asset Management Fees (including any deferred Asset Management Fees), any accrued interest on such amounts and any unpaid and unreimbursed expenses) shall be paid to the outgoing Asset Manager on the first Payment Date following the effective date of such termination (or, if applicable, the next Payment Date on which funds are available therefor), subject to and in accordance with the Priority of Payments and (ii) other than the amounts set forth in clause (i), no other amounts shall be payable on any Payment Dates following the effective date of such termination. If insufficient funds are available under any step of the Priority of Payments to pay all relevant accrued Asset Management Fees that are payable to the resigning or removed Asset Manager and all Asset Management Fees of the same character that are payable to the successor asset manager, such Asset Management Fees will be payable under that step of the Priority of Payments ratably based on duration of service of the resigning or removed Asset Manager and of the successer asset manager as at the Payment Date on which payment is being made.

Compensation

Commencing with the first payment date, the Issuer will be required to pay to the Asset Manager, for services rendered and performance of its obligations under the Asset Management Agreement, a quarterly fee, accruing from the Closing Date, payable in arrears on each Payment Date equal to the sum of (i) the Senior Asset Management Fee, (ii) the Subordinated Asset Management Fee and (iii) the Incentive Asset Management Fee.

The "Senior Asset Management Fee" will be 0.20% per annum (calculated on the basis of a 360 day year and the actual number of days elapsed and subject to availability of funds and to the Priority of Payments) of the Maximum Investment Amount as of the first day of the Due Period payable in accordance with the Priority of Payments.

The "Subordinated Asset Management Fee" will be (a) during the Reinvestment Period, 0.30% per annum and (b) after the Reinvestment Period, 0.25% per annum (in each case calculated on the basis of a 360 day year and

the actual number of days elapsed and subject to availability of funds and to the Priority of Payments) of the Maximum Investment Amount as of the first day of the Due Period payable in accordance with the Priority of Payments.

The "Incentive Asset Management Fee" will be 20% of available Interest Proceeds and, after payment in full of the Secured Notes, 20% of available Principal Proceeds, in each case remaining on each Payment Date after the Holders of the Subordinated Notes have achieved the Incentive Internal Rate of Return, subject to availability of funds and to the Priority of Payments.

The "Incentive Internal Rate of Return" means, with respect to the period from the Closing Date to any Payment Date, an annualized internal rate of return for the Subordinated Notes (computed using the "XIRR" function in Microsoft® Excel 2003 or an equivalent function in another software package) of 12%, assuming for this purpose that all Subordinated Notes issued on the Closing Date were purchased at a price of 100% of their Aggregate Outstanding Amount at issuance.

The Senior Asset Management Fee, the Subordinated Asset Management Fee and the Incentive Asset Management Fee are collectively referred to herein as the "Asset Management Fees."

Under the terms of the Asset Management Agreement, the Asset Manager may, in its sole discretion, waive or defer all or any portion of the Asset Management Fees. Any portion of the Asset Management Fee that the Asset Manager elects to defer, together with any amounts so deferred on prior Payment Dates that remain unpaid, are "Deferred Asset Management Fees." Asset Management Fees not paid due to insufficient funds and then deferred on a subsequent Payment Date at the election of the Asset Manager will be treated as Deferred Asset Management Fees.

Any funds that would have been used to pay Asset Management Fees absent any such waiver or deferral will be distributed in accordance with the terms of the Priority of Payments on the Payment Date on which such fees were waived or deferred. Any Asset Management Fees that are deferred will be payable on the next succeeding Payment Date, to the extent funds are available therefor, in accordance with the Priority of Payments, unless the Asset Manager in its sole discretion elects to waive such fees or again elects to defer such fees.

The Asset Management Fees will be payable from Interest Proceeds, and, if Interest Proceeds are not sufficient, from Principal Proceeds, in accordance with the Priority of Payments. If on any Payment Date there are insufficient funds to pay the Senior Asset Management Fee then due in full, the amount not so paid due to insufficient funds will be deferred and such deferred amount will accrue interest at a rate of the Base Rate for the applicable period *plus* 0.50% and will be payable on the later Payment Date on which any funds are available therefor, as provided in the Indenture.

If amounts distributable on any Payment Date in accordance with the Priority of Payments are insufficient to pay the Subordinated Asset Management Fee in full, or if the Asset Manager in its sole discretion has instructed the Trustee that it wishes to defer payment of fees until a subsequent Payment Date, then a matching portion of the Subordinated Asset Management Fee or the Incentive Asset Management Fees (as applicable) will be deferred and such deferred amounts will accrue interest at a rate of the Base Rate for the applicable period *plus* 3.00% (but with respect to the Incentive Asset Management Fee, only after the first Payment Date on which the Incentive Internal Rate of Return on the Subordinated Notes for that Payment Date is met), and such fees and such interest will be payable on subsequent Payment Dates on which funds are available therefor in accordance with the Priority of Payments. Any interest due on the amounts so deferred will thereupon constitute accrued Subordinated Asset Management Fees or the accrued Incentive Asset Management Fees, as applicable.

If the Asset Manager is removed or resigns, any accrued and unpaid Asset Management Fees will be prorated for any partial period between the preceding Payment Date during which the Asset Management Agreement was in effect with respect to the Asset Manager and the effective date of such termination, and such Asset Management Fees (including any previously accrued but unpaid Asset Management Fees (including any deferred Asset Management Fees), any accrued interest on such amounts and any unpaid and unreimbursed expenses) shall be due and payable to the outgoing Asset Manager on the first Payment Date following the effective date of such removal or resignation (or, if applicable, the next Payment Date on which funds are available therefor), subject to and in accordance with the Priority of Payments.

The Asset Manager will be required to be responsible for the ordinary expenses incurred in the performance of its obligations under the Asset Management Agreement; *provided* that (I) any extraordinary expenses incurred by the Asset Manager in the performance of such obligations, including, but not limited to: (i) any reasonable expenses incurred by it (whether for its own account or paid for or advanced by the Asset Manager on behalf of the Issuer) to employ outside lawyers or consultants reasonably necessary in connection with the acquisition, holding, monitoring, marking to market, enforcement, amendment, default, evaluation, transfer, workout, restructuring, bankruptcy or disposition of any Underlying Asset, Hedge Agreements, any Tax Asset or Margin Stock, (ii) any reasonable expenses incurred by it in obtaining advice from counsel with respect to its obligations under the Asset Management Agreement and the provisions of the Indenture applicable to it or authorized to be performed by it (including, without limitation, (x) in connection with ensuring FATCA Compliance by the Issuer, Co-Issuer and any Tax Subsidiaries and (y) reasonable fees, costs, and expenses (including reasonable attorneys' fees) of the Asset Manager of causing the Issuer and the Asset Manager to comply with the Commodity Exchange Act and the rules and regulations promulgated thereunder as required under the Indenture, as well as in each case any expenses reasonably incurred in respect thereof, including any such expenses in complying (whether by reporting, registration, procuring exemptions or otherwise)), and (iii) any other reasonable out-of-pocket fees and expenses incurred in connection with the acquisition, holding, monitoring, marking to market, enforcement, amendment, default, evaluation, transfer, workout, restructuring, bankruptcy or disposition of the Underlying Assets or any Tax Assets or Margin Stock, including, without limitation, any and all rating agency expenses, news and quotation subscription expenses, travel costs and expenses incurred by the Asset Manager or its officers (on a pro rata basis) in connection with the performance of the Asset Manager's obligations under the Asset Management Agreement and the Issuer's pro rata share of software and services costs for record keeping and fund administration, due diligence costs, legal, tax, accounting, appraisal, and any rating agency costs to the extent not paid directly by the Issuer and any extraordinary expenses of any nature or other unusual matters and (II) any reasonable costs and expenses incurred by the Asset Manager in connection with obtaining a replacement collateral administrator pursuant to the Collateral Administration Agreement, in each case, shall be reimbursed by the Issuer to the extent funds are available therefor in accordance with and subject to the limitations contained in the Indenture. Other than as stated above, the Issuer will bear, and will pay directly in accordance with the Indenture, all other costs and expenses incurred by it in connection with the organization, operation or liquidation of the Issuer.

Amendment

Any amendment of the Asset Management Agreement that will, in the commercially reasonable judgment of the Asset Manager, materially adversely affect any Noteholder will only be permitted subject to obtaining Rating Agency Confirmation and the consent of a Majority of the Controlling Class.

THE ISSUERS

General

Ares XXXI CLO Ltd. (the "Issuer") was incorporated on May 7, 2014. It is an exempted company incorporated with limited liability and is subject to the Companies Law (as amended) of the Cayman Islands. The registration number of the Issuer is 287739. On the Closing Date, the Issuer will merge into Ares XXXI-B CLO Ltd. ("Ares XXXI-B") in accordance with the laws of the Cayman Islands, with the Issuer being the surviving entity. Ares XXXI-B is an exempted company incorporated with limited liability and is subject to the Companies Law (as amended) of the Cayman Islands. The registration number of Ares XXXI-B is 288468. The Issuer's registered office is at Appleby Trust (Cayman) Ltd., Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands, telephone number (345) 949-4900. As of the Closing Date, the authorized share capital of the Issuer will consist of U.S.$250 divided into 250 ordinary shares of U.S.$1.00 par value per share, of which 250 ordinary shares have been issued. All of the issued shares (the "Issuer Ordinary Shares") are fully-paid and are held by Appleby Trust (Cayman) Ltd., as share trustee (together with its successors in such capacity, the "Share Trustee"), under the terms of a declaration of trust in favor of charitable purposes. The Share Trustee may only dispose or otherwise deal with the Issuer Ordinary Shares with the approval of the Trustee for so long as there are any Securities Outstanding. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Issuer Ordinary Shares.

This Issuer has no prior operating history other than in connection with the pre-closing warehouse arrangements and the Closing Merger to facilitate the acquisition of Underlying Assets in contemplation of the transactions described herein. See "Risk Factors—Relating to the Underlying Assets— The Issuer will acquire certain Underlying Assets prior to the Closing Date and will acquire additional Underlying Assets on the Closing Date by merging with Ares XXXI-B CLO Ltd.", "Risk Factors—Relating to the Underlying Assets—A portion of the initial Underlying Assets will be acquired under a Master Participation Agreement and a Master Trade Confirmation and a portion of the initial Underlying Assets will be acquired from other affiliates of the Asset Manager" and "Risk Factors—Relating to the Underlying Assets—The Issuer will acquire additional Underlying Assets by merging with Ares XXXI-B CLO Ltd. on the Closing Date." The Issuer does not publish any financial statements.

Ares XXXI CLO LLC (the "Co-Issuer") was formed on July 14, 2014 pursuant to the Delaware Limited Liability Company Act with the file number 5568260. The registered office of the Co-Issuer is c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, Delaware 19808. The Co-Issuer's principal office is at c/o CICS, LLC, 225 West Washington Street, Suite 2200, Chicago, Illinois 60606 (Telephone: 312-775-1007).

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

Directors; Manager

The directors of the Issuer are Richard McMillan, George Bashforth and Julian Black, each of whom is an employee of the Administrator. The directors of the Issuer serve as directors of and provide services to other CLO vehicles and perform other duties for the Administrator. They may be contacted at the address of the Administrator. The initial manager and independent manager of the Co-Issuer will be Melissa M. Stark. The principal outside function of Ms. Stark consists of being the owner and principal of CICS, LLC, a corporate financial services firm. Ms. Stark may be contacted at the office of the Co-Issuer listed at the end of this Offering Memorandum.

Capitalization

The initial proposed capitalization and indebtedness of the Issuer as of the Closing Date, after giving effect to the issuance of the Notes (before deducting expenses of the offering of the Notes and discounts, including original issue discounts) is as set forth below:

	Amount (U.S.$)
Class A-1 Notes	759,900,000
Class A-2 Notes	136,900,000
Class B Notes	75,700,000
Class C Notes	46,250,000
Class D Notes	57,500,000,
Subordinated Notes	184,450,000
Total Debt	1,260,700,000
Issuer Ordinary Shares	250
Total Equity	250
Total Capitalization	1,260,700,250

The Co-Issuer will be capitalized in an amount of U.S.$10, will have no assets other than such capital and will have no debt other than as Co-Issuer of the Co-Issued Notes.

The Notes are limited recourse obligations of the Issuer and, in the case of the Co-Issued Notes, the Co-Issuer. The Notes are not obligations of the Transaction Parties (other than the Issuer and, in the case of the Co-Issued Notes, the Co-Issuer) or any of their respective Affiliates or any of the directors, officers, members, managers or shareholders of the Issuers.

Business

The Issuer has been established as a special purpose company for the purpose of issuing the Notes and the Issuer Ordinary Shares, entering into the Closing Merger and the management of the Collateral and other related transactions. Other than those activities incidental to its incorporation, certain pre-closing warehousing and participation arrangements and the acquisition of Underlying Assets in anticipation of the Closing Date and activities incidental thereto, the Issuer has not previously carried on any business activities. See "Risk Factors—Relating to the Underlying Assets— The Issuer will acquire certain Underlying Assets prior to the Closing Date and will acquire additional Underlying Assets on the Closing Date by merging with Ares XXXI-B CLO Ltd.", "Risk Factors—Relating to the Underlying Assets—A portion of the initial Underlying Assets will be acquired under a Master Participation Agreement and a Master Trade Confirmation and a portion of the initial Underlying Assets will be acquired from other affiliates of the Asset Manager" and "Risk Factors—Relating to the Underlying Assets—The Issuer will acquire additional Underlying Assets by merging with Ares XXXI-B CLO Ltd. on the Closing Date." The Issuer will receive payments of interest on the Underlying Assets as the principal source of its income. The Co-Issuer has been established as a special purpose company for the purpose of issuing the Co-Issued Notes and has no prior operating history.

The Issuers will not undertake any business other than the issuance of the Notes pursuant to the Indenture and other related activities and transactions including the management of the Collateral. Neither the Issuer nor the Co-Issuer will have any subsidiaries or employees, except that Co-Issuer is a subsidiary of the Issuer and the Indenture permits the Issuer to form Tax Subsidiaries in connection with certain workout activities.

The Issuer is not expected to have any substantial assets other than the Collateral pledged to secure the Secured Notes and is not expected to have any substantial liabilities other than the Notes. The Issuer will not publish financial statements. Clause 3 of the Issuer's Memorandum and Articles sets out the objects for which the Issuer is established, which are restricted to and include the business to be carried out by the Issuer in connection with the Notes and the Collateral.

Appleby Trust (Cayman) Ltd., a Cayman Islands licensed trust company, will act as the administrator of the Issuer (together with its successors in such capacity, the "Administrator"). The office of the Administrator will serve as the registered office and the general business office of the Issuer. Through this office and pursuant to the terms of an agreement to be entered into between the Administrator and the Issuer (as amended, the "Administration Agreement"), the Administrator will perform various corporate administrative functions on behalf of the Issuer, including the provision of certain clerical, administrative and other corporate services in the Cayman Islands 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.

The Administration Agreement provides that either party shall be entitled to terminate such agreement by giving at least thirty days' advance notice in writing to the other party. In such event, a replacement Administrator will be appointed.

The activities of the Administrator under the Administration Agreement will be subject to the overview of the Issuer's board of directors. The Administrator's principal office is Appleby Trust (Cayman) Ltd., Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion based upon present law of certain United States federal income tax considerations for prospective purchasers of the Secured Notes and Subordinated Notes. The discussion addresses only persons that purchase Secured Notes or Subordinated Notes (collectively "Notes") in the original offering, hold the Secured Notes or Subordinated Notes as capital assets, and use the United States dollar as their functional currency. The discussion does not consider the circumstances of particular purchasers, some of which (such as financial institutions, insurance companies, regulated investment companies, tax exempt organizations, dealers, traders who elect to mark their investment to market and persons holding the Secured Notes or Subordinated Notes as part of a hedge, straddle, conversion, constructive sale or integrated transaction) are subject to special tax regimes. The discussion does not address any state, local or foreign taxes or the federal alternative minimum tax. Special rules also apply to individuals, certain of which may not be discussed below. Prospective investors should note that no rulings have been, or are expected to be, sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS or a court will not take contrary positions.

HOLDERS ARE HEREBY NOTIFIED THAT ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN BY US TO BE RELIED UPON BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE (THE "CODE"), SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, AND HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE STATE AND LOCAL LAWS OF THE UNITED STATES AND THE LAWS OF THE CAYMAN ISLANDS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, "U.S. Holder" means the beneficial owner of a Note that is (i) a citizen or resident of the United States, (ii) a corporation organized in or under the laws of the United States or any political subdivision thereof, (iii) a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source. "Non-U.S. Holder" means a person that is a beneficial owner of a Note other than a U.S. Holder. The treatment of partners in a partnership that owns Notes may depend on the status of such partners and the status and activities of the partnership and such persons should consult their own tax advisors about the consequences of an investment in the Notes.

United States Federal Income Tax Treatment of the Issuer

Generally

The Issuer will have in effect an election to be treated as a pass-through entity for U.S. federal income tax purposes. The Issuer's entity classification will affect the tax consequences to holders of Notes treated as equity for U.S. federal income tax purposes. Provided the Issuer is not engaged in a U.S. trade or business (which is the position the Issuer will take consistent with the opinion of tax counsel described below), the Issuer's entity classification should not materially affect the holders of a Class of Notes properly treated as debt.

Treatment of the Issuer as a Partnership for U.S. Federal Income Tax Purposes

The Issuer will receive an opinion from Milbank, Tweed, Hadley & McCloy LLP on the closing date to the effect that, for U.S. federal income tax purposes, the Issuer will be treated as a pass-through entity and will not be treated as a "taxable mortgage pool" or as a "publicly traded partnership" taxable as a corporation. This opinion is subject to a number of assumptions and qualifications, including an assumption that deemed or written representations made by future Purchasers of Subordinated Notes and Class D Notes will be correct so that the Issuer can satisfy the "private placement" safe harbor of Treasury regulations section 1.7704-1(h) and establish that interests in the Issuer are not readily tradable on a secondary market or the substantial equivalent thereof. Because

the Notes may be held in global form, the Issuer may be unable to monitor and confirm that such deemed representations are at all times correct, and the opinion could be adversely affected if such deemed or written representations were found not to be correct. The Issuer also intends to manage its affairs so that it will not otherwise be treated as a corporation for U.S. federal income tax purposes.

The foregoing opinion reflects counsel's best judgment (based on the assumptions set forth in the opinion) and is not binding on the IRS or the courts. The Issuer can provide no assurance that the IRS will not contend, and that a court will not ultimately conclude, that the Issuer should be taxable as a corporation for U.S. federal income tax purposes. Prospective investors in the Subordinated Notes and the Class D Notes should consult their own tax advisors with respect to the effect of holding equity in the Issuer if it is treated as a corporation for U.S. federal income tax purposes (in the case of the Class D Notes, if such Notes also were recharacterized as equity as discussed below).

As a partnership, the Issuer expects that each Holder of Subordinated Notes (or any other Notes treated as equity in the Issuer for U.S. federal income tax purposes) that is a U.S. Holder will be required to take into account for U.S. federal income tax purposes its allocable share of the items of income, gain, loss, deduction and credit of the Issuer for each taxable year of the Issuer ending with or within the holder's taxable year. In addition, each such holder will generally be treated as engaged in the activities in which the Issuer is engaged for U.S. federal income tax purposes. Prospective investors should be aware that no ruling will be sought from the IRS regarding the U.S. federal income tax treatment of the Issuer.

Trade or Business within the United States

The Issuer intends to follow certain operating guidelines set forth in the Asset Management Agreement designed to reduce the risk that the Issuer will be deemed to have engaged in the conduct of a trade or business in the United States. If the Issuer is not engaged in a U.S. trade or business, it will not be subject to U.S. federal income tax on a net income basis (whether it is a partnership or corporation). The Issuer will receive an opinion of Milbank, Tweed, Hadley & McCloy LLP subject to customary assumptions and qualifications to the effect that, assuming the Issuer and Asset Manager comply with these guidelines and other requirements of the Indenture, the Issuer will not be engaged in a trade or business in the United States.

If the Issuer were determined to be engaged in a trade or business within the United States, a Non-U.S. Holder of Subordinated Notes (or any other Notes recharacterized as equity in the Issuer) would be subject to U.S. federal income tax (which tax may be collected through withholding), and such holder could be required to file a U.S. federal income tax return and pay U.S. federal income tax on its allocable share of the Issuer's effectively connected income. If the Issuer were determined to be engaged in a trade or business within the United States and also were to be taxable as a corporation 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 Notes.

In addition, if the Issuer were found to be engaged in a U.S. trade or business, payments in respect of the Notes may be treated as U.S. source income that could be subject to withholding unless appropriate certifications of status have been provided by Non-U.S. Holders to the applicable withholding agent as discussed further below.

The opinion above represents only counsel's best judgment, and is not binding on the IRS or the courts. 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 as a result of unanticipated activities, changes in law, contrary conclusions by the IRS or other causes.

The remainder of this discussion assumes that the Issuer will be treated as a partnership (other than a publicly traded partnership taxable as a corporation) for U.S. federal income tax purposes and will not be engaged in a U.S. trade or business.

Taxation in Respect of a Tax 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, certain Underlying Assets may be owned by one or more Tax Subsidiaries wholly-owned by the Issuer that will be treated as either U.S. or foreign corporations for U.S. federal income tax purposes. Either a foreign or U.S. Tax Subsidiary may be subject to substantial U.S. federal income tax on a net income tax basis, as well as branch profits tax in the case of a foreign Tax Subsidiary, and distributions from a U.S. Tax Subsidiary to the Issuer may be subject to a 30% U.S. withholding tax. In addition, U.S. holders will not be permitted to use losses recognized by the Tax Subsidiary to offset gains recognized by the Issuer and may be subject to certain adverse passive foreign investment company or controlled foreign corporation rules with respect to the Tax Subsidiary. Prospective investors should consult their tax advisers regarding the consequences if the Issuer organizes and holds assets indirectly through a Tax Subsidiary.

Withholding Taxes on the Issuer

Although the Issuer does not anticipate that it will 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 Notes. Subject to certain exceptions set forth in the Indenture, the Issuer generally may acquire a particular Underlying Asset only if, at the time of commitment to purchase, either the interest payments thereon are not subject to withholding tax or the issuer of the Underlying Asset is required to make "gross-up" payments. Accordingly, the Issuer does not generally expect to be subject to U.S. federal withholding taxes on interest from Underlying Assets. The Issuer may, however, be subject to withholding or gross income taxes in respect of commitment fees, securities lending fees, facility fees, and other similar fees, dividend or substitute dividend payments, or under FATCA as discussed in more detail below. Any such withholding or gross income taxes may not be grossed up. In addition, if any Class of Notes is characterized as equity, the failure of a holder of such Notes to provide the proper certification to the Issuer may result in payments the Issuer receives being subject to withholding and may trigger a compulsory disposition of such Notes.

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. 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.

Tax Treatment of U.S. Holders of Secured Notes

Classification of the Secured Notes

In general, the characterization of an instrument for U.S. federal income tax 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.

Upon issuance of the Notes, the Issuer will receive an opinion from Milbank, Tweed, Hadley & McCloy LLP on the Closing Date to the effect that, for U.S. federal income tax purposes, the Class A-1 Notes and the Class A-2 Notes will be treated as debt.

Milbank, Tweed, Hadley & McCloy LLP will also deliver an opinion to the Issuer on the Closing Date to the effect that, for U.S. federal income tax purposes, the Class B Notes and the Class C Notes will, and the Class D Notes should be treated as debt. This characterization, and counsel's opinion, however, are not binding on the IRS or the courts. There can be no assurance that the IRS would not contend, and that a court might not ultimately hold, that a class of Secured Notes constitute equity of the Issuer. The opinions are subject to a number of assumptions, including compliance with the terms of the Transaction Documents, which counsel as of the date of the opinion believes to be reasonable but which if incorrect could adversely affect the opinions. Investors should consult their tax advisors regarding the tax rules that would apply if a Class of Secured Notes were recharacterized as equity by the IRS, although generally the discussion of the tax consequences of holding Subordinated Notes below would be

relevant to holders of that recharacterized Class of Secured Notes. The discussion in the remainder of this section assumes that the Notes other than the Subordinated Notes will be treated as debt.

The Issuer and not the Co-Issuer will be treated as having issued the Notes for U.S. federal income tax purposes.

Interest and Discount on the Class A-1 Notes and the Class A-2 Notes

U.S. holders of Class A-1 Notes and Class A-2 Notes will treat stated interest as ordinary income when paid or accrued, in accordance with their tax method of accounting.

Interest and Discount on the Class B Notes, Class C Notes and the Class D Notes

Because payments of stated interest on the Class B Notes, Class C Notes and Class D Notes ("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 minus 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.

Treasury regulations applicable to debt instruments issued with OID do not provide definitive rules for accrual of OID on debt instruments the payments on which are contingent as to time, in the manner of the Deferred Interest Notes. In the absence of such definitive guidance, the Issuer intends to treat the amount of OID accruing in any Interest Accrual Period as generally equal to 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.

However, it is also possible the Deferred Interest Notes may be subject to an income accrual method analogous to the methods applicable to debt instruments whose payments are subject to acceleration (under section 1272(a)(6) of the Code) using an assumption as to the expected payments on the Deferred Interest Notes reflected on an assumed payment schedule prepared by the Issuer. Adjustments (generally forward looking) will be made to the extent actual payments do not correspond to the assumed payment schedule. Alternatively, it is possible that the Deferred Interest Notes could be treated as subject to special rules applicable to contingent payment debt instruments. In that event, the timing of income and character of gain or loss on the Deferred Interest Notes would be different. A U.S. Holder of Deferred Interest Notes should consult its own tax advisor about the possible application of these rules.

Sale and Retirement of the Secured Notes

In general, a U.S. Holder of a Secured Note will have a basis in such Secured Note equal to the cost of such Secured Note 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 Classes of Notes that are not Deferred Interest Notes, payments of stated interest. Upon a sale or exchange of the Secured Note, 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 Note. Such gain or loss will be long-term capital gain or loss if the U.S. Holder has held such Secured Note 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.

Further Information Regarding OID

Further information regarding OID may be obtained by contacting the Issuer at its registered office as described under "The Issuers."

Notes Subject to Re-Pricing

A U.S. Holder that continues to own a Secured Note following a Re-Pricing of such Re-Pricing Eligible Class may be deemed, under Section 1001 of the Code, to have exchanged a debt instrument with the characteristics of such Secured Note prior to the Re-Pricing for a newly issued debt instrument with the characteristics of such Secured Note after the Re-Pricing. Therefore, as a result of having participated in the Re-Pricing, the 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 such Secured Note within one year after the Re-Pricing, even if such gain or loss otherwise would have been long term capital gain or loss. Gain or loss on the deemed exchange would be equal to the difference between the issue price of the Re-Priced Notes (which, depending on whether such notes are then treated as "publicly traded", may be the fair market value rather than the principal amount of the notes), and the U.S. Holder's basis in its Secured Notes subject to Re-Pricing. If the issue price of a Re-Priced Note is fair market value, a U.S. Holder may be required to include additional OID in respect of such Re-Priced Note. In general, a debt instrument is considered "publicly traded" if there are sales transactions, or if there are firm or indicative price quotes available for the debt instrument, within a 31-day period beginning 15 days prior to the completion date of the Re-Pricing and ending 15 days thereafter. Thus, the timing and amount of income on the Secured Notes may be affected by the deemed exchange. U.S. Holders should consult their tax advisors regarding the U.S. federal income tax consequences to them of participating in a Re-Pricing.

Base Rate Amendment

A U.S. Holder that owns a Secured Note upon execution of a Base Rate Amendment may be deemed, under Section 1001 of the Code, to have exchanged its Secured Note for a newly-issued debt instrument and as a result may be required to recognize gain or loss realized in the deemed exchange of an old Secured Note for a new note of the same Class during the taxable year in which the Base Rate Amendment occurs. Such gain or loss would be equal to the difference between the issue price of the deemed new note (which, depending on whether such notes are then treated as "publicly traded", may be the fair market value rather than the principal amount of the note), and the U.S. Holder's basis in the deemed old notes. If U.S. Holders are considered to have exchanged their Secured Notes in a taxable deemed exchange, such U.S. Holders would begin a new holding period in their Secured Notes for purposes of determining whether gain or loss on a further exchange would be long term or short term capital gain or loss. In the event that the stated principal of any Class A Note received in a deemed exchange is greater than the issue price of such note, a U.S. Holder of such note may be required to include OID in income as a result of the Base Rate Amendment. U.S. Holders of Class B Notes, Class C Notes and Class D Notes may be required to include additional OID to the extent that the issue price on their deemed new notes is less than their adjusted issue price in such notes prior to the deemed exchange. U.S. Holders should consult their own tax advisor regarding the tax consequences to them of a Base Rate Amendment.

Tax Treatment of U.S. Holders of Subordinated Notes

The Subordinated Notes are likely to be treated as equity for U.S. federal income tax purposes and the balance of the discussion below assumes such treatment. If a U.S. Holder of Subordinated Notes designates a portion of any distribution to it as a Contribution, it nonetheless will be treated for U.S. federal income tax purposes as though that portion had been distributed.

Investment in a Partnership

The Issuer will have in effect an election to be treated as a pass-through entity for U.S. federal income tax purposes, and may be required to file an annual partnership information return with the IRS which reports the results of its operations. The Issuer will not itself be subject to U.S. federal income tax, but may be subject to withholding taxes or have withholding tax payment obligations. Each holder of a Subordinated Note (or any other Notes treated as equity in the Issuer) (a "passthrough owner") will, if it is a U.S. Holder, be required to report separately on its income tax return its allocable share of the Issuer's income, including net long-term capital gain or loss, net short-term capital gain or loss and all other items of ordinary income or loss, regardless of whether it has received or will receive a distribution from the Issuer. Each such item generally will have the same character and source (either U.S. or foreign) as though the passthrough owner had realized the item directly.

A passthrough owner may be limited in its ability to claim deductions for U.S. federal income tax purposes in respect of its investment in the Issuer. Certain passthrough owners may be subject to limitations on, or deferral of, the deductibility of investment expenses. Further, passthrough owners that are individuals, personal service corporations and closely held corporations should consider the "passive activity" and "at risk" rules of the Code. In general, neither the Issuer nor any passthrough owner may currently deduct organizational or syndication expenses.

Prospective passthrough owners should be aware that the U.S. federal income tax rules applicable to partners in a partnership are very complex. While this discussion contains a summary of certain material aspects of such rules, prospective passthrough owners should consult their own tax advisers as to the U.S. federal income tax consequences of the purchase, ownership and disposition of the Subordinated Notes (and any other Notes that could be recharacterized as equity in the Issuer) in their particular circumstances, as well as the possible application of state, local, non-U.S. or other tax laws.

Taxable income allocated to a passthrough owner may exceed cash distributions, if any, made to such passthrough owner, in which case the passthrough owner may have to satisfy tax liabilities arising from an investment in the Issuer from the passthrough owner's own funds. Prospective passthrough owners should in particular be aware that the Underlying Assets may be purchased by the Issuer with OID. 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 Notes or to purchase additional Underlying Assets. As a consequence, passthrough owners may owe tax on a significant amount of "phantom" income.

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 that are passthrough owners could be treated as holding an indirect investment in a passive foreign investment company or a controlled foreign corporation (each as defined in the Code) and could be subject to certain adverse U.S. federal income tax consequences. Prospective purchasers should consult their own tax advisers regarding the issues relating to such investments.

The Issuer intends to comply with certain restrictions designed to prevent the Issuer from being treated as a "publicly traded partnership" or as a "taxable mortgage pool" for U.S. federal income tax purposes. If the Issuer were treated as a "publicly traded partnership" or as a "taxable mortgage pool", the Issuer would be taxable as a corporation for U.S. federal income tax purposes and the tax consequences of holding Subordinated Notes (and any other classes of Notes treated as equity for U.S. federal income tax purposes) would be different. Prospective purchasers should consult their own tax advisers regarding the consequences of holding such Notes if the Issuer were treated as a corporation.

Allocation of Profits and Losses

The Indenture and the Organizational Documents of the Issuer provide that items of income, deduction, gain, loss or credit actually recognized by the Issuer for each fiscal year generally are to be allocated for U.S. federal income tax purposes among the passthrough owners pursuant to the principles contained in Section 704 of the Code and the regulations thereunder. Under the principles contained in Section 704(c) of the Code and the regulations thereunder, income, gain, loss or deduction realized in respect of property contributed to the Issuer by a passthrough owner may be specially allocated to that passthrough owner to the extent such property had a value different from its tax basis at the time of contribution. There can be no assurance however, that the particular methodology of allocations used by the Issuer will be accepted by the IRS. If such allocations are successfully challenged by the IRS, the allocation of the Issuer's tax items among the passthrough owners may be materially affected.

Tax Elections; Returns; Tax Audits

The Code generally provides for optional adjustments to the basis of partnership property upon distributions of partnership property to a holder of Subordinated Notes (or any other Notes treated as equity in the Issuer) and transfers of equity in the partnership (including by reason of death); provided that an election has been made pursuant to Section 754. Under the Indenture and the Issuer's Organizational Documents, the "tax matters partner" as defined in Section 6231 of the Code (the "Tax Matters Partner") may cause the Issuer to make such an election. Any such election, once made, cannot be revoked without the IRS's consent. On the Closing Date, a

holder of the Subordinated Notes that is not an Asset Manager Party will be the Tax Matters Partner. The Tax Matters Partner will decide how to report the partnership items on the Issuer's tax returns.

In certain cases, the Issuer may be required to file a statement with the IRS disclosing one or more positions taken on its tax return, generally where the tax law is uncertain or a position lacks clear authority. All passthrough owners in the Issuer will be required under the Code to treat the partnership items consistently on their own returns, unless they file a statement with the IRS disclosing the inconsistency.

Given the uncertainty and complexity of the tax laws, it is possible that the IRS may not agree with the manner in which the Issuer's items have been reported. In the event the income tax returns of the Issuer are audited by the IRS, the tax treatment of the Issuer's income and deductions generally is determined at the partnership level in a single proceeding rather than by individual audits of the partners. The Tax Matters Partner has considerable authority to make decisions affecting the tax treatment and procedural rights of all partners. In addition, the Tax Matters Partner has the authority to bind certain partners to settlement agreements and the right on behalf of all partners to extend the statute of limitations relating to the partners' tax liabilities with respect to Issuer items. In exercising its authority to make decisions with respect to U.S. federal income tax matters involving the Issuer (including in connection with representing the Issuer before the IRS), the Tax Matters Partner will consult with the Asset Manager, and the Asset Manager's consent is required before the Tax Matters Partner makes any decision that could have a material adverse effect on some or all of the holders of any Class of Notes.

Mandatory Basis Adjustments by the Issuer

The Issuer will generally be required to adjust its tax basis in its assets in respect of all passthrough owners in cases of partnership distributions that result in a "substantial basis reduction" (i.e., in excess of $250,000) in respect of the Issuer's property. The Issuer is required to adjust its tax basis in its assets in respect of a transferee, in the case of a sale or exchange of an equity interest in the Issuer, or a transfer of such interest upon death, when there exists a "substantial built-in loss" (i.e., in excess of $250,000) in respect of partnership property immediately after the transfer. For this reason, the Issuer will require (i) any passthrough owner who receives a distribution from the Issuer in connection with a redemption in full of its Subordinated Notes (and any other of such passthrough owner's Notes recharacterized as equity in the Issuer), (ii) a transferee (including a transferee in case of death) of a Subordinated Note (or any other Class of Notes recharacterized as equity in the Issuer) and (iii) any other passthrough owner in appropriate circumstances, to provide the Issuer with information regarding its adjusted tax basis in its Subordinated Notes (or any other Class of Notes recharacterized as equity in the Issuer).

Basis; Sales or Dispositions of Subordinated Notes

Each taxable U.S. Holder of Subordinated Notes (or any other Notes recharacterized as equity in the Issuer) will (subject to certain limitations summarized above) be entitled to deduct its allocable share of the Issuer's losses to the extent of its tax basis in such Notes at the end of the tax year of the Issuer in which such losses are recognized. Such a holder's tax basis in such Notes will, in general, be equal to the amount of cash the holder has contributed to the Issuer, increased by its allocable share of the income and liabilities of the Issuer, and decreased by distributions it has received from the Issuer and its allocable share of losses and reductions in such liabilities. If cash distributed or deemed distributed to a U.S. Holder of such Notes in any year, including, for this purpose, any reduction in such holder's share of the liabilities of the Issuer, exceeds that holder's share of the taxable income of the Issuer for that year, the excess will reduce the tax basis of the holder's equity interests in the Issuer and any distribution in excess of such basis will result in taxable gain.

A passthrough owner that sells its Subordinated Notes (or any other Notes treated as equity in the Issuer) in the Issuer or that receives (in connection with a redemption in full of its Subordinated Notes (or any other Notes treated as equity in the Issuer) a cash liquidating distribution from the Issuer generally will recognize capital gain or loss to the extent of the difference between the proceeds received by such passthrough owner (including its allocable share of liabilities of which it has been relieved) and such passthrough owner's adjusted tax basis in the equity interests sold or liquidated. Such capital gain or loss will be short-term, long-term, or some combination of both, depending upon the timing of such passthrough owner's contributions to the Issuer. However, a passthrough owner will recognize ordinary income to the extent such holder's allocable share of the Issuer's "unrealized receivables" exceeds its basis in such unrealized receivables (as determined pursuant to the applicable Treasury

regulations). For these purposes, accrued but untaxed market discount, if any, on securities held by the Issuer will be treated as an unrealized receivable, with respect to which a passthrough owner would recognize ordinary income.

Medicare 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 of U.S. Holders who are individuals, estates or trusts to the extent net investment income exceeds an income threshold. Net investment income generally will include all income from the Notes.

U.S. Holders, and in particular U.S. Holders of Subordinated Notes (or any other Class of Notes that may be recharacterized 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 Notes in their particular circumstances.

FATCA and the Cayman IGA

FATCA potentially imposes a withholding tax of 30% on certain payments made to the Issuer, including potentially all interest paid on (and after December 31, 2016, proceeds from the sale or other disposition of) U.S. Underlying Assets, unless the Issuer complies with Cayman legislation that implements the intergovernmental agreement between the Cayman Islands and the United States signed on November 29, 2013 with respect to FATCA (the "Cayman IGA"). The Cayman IGA requires, among other things, that the Issuer collects and provides to the Cayman Islands government substantial information regarding direct and indirect holders of the Notes and withhold (or instruct paying agents to withhold) 30 percent of certain payments to certain holders of Notes (as described below), unless the Issuer qualifies as a Non-Reporting Cayman Islands Financial Institution (as defined in the Cayman IGA) or is otherwise entitled to an exemption under FATCA.

The Issuer will be required to comply with Cayman FATCA Legislation. Unless it qualifies as a Non-Reporting Cayman Islands Financial Institution, the Issuer 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. 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 in unable to comply with FATCA as a result of factors outside of its control. The Issuer intends to comply with its obligations under FATCA (including the Cayman IGA and Cayman FATCA Legislation). However, in some cases, the ability to comply and avoid FATCA withholding tax could 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 itself compliant with FATCA. The rules under FATCA may change in the future. 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 Notes 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 under FATCA 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 FATCA as discussed above. Holders 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 under the Indenture, including forced transfer of their Notes, assignment of separate CUSIPs to their Notes or being subject to an amendment to the Indenture in order for the Issuer to achieve FATCA Compliance. There can be no assurance, however, that these measures will be effective, and that the Issuer and holders of the Notes will not be subject to withholding taxes under FATCA or the Cayman legislation implementing the Cayman IGA. The imposition of such taxes could materially affect the Issuer's ability to make payments on the Notes or could reduce such payments.

The imposition of withholding taxes and incurrence by the Issuer of FATCA Compliance Costs in excess of certain thresholds (whether actually imposed or incurred, or reasonably anticipated) is a Tax Event that allows the Issuer to retire Notes.

Tax Treatment of Tax-Exempt U.S. Holders of the Securities

Special considerations apply to pension plans and other investors that are subject to tax only on their unrelated business taxable income ("UBTI"). UBTI arises primarily as income from an unrelated trade or business regularly carried on or as income from "debt-financed" property. U.S. tax-exempt investors holding Subordinated Notes (and any other Classes of Notes treated as equity for U.S. federal income tax purposes) generally would be subject to tax on their allocable shares of UBTI realized by the Issuer in the same manner as if such UBTI were realized directly by such investors. As the Issuer will borrow to finance investments, U.S. tax-exempt holders of Subordinated Notes (or any other Notes potentially recharacterized as equity in the Issuer) for U.S. federal income tax purposes may realize UBTI as a result of their investment (for so long as the Issuer is treated as a partnership for U.S. federal income tax purposes). Accordingly, such Notes may not be a suitable investment for U.S. tax-exempt investors. A tax exempt investor's interest income and gain from the Secured Notes generally would not be treated as UBTI if the investor's investment in the Notes is not debt financed (provided that the Secured Notes are treated as debt for U.S. federal income tax purposes).

Tax Treatment of Non-U.S. Holders of the Notes

Assuming that the Issuer is not treated as engaged in a trade or business within the United States, payments on the Notes to a Non-U.S. Holder, or gain realized on a sale, exchange, or redemption of such Notes by such holder, will not be subject to U.S. federal income or withholding tax, as the case may be, unless such Non-U.S. Holder is subject to backup withholding tax (described below) as a result of failing to comply with applicable certification procedures to establish that it is not a U.S. Holder. Assuming that the Issuer is not treated as engaged in a trade or business within the United States, a Non-U.S. Holder will not be considered to be engaged in a trade or business within the United States solely by reason of holding Notes. In any event, a Non-U.S. Holder will not be considered to be engaged in a trade or business within the United States solely by reason of holding Secured Notes that are treated as debt for U.S. federal income tax purposes.

If the Issuer were determined to be engaged in a trade or business within the United States, and had income effectively connected therewith, then interest paid on the Secured Notes to a Non-U.S. Holder could be subject to a 30% U.S. withholding tax unless an exemption applies. Interest paid on the Secured Notes to a Non-U.S. Holder would be exempt if, among other things, the beneficial owner of such Notes (a) is not a "10-percent shareholder" (under the Code) in respect of the Issuer, (b) is not a controlled foreign corporation (under the Code) related to the Issuer through equity ownership and (c) satisfies, directly or indirectly, applicable certification or documentary evidence requirements as to its non-U.S. status.

Additionally, 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, in the case of a Non-U.S. Holder of Subordinated Notes (or any other Notes recharacterized as equity in the Issuer), (a) the share of the Issuer's income that is effectively connected with such trade or business that is allocable to such passthrough owner could be subject to U.S. federal income withholding tax at a rate equal to the highest applicable U.S. federal income tax rate and such holder could be required to file a U.S. federal income tax return and pay U.S. federal income tax on its allocable share of the Issuer's net effectively connected income, (b) all or a portion of the gain on the disposition (including by redemption) by such passthrough owner of such Notes could be taxed as effectively connected income to the extent such gain is attributable to assets of the Issuer that generate effectively connected income, (c) if it is a corporation such equity could be subject to an additional branch profits tax of 30% on its allocable share of the Issuer's effectively connected earnings and profits, adjusted as provided by law (subject to reduction by any applicable tax treaty), and (d) such passthrough owner, whether or not a corporation, could be viewed as being engaged in a trade or business within the United States and as maintaining an office or other fixed place of business within the United States, and certain other income of such passthrough owner could be treated as effectively connected income (for example, a Non-U.S. Holder of such Notes who, pursuant to an applicable tax treaty, is currently not subject to tax with respect to a trade or business within the United States because such holder does not have a permanent establishment in the United States could lose the benefits of the tax treaty as a result of its investment in such Notes).

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 Notes 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 under FATCA or complied with the terms of a relevant intergovernmental agreement.

General Information Reporting and Backup Withholding

Information reporting to the IRS generally will be required with respect to payments on the Notes and proceeds of the sale of the Notes 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 (e.g., 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 Notes.

As a partnership, the Issuer will be required to comply with certain other reporting requirement, including preparing and providing Schedule K-1s to beneficial owners of Subordinated Notes (and any other Class of Notes treated as equity for U.S. federal income tax purposes). The beneficial owner of a Note for U.S. federal income tax purposes may be a person other than the holder of such Note. Because the Notes may be held in global form, the Issuer may not be able to obtain the information it needs regarding the identity of each beneficial owner of Subordinated Notes (and any other Class of Notes treated as equity for U.S. federal income tax purposes). If the Issuer is unable to obtain this information, it may not be able to comply with its tax reporting obligations and may be subject to penalties.

Other Reporting Requirements

U.S. Holders, and in certain cases Non-U.S. Holders, of the Notes may be subject to other information reporting requirements. 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 certain instances, 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 Notes, 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 Notes. The Issuer assumes no responsibility to advise holders or other affected parties about how to comply with generally applicable reporting requirements relevant to their purchase, ownership and disposition of Notes and purchasers of Notes are urged to consult their own tax advisors regarding these reporting requirements, including penalties that may apply for failure to comply. However, for the convenience of holders certain of the reporting requirements that may apply to the acquisition, ownership of disposition of Notes are listed below.

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.

Reporting Requirements with Respect to Notes on IRS For 8865

Treasury regulations require reporting for certain transfers of property (including cash) to a foreign partnership by U.S. persons. In general, U.S. Holders who acquire Subordinated Notes (and any other Notes treated as equity in the Issuer) will be required to file a Form 8865 with the IRS and to supply certain information to the IRS. In addition, the Code and related Treasury regulations will require any U.S. Holder that directly or indirectly owns a significant portion of the voting power or value of the Issuer's equity (generally 10%, but in some cases more than 50%) to comply with certain additional reporting requirements. While it is unclear how the voting power of the Subordinated Notes (and any other Class of Notes treated as equity in the Issuer) would be measured for this purpose, a U.S. holder that owns less than 10% (or 50% or less, as applicable) of the Subordinated Notes and any other Notes treated as equity in the Issuer should not be required to file this return.

Reportable Transactions Reporting (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. A person that is a holder of a Subordinated Notes or any other Class of Notes treated as equity in the Issuer 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.

FBAR Reporting

U.S. holders, and Non-U.S. Holders with certain minimum contacts with the United States, of Subordinated Notes (or any other Classes of Notes treated as equity in the Issuer) may be required to report certain information on U.S. Treasury Form FinCEN Report 114 or successor form (the "FBAR") for any calendar year in which they hold such Notes. The FBAR must be received by the U.S. Treasury by June 30 to report on accounts held 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.

CAYMAN ISLANDS TAX CONSIDERATIONS

The following is a discussion of certain Cayman Islands tax consequences of an investment in the Securities. 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.

Under existing Cayman Islands Laws:

(i) Payments of interest, principal and other amounts on the Secured Notes and amounts in respect of the Subordinated Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal and other amounts on the Secured Notes or a distribution to any holder of the Subordinated Notes, nor will gains derived from the disposal of the Securities 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 in respect of the issue of the Securities. The Holder of any Securities (or a legal personal representative of such Holder) whose Securities are brought into the Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Securities; and

(iii) An instrument transferring title to a Security, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty.

The Issuer has been incorporated as an exempted company with limited liability under the laws of the Cayman Islands and, as such, has received 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 the provision of Section 6 of the Tax Concession Law (2011 Revision) the Governor in Cabinet undertakes with:

Ares XXXI 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 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 20th day of May 2014.

***CLERK OF THE CABINET"

The Cayman Islands does not have an income tax treaty arrangement with the United States or any other country; however, the Cayman Islands has entered into a tax information exchange agreement with the United States.

ERISA AND CERTAIN RELATED 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 Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed above under "Risk Factors" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of 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 (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. A fiduciary of a Plan that engages in a non-exempt prohibited transaction may also be subject to penalties and liabilities under ERISA and the Code.

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 (i) any "employee benefit plan" (as defined in Section 3(3) of ERISA), subject to Title I of ERISA, (ii) any "plan" described in Section 4975(e)(1) of the Code to which Section 4975 of the Code applies, or (iii) any entity whose underlying assets include, or are deemed for purposes of ERISA or the Code to include, "plan assets" by reason of any such employee benefit plan's or any such 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 Co-Issued Notes as "equity interests" in the Issuers. However, for purposes of the Plan Asset Regulation, the ERISA Restricted Notes may be considered "equity interests" in the Issuer, and will not constitute "publicly-offered securities" for purposes of the Plan Asset Regulation. In addition, the Issuer will not be registered under the Investment Company Act, and it is not likely that the Issuer will qualify as an "operating company" for purposes of the Plan Asset Regulation. Therefore, if equity participation in any Class of ERISA Restricted Notes by Benefit Plan Investors is "significant" within the meaning of the Plan Asset Regulation, the assets of the Issuer could be considered to be the assets of any Plans that purchase the ERISA Restricted Notes. In such circumstances, in addition to considering the applicability of ERISA and Section 4975 of the Code to the ERISA Restricted Notes, a Plan fiduciary considering an investment in the ERISA Restricted Notes should consider, among other things, the applicability of ERISA and Section 4975 of the Code to transactions involving any of the Transaction Parties or any of their respective Affiliates, including whether such transactions might constitute a prohibited transaction under Section 406 of 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 Issuer intends to limit equity participation by Benefit Plan Investors to less than 25% of each Class of ERISA Restricted Notes. Class D Notes will be issued in the form of Definitive Securities, Rule 144A Global Securities and Regulation S Global Securities; however, no Benefit Plan Investor or Controlling Person may hold Class D Notes in the form of a Global Security. Subordinated Notes will be issued in the form of Definitive Securities, Rule 144A Global Securities and Regulation S Global Securities; however, no Benefit Plan Investor or Controlling Person (other than a Controlling Person purchasing on the Closing Date that has identified itself in writing as a Controlling Person in a signed investor representation letter delivered to the Placement Agent) may hold Subordinated Notes in the form of a Global Security.

Each prospective purchaser (including transferees) of an ERISA Restricted Note in the form of a Definitive Security will be required to make a written representation as to whether it is a Benefit Plan Investor or Controlling Person. Each prospective purchaser (including transferees) of ERISA Restricted Notes represented by Global Securities (other than a Controlling Person purchasing a Subordinated Note in the form of a Regulation S Global Security or Rule 144A Global Security on the Closing Date that has identified itself in writing as a Controlling Person in a signed investor representation letter deliver to the Placement Agent) will be deemed (and may be required) to represent, warrant and covenant that, for so long as it holds a beneficial interest in such Global Securities, it (and each account for which it is acquiring such Global Securities) is not a Benefit Plan Investor or a Controlling Person. See "Transfer Restrictions." No interest in an ERISA Restricted Note will be sold or transferred 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 the Class of ERISA Restricted Notes being transferred, determined in accordance with the Plan Asset Regulation and the Indenture assuming, for this purpose, that all the representations made or deemed to be made by Holders of ERISA Restricted Notes are true. Each interest in an ERISA Restricted Note held as principal by any of the Transaction Parties, any of their 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.

Any Person for which the representations made or deemed to be made by such Person for purposes of ERISA, Section 4975 of the Code or applicable Similar Laws in any representation letter or Transfer Certificate, or by virtue of deemed representations, are or become untrue will be a Non-Permitted Holder and 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. In some cases, the Issuer will not be able to enforce the requirement that transferees of ERISA Restricted Notes deliver a Transfer Certificate.

There can be no assurance that there will not be circumstances in which transfers of an interest in an ERISA Restricted Note 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 JPMorgan, participation by Benefit Plan Investors in the Issuer will not be "significant."

In addition, the Transaction Parties 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 Transaction Parties, or any of their respective Affiliates, is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire such a Note and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption ("PTCE") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 96-23 (relating to transactions determined by in-house asset managers) and Section 408(b)(17) of ERISA and

Section 4975(d)(20) of the Code (relating to transactions with certain persons who provide services to plans). There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving such Securities.

Governmental plans, certain church plans and non-U.S. plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to local, state or other federal or non-U.S. laws that are similar to ERISA or Section 4975 of the Code (any such law, a "Similar Law"). Fiduciaries of any such plans should consult with their counsel before purchasing any Securities and ensure that such plans' purchase and holding of such Securities will not result in a violation of any applicable laws, including any Similar Law.

Investors holding securities issued by a Qualifying Investment Vehicle may be treated for ERISA purposes as holding the Notes held by such Qualifying Investment Vehicle or as holding a separate class of equity interest issued by the Issuer. Qualifying Investment Vehicles holding ERISA Restricted Notes will be required to limit ownership by Benefit Plan Investors of the Qualifying Investment Vehicle's securities to less than 25%, but there can be no assurance that, despite that requirement, Benefit Plan Investors will not in actuality own 25% or more of the securities issued by a Qualifying Investment Vehicle, disregarding any such securities held by Controlling Persons, in which case the assets of the Issuer could be deemed to be "plan assets" of a Plan.

EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF ANY CO-ISSUED NOTE WILL BE DEEMED BY ITS PURCHASE OR ACQUISITION OF ANY SUCH NOTE TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER OR TRANSFEREE ACQUIRES ITS INTEREST IN SUCH NOTE THROUGH AND INCLUDING THE DATE IT DISPOSES OF SUCH INTEREST, EITHER (A) IT IS NOT A PLAN, AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE, THE ASSETS OF ANY SUCH PLAN, OR A GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY NON-U.S. OR U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SIMILAR TO ERISA OR SECTION 4975 OF THE CODE OR (B) ITS PURCHASE, HOLDING AND DISPOSITION OF SUCH NOTE OR INTEREST WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN, A VIOLATION OF SIMILAR LAW) UNLESS AN EXEMPTION IS AVAILABLE (ALL OF THE CONDITIONS OF WHICH HAVE BEEN SATISFIED) OR IN ANY OTHER VIOLATION OF AN APPLICABLE REQUIREMENT OF ERISA, THE CODE OR OTHER SIMILAR LAW.

EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF ANY ERISA RESTRICTED NOTE THAT WILL HOLD ITS INTEREST IN THE FORM OF A DEFINITIVE SECURITY WILL BE REQUIRED TO REPRESENT AND WARRANT AS TO WHETHER IT IS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON, AND EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF ANY ERISA RESTRICTED NOTE THAT WILL HOLD ITS INTEREST IN ANY GLOBAL SECURITY (OTHER THAN A CONTROLLING PERSON PURCHASING A SUBORDINATED NOTE IN THE FORM OF A REGULATION S GLOBAL SECURITY OR RULE 144A GLOBAL SECURITY ON THE CLOSING DATE THAT HAS IDENTIFIED ITSELF IN WRITING AS A CONTROLLING PERSON IN A SIGNED INVESTOR REPRESENTATION LETTER DELIVERED TO THE PLACEMENT AGENT) WILL BE REQUIRED AND/OR DEEMED BY SUCH PURCHASE OR ACQUISITION OF ANY SUCH ERISA RESTRICTED NOTE TO HAVE REPRESENTED AND WARRANTED THAT, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER OR TRANSFEREE ACQUIRES ITS INTEREST IN SUCH ERISA RESTRICTED NOTE THROUGH AND INCLUDING THE DATE IT DISPOSES OF SUCH INTEREST, IT IS NOT A BENEFIT PLAN INVESTOR OR A CONTROLLING PERSON AND, IN EACH CASE, THAT (1) IF THE PURCHASER OR TRANSFEREE IS A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH ERISA RESTRICTED NOTES DO NOT AND WILL NOT CONSTITUTE OR GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, (2) FOR SO LONG AS THE PURCHASER OR TRANSFEREE HOLDS THE ERISA RESTRICTED NOTES OR INTEREST THEREIN IT WILL NOT BE, SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE PURCHASER OR TRANSFEREE BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER OR THE ASSET MANAGER (OR OTHER PERSONS RESPONSIBLE FOR

THE INVESTMENT AND OPERATION OF THE ISSUERS' ASSETS) TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, AND (3) THE PURCHASER'S OR TRANSFEREE'S ACQUISITION, HOLDING AND DISPOSITION OF SUCH ERISA RESTRICTED NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE U.S. STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE.

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 constitute or 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 of the Transaction Parties or any of their 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.

RULE 17G-5 COMPLIANCE

The Issuer, in order to permit the Rating Agencies to comply with their obligations under Rule 17g-5 promulgated under the Exchange Act ("Rule 17g-5"), has agreed to post (or have its agent post) on a password-protected internet website (the "Rule 17g-5 Website"), at the same time such information is provided to the Rating Agencies, all information that the Issuer or other parties on its behalf, including the Trustee and the Asset Manager, provide to the Rating Agencies for the purposes of determining the initial credit rating of the Secured Notes or undertaking credit rating surveillance of the Secured Notes; *provided, however,* that after the Closing Date, no party other than the Issuer, the Trustee or the Asset Manager may provide information to the Rating Agencies on the Issuers' behalf without the prior written consent of the Asset Manager. On the Closing Date, the Issuer will engage the Collateral Administrator, in accordance with the Collateral Administration Agreement, to assist the Issuer in complying with certain of the posting requirements under Rule 17g-5 (in such capacity, the "Information Agent"). Any notices or requests to, or any other written communications with or written information provided to, any of the Rating Agencies, or any of their respective officers, directors or employees, to be given or provided to such Rating Agencies pursuant to, in connection with or related, directly or indirectly, to the Indenture and the Collateral Administration Agreement, any transaction document relating thereto, the Asset Management Agreement, the Collateral or the Secured Notes, will be in each case furnished directly to the Rating Agencies after a copy has been delivered to the Information Agent or the Issuer for posting to the Rule 17g-5 Website.

ANTI-MONEY LAUNDERING AND ANTI-TERRORISM REQUIREMENTS AND DISCLOSURES

In order to comply with U.S. laws and regulations, including the USA PATRIOT Act, aimed at the prevention of money laundering and the prohibition of transactions with certain countries, organizations and individuals, the Issuer (or JPMorgan on its behalf) may request from an investor or a prospective investor such information as it reasonably believes is necessary to verify the identity of such investor or prospective investor, and to determine whether such investor or prospective investor is permitted to be an investor in the Issuer or the Notes pursuant to such laws and regulations. In the event of the delay or failure by any investor or prospective investor in the Notes to deliver to the Issuer any such requested information, the Issuer (or JPMorgan on its behalf) may (a) require such investor to immediately transfer any Note, or beneficial interest therein, held by such investor to an investor meeting the requirements of this Offering Memorandum and the Indenture, (b) refuse to accept the subscription of a prospective investor, or (c) take any other action required to comply with such laws and regulations. In addition, following the delivery of any such information, the Issuer (or JPMorgan on its behalf) may take any of the actions identified in clauses (a)-(c) above. In certain circumstances, the Issuer, the Trustee or JPMorgan may be required to provide information about investors to regulatory authorities and to take any further action as may be required by law. None of the Issuer, the Co-Issuer, the Trustee, the Collateral Administrator, the Asset Manager or JPMorgan will be liable for any loss or injury to an investor or prospective investor that may occur as a result of disclosing such information, refusing to accept the subscription of any potential investor, requiring a transfer of any investment in a Note or taking any other action required by law.

The Administrator is, and the Issuer may be, subject to the Regulations. The Regulations apply to anyone conducting "relevant financial business" in or from the Cayman Islands intending to form a business relationship or carry out a one-off transaction. The Regulations require a financial service provider to maintain certain anti-money laundering procedures including those for the purposes of verifying the identity and source of funds of an "applicant for business"; e.g. an investor. Except in certain circumstances, including where an entity is regulated by a recognized overseas regulatory authority and/or listed on a recognized stock exchange in an approved jurisdiction, the Administrator will likely be required to verify each investor's identity and the source of the payment used by such investor for purchasing the Secured Notes in a manner similar to the obligations imposed under the laws of other major financial centers. In addition, if any person resident in the Cayman Islands knows or suspects, or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct, or is involved with terrorism or terrorist property, and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the FRA, pursuant to the PCL, if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the FRA, pursuant to the Terrorism Law (2011 Revision) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. If the Issuer were determined by the Cayman Islands authorities to be in violation of the PCL, the Terrorism Law or the Regulations, the Issuer could be subject to substantial criminal penalties. The Issuer may be subject to similar restrictions in other jurisdictions. Such a violation could materially adversely affect the timing and amount of payments by the Issuer to the Holders of the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in a placement agreement (the "Placement Agreement") to be entered into among the Issuers and JPMorgan, as Placement Agent for the Securities (the "Placement Agent"), JPMorgan will agree to use commercially reasonable efforts to place certain Securities on behalf of the Issuers or the Issuer, as applicable. Any Securities sold to the Asset Manager, any of the JPMorgan Companies or any of their respective Affiliates, employees or clients or certain other investors will be sold directly by the Issuer in privately negotiated transactions, and JPMorgan will neither act as Placement Agent with respect to such sales nor receive a placement fee in connection with the sale of such Securities.

The applicable Securities will be offered by the Issuer or the Issuers, as applicable, through the Placement Agent from time to time for sale to investors in negotiated transactions at varying prices to be determined in each case at the time of sale. The Placement Agreement will provide that the obligations of the Placement Agent to act as placement agent are subject to certain conditions.

In the Placement Agreement, each of the Issuer and the Co-Issuer will agree to indemnify the Placement Agent against certain liabilities under the Securities Act or to contribute to payments the Placement Agent may be required to make in respect thereof. In addition, the Issuer will pay certain fees to the Placement Agent and agree to reimburse the Placement Agent for certain of its expenses incurred in connection with the closing of the transactions contemplated hereby.

The offering of the Securities has not been and will not be registered under the Securities Act and may not be offered or sold in non-offshore transactions except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

No action has been taken or is being contemplated by the Issuer that would permit a public offering of the Securities or possession or distribution of this Offering Memorandum or any amendment thereof, or supplement thereto or any other offering material relating to the Securities in any jurisdiction (other than Ireland) where, or in any other circumstances in which, action for those purposes is required. No offers, sales or deliveries of any Securities, or distribution of this Offering Memorandum or any other offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the Placement Agent. Because of the restrictions contained in the front of this Offering Memorandum, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Securities.

In the Placement Agreement, the Placement Agent will agree that it or one or more of its Affiliates will place the Securities on behalf of the Issuer or the Issuers, as applicable, only (I) to non-U.S. persons outside the United States in reliance on Regulation S and (II) to, or for the account or benefit of, persons that are both (A) (x) Qualified Institutional Buyers or (y) solely in the case of Definitive Securities, Institutional Accredited Investors and (B) (x) Qualified Purchasers or (y) entities owned exclusively by Qualified Purchasers. In the Placement Agreement, JPMorgan, as the Placement Agent, will also agree that it will send to each other dealer to which it sells Securities pursuant to Regulation S during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities in non-offshore transactions or to, or for the account or benefit of, U.S. persons. Until 40 days after completion of the distribution by the Issuer, an offer or sale of Securities, in a non-offshore transaction by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if the offer or sale is made otherwise than pursuant to Rule 144A or a transaction exempt from the registration requirements under the Securities Act. Resales of the Securities offered in reliance on Rule 144A or in a transaction exempt from the registration requirements under the Securities Act, as the case may be, are restricted as described under "Transfer Restrictions." Beneficial interests in Regulation S Global Securities may not be held by a U.S. person (other than a distributor of the Notes) at any time, and resales of the Notes offered in offshore transactions to non-U.S. persons in reliance on Regulation S may be effected only in accordance with the transfer restrictions described herein. As used in this paragraph, the terms "United States" and "U.S." have the meanings given to them by Regulation S.

The Securities are a new issue of securities for which there is currently no market. The Placement Agent is under no obligation to make a market in any Class of Securities and any market making activity, if commenced, may be discontinued at any time. There can be no assurance that a secondary market for any Class of Securities

will develop, or if one does develop, that it will continue. Accordingly, no assurance can be given as to the liquidity of or trading market for the Securities.

In connection with the offering of the Securities, the Placement Agent may, as permitted by applicable law, overallot or effect transactions that stabilize or maintain the market price of the Securities at a level which might not otherwise prevail in the open market. The stabilizing, if commenced, may be discontinued at any time.

The Placement Agent may be contacted at J.P. Morgan Securities LLC, 383 Madison Avenue, 3rd Floor, New York, NY 10179.

FORM, DENOMINATION AND REGISTRATION

General

The Notes, whether issued in definitive or global form, will be issued and transferable only in Authorized Denominations.

The Notes may only be sold (a) to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and (b) to, or for the account or benefit of (A) (i) Qualified Institutional Buyers that are also Qualified Purchasers or (ii) solely in the case of Definitive Securities, Institutional Accredited Investors that are also Qualified Purchasers. See "Transfer Restrictions."

Except as described in the following paragraphs, (a) Notes sold to Qualified Institutional Buyers that are also Qualified Purchasers will be initially represented by Rule 144A Global Securities, deposited with the Trustee as custodian for DTC, and registered in the name of DTC or its nominee for credit to the accounts of DTC's participants and indirect participants, and (b) Notes sold to non-U.S. persons in offshore transactions in reliance on Regulation S will be represented by Regulation S Global Securities deposited with the Trustee acting as custodian for DTC and will be registered in the name of DTC or its nominee for credit to the accounts of Euroclear and Clearstream.

Co-Issued Notes sold to Institutional Accredited Investors that are U.S. persons will be issued in the form of Definitive Securities. In addition, other Co-Issued Notes sold on the Closing Date may be issued in the form of Definitive Securities.

Class D Notes sold to (a) Institutional Accredited Investors that are U.S. persons, (b) Benefit Plan Investors or (c) Controlling Persons will be issued only in the form of Definitive Securities. In addition, other Class D Notes sold on the Closing Date may be issued in the form of Definitive Securities.

Subordinated Notes sold to (a) Institutional Accredited Investors that are U.S. persons, (b) Benefit Plan Investors or (c) Controlling Persons (other than a Controlling Persons purchasing on the Closing Date) will be issued only in the form of Definitive Securities. In addition, other Subordinated Notes sold on the Closing Date may be issued in the form of Definitive Securities.

No transfer of an ERISA Restricted Note will be effective, and none of Issuer or the Trustee will recognize such transfer, if such transfer may result in 25% or more of the value of the relevant class of ERISA Restricted Notes being held by Benefit Plan Investors, as defined in Section 3(42) of ERISA, disregarding ERISA Restricted Notes held by Controlling Persons.

All or a portion of an interest in a Global Security may be transferred to a Person taking delivery in the form of an interest in a Global Security in accordance with the applicable procedures of DTC and its participants (including, if applicable, Euroclear and Clearstream). In the case of transfers of an interest in a Rule 144A Global Security to a transferee taking delivery of an interest in a Regulation S Global Security, or a transfer of an interest in a Regulation S Global Security to transferee taking delivery of an interest in a Rule 144A Global Security, the transferor (or, in the case of an exchange, the holder) must provide to the Trustee and the Issuer a Transfer Certificate. In the case of a transfer to a transferee taking delivery in the form of a Definitive Security, and the transfer of any ERISA Restricted Note (whether to a transferee taking delivery in the form of a Definitive Security or a transferee taking delivery in the form of a Global Security), the transferee must provide to the Trustee and the Issuer a Transfer Certificate. Transfers are subject to certain additional restrictions. See "Transfer Restrictions."

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

With respect to a Qualifying Investment Vehicle as a purchaser or transferee of Notes, the provisions of the Indenture that require a purchaser or transferee of Notes to deliver a Transfer Certificate (or other subscription agreement or other purchaser representation letter) shall require the delivery to the Trustee of a Transfer Certificate

in which such transferee certifies that it is a Qualifying Investment Vehicle, covenants to remain at all times (for so long as it holds any Notes) a Qualifying Investment Vehicle, and attaches a Transfer Certificate (or other subscription agreement or other purchaser representation letter) executed by each holder of securities of or other investor in such Qualifying Investment Vehicle with such changes thereto as may be required to give effect to the indirect nature of such holder's or investor's investment.

Book Entry Registration of the Global Securities

The Holder of a Global Security (a nominee of DTC) will be the only entity entitled to receive payments in respect of the interests represented by such Global Security, and the obligation of the Issuers to make payments or distributions in respect of such Notes will be discharged by payment to, or to the order of, the registered owner of such Global Security in respect of each amount so paid. No person other than the Holder shall have any claim against the Issuers in respect of any payment due on a Global Security. Members of, or participants in, DTC as well as any other persons on whose behalf such participants may act (including Euroclear and Clearstream and account holders and participants therein) will have no rights under the Indenture with respect to such Global Securities held on their behalf by the Bank, as custodian for DTC, and DTC will be treated by the Issuers or the Bank, and any agent of the Issuers or the Bank, as the Holder of such Global Securities for all purposes. Except in the limited circumstances described herein (including in the next paragraph), owners of beneficial interests in the Global Securities will not be entitled to have such Notes registered in their names, will not receive or be entitled to receive Definitive Securities and will not be considered Holders of such Notes under the Indenture.

If DTC notifies the Trustee that it is unwilling or unable to continue as depositary for the Global Securities or DTC, Euroclear or Clearstream ceases to be a "Clearing Agency" (as defined in Section 17A of the Exchange Act) registered under the Exchange Act, and a successor depositary or clearing agency is not appointed by the Trustee within 90 days after receiving such notice, the Issuers will issue or cause to be issued notes in registered form and in the form of definitive physical Notes in exchange for the applicable Global Securities to the beneficial owners of such Global Securities in the manner set forth in the Indenture.

Investors may hold their interests in a Rule 144A Global Security directly through DTC if they are participants in DTC, or indirectly through organizations which are participants in DTC. Investors may hold their interests in a Regulation S Global Security directly through Clearstream or Euroclear, if they are participants in Clearstream or Euroclear, or indirectly through organizations which are participants in Clearstream or Euroclear. Clearstream and Euroclear will hold interests in the Regulation S Global Securities on behalf of their participants through their respective depositaries, which in turn will hold the interests in such Global Securities in customers' securities accounts in the depositaries' names on the books of DTC.

Payments on a Global Security will be made to DTC or its nominee, as the Holder thereof. The Transaction Parties and any of their respective Affiliates will not have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Security or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

The Issuers expect that DTC or its nominee, upon receipt of any payment in respect of a Global Security held by DTC or its nominee, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the relevant Note as shown on the records of DTC or its nominee. The Issuers also expect that payments by participants to owners of beneficial interests in a Global Security held through the participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. The payments will be the responsibility of the participants.

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. If the laws of a jurisdiction require that certain persons take physical delivery of securities in definitive form, the ability to transfer beneficial interests in a Global Security to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person holding a beneficial interest in a Global Security to pledge its interest to a purchaser that does not participate in the DTC system, or otherwise take actions in respect of its interest, may be affected by the lack of a Definitive Security. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described above and under "Transfer Restrictions," cross-market transfers between DTC, on the one hand, and, directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected through DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as applicable, by its respective depositary; however, these cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as applicable, by the counterparty in the system in accordance with its rules and procedures and within its established deadlines (Brussels time for Euroclear and Luxembourg time for Clearstream). Euroclear or Clearstream, as applicable, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in a Regulation S Global Security, and making or receiving payment in accordance with normal procedures for immediately available funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to the depositaries for Clearstream or Euroclear.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Security from a DTC participant will be credited during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the DTC settlement date and the credit of any transactions in interests in a Global Security settled during the processing day will be reported to the relevant Euroclear or Clearstream participant on that day. Cash received in Euroclear or Clearstream as a result of sales of interests in a Global Security by or through a Euroclear or Clearstream participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the Business Day following settlement through DTC.

DTC has advised the Issuers that it will take any action permitted to be taken by Holders of the Notes only at the direction of one or more participants to whose account with DTC an interest in a Global Security is credited and only in respect of that portion of the balance of the applicable Notes as to which the participant or participants has or have given direction.

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the UCC and a Clearing Agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

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

Any purported transfer of a Note not in accordance with the Indenture shall be null and void *ab initio* and shall not be given effect for any purpose whatsoever. However, without prejudice to the rights of the Issuers against any beneficial owner or purported beneficial owner of Notes, nothing in the Indenture or the Notes shall be interpreted to confer on the Transaction Parties any right against Euroclear to require that Euroclear reverse or rescind any trade completed in accordance with the rules of Euroclear.

TRANSFER RESTRICTIONS

Because of the transfer restrictions set forth in the Indenture (the "Transfer Restrictions") and described below, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes.

The Notes have not been registered under the Securities Act or any state securities or "Blue Sky" laws or the securities laws of any other jurisdiction and, accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described herein and set forth in the Indenture. Purchasers of Notes represented by an interest in a Regulation S Global Security are advised that such interests are not transferable to U.S. persons at any time except in accordance with the following restrictions.

Without limiting the foregoing, by holding a Note, each Purchaser (as defined below) will acknowledge and agree, among other things, that the Purchaser understands that neither of the Issuers is registered as an investment company under the Investment Company Act, and that the Issuer is exempt from registration as such by virtue of Section 3(c)(7) of the Investment Company Act. Section 3(c)(7) excepts from the provisions of the Investment Company Act those issuers who privately place their securities solely to persons who at the time of purchase are Qualified Purchasers (or entities owned exclusively by Qualified Purchasers). In general terms, qualified purchaser is defined to mean, among other things, any natural person who owns not less than U.S.$5,000,000 in investments; any person who in the aggregate owns and invests on a discretionary basis, not less than U.S.$25,000,000 in investments; and trusts as to which both the settlor and the decision-making trustee are qualified purchasers (but only if such trust was not formed for the specific purpose of making such investment).

Each prospective purchaser of Notes offered in reliance on Section 4 of the Securities Act or Rule 144A (each, a "144A Offeree"), by accepting delivery of this Offering Memorandum, will be deemed to have represented and agreed that: (i) this Offering Memorandum is personal to the 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes other than pursuant to Section 4 of the Securities Act or Rule 144A or in offshore transactions in accordance with Regulation S, (ii) distribution of this Offering Memorandum, or disclosure of any of its contents to any person other than the 144A Offeree and those persons, if any, retained to advise the 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorized and any disclosure of any of its contents, without the prior written consent of the Issuers is prohibited and (iii) the 144A Offeree will make no photocopies of this Offering Memorandum or any documents referred to herein and, if the 144A Offeree does not purchase the Notes or the offering of the Notes is terminated, will return this Offering Memorandum and all documents referred to herein to JPMorgan.

The Issuers will agree to comply with the requirements of Rule 144A relative to the dissemination of information to prospective purchasers in the secondary market.

Each purchaser (including transferees and each beneficial owner of an account on whose behalf Notes are being purchased) of Notes (each, a "Purchaser") will be deemed to make the representations and agreements set forth below. The Issuer will generally require that purchasers of interests in ERISA Restricted Notes make certain written representations. Without limiting the foregoing, each Purchaser of Class D Notes and Subordinated Notes (whether taking such interest in the form of Definitive Securities or Global Securities) will be required to agree in the initial investor representation letter that it delivers to the Trustee, the Issuer and the Placement Agent (in the case of purchases of such Notes on the Closing Date) or in the Transfer Certificate that it delivers to the Trustee, the Issuer, the Asset Manager and the Placement Agent (in the case of purchases of such Notes after the Closing Date) to (1) provide written notice of any transfer of Class D Notes and Subordinated Notes to the Trustee, the Issuer, the Asset Manager and the Placement Agent and (2) require each transferee of any portion of its interest in the Class D Notes or Subordinated Notes to (i) provide a Transfer Certificate to the Trustee, the Issuer, the Asset Manager and the Placement Agreement in connection with any transfer of such interest, (ii) maintain in its books and records any such Transfer Certificate delivered to it and to deliver a copy of each such Transfer Certificate to the Trustee, the Issuer, the Asset Manager or the Placement Agent upon request and (iii) become bound by the same requirements with respect to all subsequent transfers of interests in its Class D Notes and Subordinated Notes to others. The Transaction Parties are presumed to have relied on such representations and agreements and each Purchaser agrees (and any fiduciary causing it to acquire the Notes agrees) to indemnify and hold harmless the Transaction Parties

and their respective affiliates from any cost, damage or loss incurred by them as a result of a breach of any representation or covenant made (or deemed to be made) by it.

1. *Receipt of Final Offering Materials*. The Purchaser has received and reviewed the final Offering Memorandum (the "Final Offering Memorandum").

2. *Sophistication*. The Purchaser is capable of evaluating the merits and risks of an investment in the Notes. The Purchaser is able to bear the economic risks of an investment in the Notes, including the loss of all or a substantial part of its investment under certain circumstances. The Purchaser has had access to such information concerning the Transaction Parties and the Notes as it deems necessary or appropriate to make an informed investment decision, including an opportunity to ask questions and receive information from the Transaction Parties, and it has received all information that it has requested concerning its purchase of the Notes. The Purchaser has, to the extent it deems necessary, consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors (its "Advisors") with respect to its purchase of the Notes.

3. *Investment Decision*. The Purchaser (i) has made its investment decision based upon its own judgment, any advice received from its Advisors, and its review of the Final Offering Memorandum, and not upon any view, advice or representations (whether written or oral) of any Transaction Party and (ii) hereby reconfirms its decision to make an investment in the Notes to the extent such decision was made prior to the receipt of the Final Offering Memorandum. None of the Transaction Parties is acting as a fiduciary or financial or investment advisor to the Purchaser. None of the Transaction Parties has given the Purchaser any assurance or guarantee as to the expected or projected performance of the Notes. The Purchaser understands that the Notes will be highly illiquid. The Purchaser is prepared to hold the Notes for an indefinite period of time or until maturity (in the case of the Secured Notes) or liquidation and distribution of the Collateral (in the case of Subordinated Notes).

4. *Offering/Investor Qualifications*. If the Purchaser is purchasing Notes in the form of an interest in a Regulation S Global Security: (i) the Purchaser understands that the Notes are offered to and purchased by it in an offshore transaction not involving any public offering in the United States, in reliance on the exemption from registration provided by Regulation S under the Securities Act, and that the Notes will not be registered under the U.S. federal securities laws and (ii) the Purchaser is not a U.S. person or U.S. resident for purposes of the Investment Company Act and understands that interests in a Regulation S Global Security may not be owned at any time by a U.S. person.

If the Purchaser is purchasing Notes in the form of an interest in a Rule 144A Global Security: (i) the Purchaser understands that the Notes are offered to and purchased by it in a transaction not involving any public offering in the United States, in reliance on the exemption from registration provided by Rule 144A, and that the Notes will not be registered under the U.S. federal securities laws and (ii) the Purchaser is both a Qualified Institutional Buyer and a Qualified Purchaser, but is:

(A) not a dealer of the type described in paragraph (a)(1)(ii) of Rule 144A unless it, as applicable, owns and invests on a discretionary basis not less than $25,000,000 in securities of non-affiliated issuers of the dealer; and

(B) not a participant-directed employee plan (such as a 401(k) plan), or any other type of plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A) or trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, unless investment decisions with respect to such plan are made solely by the fiduciary, trustee or sponsor of such plan and not by beneficiaries of the plan.

If the Purchaser is purchasing a Definitive Security: (i) the Purchaser understands that the Notes are offered to and purchased by it in a transaction not involving any public offering in the United States, in reliance on Rule 144A or Regulation S, and that the Notes will not be registered under the U.S. federal securities laws and (ii) the Purchaser is either (a) not a U.S. person or (b) (i) a Qualified Institutional Buyer that is also a Qualified Purchaser or (ii) an Institutional Accredited Investor that is also a Qualified Purchaser.

If the Purchaser is a Qualified Purchaser, the Purchaser is acquiring the Notes as principal for its own account (or for one or more accounts each Holder of which is a (a)(x) a Qualified Institutional Buyer or (y) an Institutional Accredited Investor and (b) a Qualified Purchaser and with respect to which accounts the Purchaser has

sole investment discretion) for investment and not for sale in connection with any distribution thereof. The Purchaser and each such account (unless in each case it is a Qualifying Investment Vehicle) (1) was not formed solely for the purpose of investing in the Notes and (2) is not a (i) partnership, (ii) common trust fund or (iii) special trust, pension fund or retirement plan in which the partners, beneficiaries or participants, as applicable, may designate the particular investments to be made. The Purchaser (unless in each case it is a Qualifying Investment Vehicle) agrees that it shall not hold such Notes for the benefit of any other person and shall be the sole beneficial owner thereof for all purposes and that except pursuant to a written agreement with the Issuer or Issuers as applicable requiring compliance with the provisions of the Indenture applicable to the transfer of an interest in such Notes, it shall not sell participation interests in the Notes or enter into any other arrangement pursuant to which any other person shall be entitled to a beneficial interest in the distributions on the Notes and further that the Notes purchased directly or indirectly by it constitute an investment of no more than 40% of the Purchaser's assets. The Purchaser (or any such account) is not a Flow-Through Investment Vehicle other than a Qualifying Investment Vehicle.

5. *Investment Intent/Subsequent Transfers*. The Purchaser is not purchasing the Notes with a view to the resale, distribution or other disposition thereof in violation of the Securities Act. The Purchaser will not, at any time, offer to buy or offer to sell the 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.

The Purchaser will provide notice to each person to whom it proposes to transfer any interest in the Notes of the Transfer Restrictions and representations set forth in the Indenture (including the exhibits referenced therein). The Purchaser understands that any such transfer may be made only pursuant to an exemption from registration under the Securities Act and any applicable state securities laws. The Purchaser understands that transfers of ERISA Restricted Notes to Benefit Plan Investors or Controlling Persons in the form of Global Securities is prohibited or, in the case of ERISA Restricted Notes in the form of Definitive Securities, such transfer is limited. In addition:

(A) Rule 144A Global Securities may not at any time be held by or on behalf of persons that are not both Qualified Institutional Buyers and Qualified Purchasers. Before any interest in a Rule 144A Global Security may be resold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Security, the transferor will be required to provide the Trustee with a Transfer Certificate.

(B) Regulation S Global Securities may not at any time be held by or on behalf of U.S. persons. Before any interest in a Regulation S Global Security may be resold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Security, the transferor will be required to provide the Trustee with a Transfer Certificate.

(C) Before any interest in Notes may be resold, pledged or otherwise transferred to a Person that will hold an interest in a Definitive Security, the transferee will be required to provide the Trustee with a Transfer Certificate. Before any interest in ERISA Restricted Notes may be resold, pledged or otherwise transferred (whether to a Person that will hold such interest in a Definitive Security or in a Global Security), the transferee will be required to provide the Trustee with a Transfer Certificate. Without limiting the foregoing, each Purchaser of Class D Notes and Subordinated Notes (whether taking such interest in the form of Definitive Securities or Global Securities) will be required to agree in the initial investor representation letter that it delivers to the Trustee, the Issuer and the Placement Agent (in the case of purchases of such Notes on the Closing Date) or in the Transfer Certificate that it delivers to the Trustee, the Issuer, the Asset Manager and the Placement Agent (in the case of purchases of such Notes after the Closing Date) to (1) provide written notice of any transfer of Class D Notes and Subordinated Notes to the Trustee, the Issuer, the Asset Manager and the Placement Agent and (2) require each transferee of any portion of its interest in the Class D Notes or Subordinated Notes to (i) provide a Transfer Certificate to the Trustee, the Issuer, the Asset Manager and the Placement Agreement in connection with any transfer of such interest, (ii) maintain in its books and records any such Transfer Certificate delivered to it and to deliver a copy of each such Transfer Certificate to the Trustee, the Issuer, the Asset Manager or the Placement Agent upon request and (iii) become bound by the same requirements with respect to all subsequent transfers of interests in its Class D Notes and Subordinated Notes to others.

(D) Class D Notes sold to Qualified Institutional Buyers that are Qualified Purchasers or non-U.S. persons (in each case other than those that are Institutional Accredited Investors, Benefit Plan Investors or Controlling Persons) will be represented by Rule 144A Global Securities and Regulation S Global Securities, respectively. Class D Notes issued on the Closing Date may also be issued in the form of Definitive Securities, and Class D Notes sold to Institutional Accredited Investors, Benefit Plan Investors or Controlling Persons (on or after the Closing Date) will be issued in the form of Definitive Securities. No Benefit Plan Investor or Controlling Person may hold Class D Notes in the form of a Global Security.

(E) Subordinated Notes sold to Qualified Institutional Buyers that are Qualified Purchasers or non-U.S. persons (in each case other than those that are Institutional Accredited Investors, Benefit Plan Investors or Controlling Persons) will be represented by Rule 144A Global Securities and Regulation S Global Securities, respectively. Subordinated Notes issued on the Closing Date may also be issued in the form of Definitive Securities, and Subordinated Notes sold to Institutional Accredited Investors, Benefit Plan Investors or Controlling Persons (on or after the Closing Date) will be issued in the form of Definitive Securities. No Benefit Plan Investor or Controlling Person may hold Subordinated Notes in the form of a Global Security (other than a Controlling Person purchasing on the Closing Date).

(F) If a holder of Subordinated Notes that is then the Tax Matters Partner transfers all of its Subordinated Notes, then the transferee of such Subordinated Notes must agree to become the Tax Matters Partner (unless another holder of Subordinated Notes has agreed to become the Tax Matters Partner); and the transferee, as successor Tax Matters Partner, will be required to acknowledge and agree that, in exercising its authority to make decisions with respect to U.S. federal income tax matters involving the Issuer (including in connection with representing the Issuer before the IRS), the transferee as Tax Matters Partner must agree to consult with the Asset Manager, and the Asset Manager's consent will be required before the Tax Matters Partner makes any decision that could have a material adverse effect on some or all of the holders of any Class of Notes.

(G) If a transferee of Notes is a Flow-Through Investment Vehicle that is a Qualifying Investment Vehicle, the provisions of the Indenture that require a purchaser or transferee of Notes to deliver a Transfer Certificate (or other subscription agreement or other purchaser representation letter) shall require the delivery to the Trustee of a Transfer Certificate in which such transferee certifies that it is a Qualifying Investment Vehicle, covenants to remain at all times (for so long as it holds any Notes) a Qualifying Investment Vehicle, and attaches a Transfer Certificate (or other subscription agreement or other purchaser representation letter) executed by each holder of securities of or other investor in such Qualifying Investment Vehicle with such changes thereto as may be required to give effect to the indirect nature of such holder's or investor's investment.

6. *Benefit Plans; Affected Bank*.

With Respect Only to ERISA Restricted Notes: Unless otherwise specified in a Transfer Certificate, the Purchaser is not (i) an "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (ii) a "plan" described in Section 4975(e)(1) of the Code to which Section 4975 of the Code applies or (iii) an entity whose underlying assets include, or are deemed for purposes of ERISA or the Code 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 (each, a "Benefit Plan Investor").

Unless otherwise specified in a Transfer Certificate, the Purchaser is not a person (other than a Benefit Plan Investor) that has discretionary authority or control with respect to the assets of the Issuer 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)) (each, a "Controlling Person"); *provided* that no such representation is made by the Asset Manager, the Issuer or the Bank or their respective Affiliates; *provided*, *further*, that in the event the Asset Manager, the Issuer or the Bank or any of their respective Affiliates purchase ERISA Restricted Notes, such purchaser will notify the Trustee prior to such purchase.

The Purchaser acknowledges that the Note Registrar will not register any transfer of an interest in an ERISA Restricted Note to a proposed transferee that has represented that it is a Benefit Plan Investor or a Controlling Person if, after giving effect to such proposed transfer, persons that have represented that they are Benefit Plan Investors would own 25% or more of the Aggregate Outstanding Amount of the ERISA Restricted Note being transferred as determined in accordance with the Plan Asset Regulation and the Indenture, assuming, for

this purpose, that all the representations made (or, in the case of Global Securities, deemed to be made) by Holders of ERISA Restricted Notes are true. Each interest in an ERISA Restricted Note held as principal by any of the Transaction Parties, any of their 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.

Except for a Controlling Person purchasing a Subordinated Note in the form of a Regulation S Global Security or Rule 144A Global Security on the Closing Date, each prospective purchaser (including transferees) of ERISA Restricted Notes represented by Global Securities will be deemed (and may be required) to represent, warrant and covenant that, for so long as it holds a beneficial interest in such Global Securities, it (and each account for which it is acquiring such Global Securities) is not a Benefit Plan Investor or a Controlling Person. The prospective purchaser understands that interests in any ERISA Restricted Note represented by Global Securities may not at any time be held by or on behalf of a Benefit Plan Investor or a Controlling Person (other than a Controlling Person purchasing a Subordinated Note in the form of a Regulation S Global Security or Rule 144A Global Security on the Closing Date).

Each prospective purchaser (including transferees) of ERISA Restricted Notes will be required to provide a written certification delivered to the Issuer and the Trustee, that either (A) the purchaser is not a governmental, church or non-U.S. employee benefit plan, or (B) the Purchaser is not, and for so long as the Purchaser holds the ERISA Restricted Notes, or any interest therein will not be, subject to any U.S. federal, state, local, non-U.S. or other law or regulation that could cause the underlying assets of the Issuers to be treated as assets of the purchaser by virtue of its interest and thereby subject the Issuers and the Asset Manager (or other persons responsible for the investment and operation of the Issuers' assets) to any such Similar Law.

With Respect to all Securities: The Purchaser's purchase, holding and disposition of Securities will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, non-U.S. or church plan, a violation of any substantially similar U.S. federal, state, non-U.S. or local law.

The Purchaser understands that the representations made in this paragraph 6 shall be deemed to be made on each day from the date that the Purchaser acquires an interest in the Securities until the date it has disposed of its interests in such Securities. In the event that any representation in this paragraph 6 becomes untrue (or, with respect to ERISA Restricted Notes, there is any change in status of the Purchaser as a Benefit Plan Investor or Controlling Person), the Purchaser shall immediately notify the Trustee and the Issuer.

Each Purchaser will be deemed (and may be required) to make the representations and agreements set forth above. The Issuer will generally require that purchasers of interests in ERISA Restricted Notes on the Closing Date make certain written representations. Transferees that will hold interests in a Definitive Security will be required to provide a Transfer Certificate, and transferees of Class D Notes and Subordinated Notes (whether in the form of Definitive Securities or Global Securities) will be required to provide a Transfer Certificate. The Transaction Parties are presumed to have relied on such representations and agreements and the Purchaser by acquiring such Note agrees (and any fiduciary causing it to acquire the Notes agrees) to indemnify and hold harmless the Transaction Parties and their respective affiliates from any cost, damage or loss incurred by them as a result of a breach of any representation or covenant made (or deemed to be made) by it.

Each purchaser of an interest in a Note from the Issuer on the Closing Date will be required to provide to the Issuer or the Placement Agent a subscription agreement containing representations substantially similar to those set forth in the Indenture and/or an investor application form (in a form acceptable to the Issuer or the Placement Agent) or deemed to repeat this representation by acceptance of such Note or beneficial interest therein.

7. *Certain Tax Matters*. The Purchaser has read the summary of the U.S. federal income tax considerations in "Certain U.S. Federal Income Tax Considerations." The Purchaser will treat the Issuer and the Notes for U.S. federal income tax purposes in a manner consistent with the treatment thereof as described in "Certain U.S. Federal Income Tax Considerations" and will take no action inconsistent with such treatment.

The Purchaser understands and agrees that the Issuer or the Trustee (or their agents or authorized representatives) may require certain information, documentation or certifications acceptable to it (i) to permit the

Issuer or the Trustee (or their agents or authorized representatives) to make payments to it without, or at a reduced rate of, withholding or (ii) to enable the Issuer to qualify for a reduced rate of withholding in any jurisdiction from or through which the Issuer receives payments on its assets. The Purchaser agrees to provide any such information, documentation or certification that is requested by the Issuer or the Trustee (or their agents or authorized representatives). The Purchaser understands and acknowledges that failure to provide the Issuer or the Trustee (or their agents or authorized representatives) with the applicable tax certifications, documentation or information may result in withholding or back-up withholding from payments to it in respect of the Notes.

The Purchaser of a Subordinated Note or Class D Note understands and agrees that the failure to provide the Issuer or the Trustee (or their agents or authorized representatives) with information necessary for the Issuer to avoid U.S. federal withholding tax on payments made to the Issuer will result in a compulsory sale of such Notes.

The Purchaser of a Subordinated Note (or any other Class of Notes treated as equity for U.S. federal income tax purposes), by acceptance of such Note or an interest in such Note, agrees to provide the Issuer or its agents any information as is necessary (in the sole determination of the Issuer or its agents) for the Issuer to comply with U.S. tax reporting requirements, including without limitation requirements imposed pursuant to section 6031 of the Code and relating to such Purchaser's adjusted basis in such Notes, and update any such information promptly upon learning that any such information previously provided has become obsolete or incorrect or is otherwise required. The Purchaser of a Subordinated Note (or any other Class of Notes treated as equity for U.S. federal income tax purposes) acknowledges that the Issuer or its agent may provide such information and any other information concerning its investment in such Notes to the IRS. Moreover, the Purchaser of a Note or an interest therein agrees to indemnify the Issuer, its agents and other beneficial owners of Notes for all damages, costs and expenses that result from the failure of such person to comply with its obligation to provide any information necessary for the Issuer to comply with U.S tax reporting requirements pursuant to section 6031 of the Code. The Purchaser understands and acknowledges that this indemnification will continue even after the person ceases to have an ownership interest in the relevant Notes. The Purchaser further understands and agrees that the failure to provide the Issuer or the Trustee (or their agents or authorized representatives) with information necessary for the Issuer to comply with its obligations under section 6031 of the Code will result in a compulsory sale of such Notes.

Each Purchaser of a Note or direct or indirect interest therein, by acceptance of such Note or such an interest in such Note, agrees (A) to obtain and provide the Issuer and the Trustee (or their agents or authorized representatives) with information or documentation, and to update or correct such information or documentation, (1) as may be necessary or helpful (in the sole determination of the Issuer or the Trustee, or their agents or authorized representatives, as applicable) to achieve FATCA Compliance, (2) in the case of Subordinated Notes (and any Class of Notes treated as equity for U.S. federal income tax purposes) (without duplication) any information as is necessary (in the sole determination of the Issuer or the Trustee or their agents or authorized representatives, as applicable) for the Issuer and the Trustee to comply with U.S. tax information reporting requirements relating to such Purchaser's adjusted basis in the Subordinated Notes (and any Class of Notes treated as equity for U.S. federal income tax purposes), and (3) that the Issuer, the Trustee or their agents request in connection with any IRS Form 1099 reporting requirements, (B) that the Issuer and/or the Trustee (or their agents or authorized representatives) may (1) provide such information and documentation and any other information concerning its investment in the Notes to the IRS and any other relevant tax authority and (2) take such other steps as they deem necessary or helpful (in the sole determination of the Issuer or the Trustee or their agents or authorized representatives, as applicable) to achieve FATCA Compliance, including withholding on "passthru payments" (as defined in the Code), principal and other amounts payable in respect of the Notes, and (C) that if it fails for any reason to provide any such information or documentation in accordance with clause (A), or such information or documentation is not accurate or complete, or the Issuer otherwise reasonably determines that such Purchaser'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, the Issuer shall have the right, in addition to withholding on passthru payments, principal and other amounts payable in respect of the Notes to (x) compel it to sell its interest in such Note, (y) sell such interest on its behalf in accordance with the procedures specified in the Indenture, and/or (z) assign to such Note a separate CUSIP or CUSIPs.

If such Purchaser of a Subordinated Note or a Class D Note is not a "United States person" (as defined in Section 7701(a)(30) of the Code), it either: (A) is not an Affected Bank; or (B) if an Affected Bank, (x) it has provided an IRS Form W-8ECI representing that all payments received or to be received by it from the Issuer are

effectively connected with the conduct of a trade or business in the United States or (y) it is eligible for benefits under an income tax treaty with the United States under which withholding taxes on interest payments made by obligors resident in the United States to such beneficial owner are reduced to 0%.

8. *Publicly Traded Partnership*. With respect to the Subordinated Notes and the Class D Notes, the Purchaser acknowledges, understands and agrees that:

(A) it will not (1) acquire or directly or indirectly sell, encumber, assign, participate, pledge, hypothecate, rehypothecate, exchange, or otherwise dispose of, suffer the creation of a lien on, or transfer or convey in any manner (each, a "Transfer") such Notes (or any interest therein that is described in Treasury regulations section 1.7704-1(a)(2)(i)(B)) on or through (x) a United States national, regional or local securities exchange, (y) a foreign securities exchange or (z) an interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers ((x), (y) and (z), collectively, an "Exchange") or (2) cause any of such Notes or any interest therein to be marketed on or through an Exchange;

(B) it will not enter into any financial instrument (other than in the case of a Qualifying Investment Vehicle, securities issued by a Qualifying Investment Vehicle) payments on which, or the value of which, are determined in whole or in part by reference to such Notes, or the Issuer (including the amount of Issuer distributions on such Notes, the value of the Issuer's assets, or the result of the Issuer's operations), or any contract that otherwise is described in Treasury regulations section 1.7704-1(a)(2)(i)(B);

(C) other than in the case of a Qualifying Investment Vehicle, if such beneficial owner is, for U.S. federal income tax purposes, a partnership, grantor trust or S corporation, then less than 50% of the value of any Person's interest in such Purchaser is attributable to such Notes;

(D) it will not Transfer all or any portion of such Notes unless: (1) the Person to which it transfers such Notes agrees to be bound by the restrictions and conditions set forth in the Indenture and this clause (8), and represents, warrants and covenants as provided therein and herein, and (2) such Transfer does not violate the Indenture or this clause (8);

(E) any Transfer that would cause the Issuer not to be able to rely on the safe harbor of Treasury regulations section 1.7704-1(h) (establishing that interests in the Issuer are not readily tradable on a secondary market or the substantial equivalent thereof for purposes of Code Section 7704(b)) will be void and of no force or effect; and

(F) any Transfer made in violation of the Indenture or this clause (8) shall be ineffective and void and shall not bind or be recognized by the Issuer or any other Person, and no Person to which such Notes are transferred shall become a holder unless such Person satisfies and complies with provisions (A) through (E).

Notwithstanding the provisions in this clause (8), a Transfer shall be permitted if the Issuer receives an opinion of nationally recognized tax counsel experienced in these matters to the effect that the Transfer will not cause the Issuer to be treated as a "publicly traded partnership" taxable as a corporation for U.S. federal income tax purposes.

9. *Cayman Islands*. The Purchaser is not a member of the public in the Cayman Islands.

10. *Privacy*. The Purchaser acknowledges that the Issuer may receive a list of participants holding positions in the Notes from one or more book-entry depositories.

11. *Limited Recourse; Non-Petition*. The Purchaser agrees that the obligations of the Issuers under the Co-Issued Notes and the Indenture and the obligations of the Issuer under the ERISA Restricted Notes and the Indenture are limited recourse obligations of the Issuers or Issuer, respectively, payable solely from the Collateral in accordance with the Priority of Payments. The Purchaser agrees not to, prior to the date which is one year (or, if longer, the applicable preference period) plus one day after the payment in full of all Notes, institute against, or join any other Person in instituting against, the Issuer, the Co-Issuer or any Tax Subsidiary any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings, or other proceedings under Cayman Islands or U.S. federal or state bankruptcy or similar laws of other jurisdictions. 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 Securities to acquire such Securities and for the Issuer, the Co-Issuer and the Asset Manager to enter into each Transaction Document to which it is a party and is an essential term of the Indenture and the Securities. The Purchaser agrees that it is subject to the Bankruptcy Subordination Agreement.

12. *Effect of Breaches*. The Purchaser agrees that (i) any sale, pledge or other transfer of the Notes (or any interest therein) made in violation of the Transfer Restrictions, or made based upon any false or inaccurate representation made by the Purchaser or a transferee to the Issuers or the Issuer, as applicable, will be null and void *ab initio* and of no force or effect and (ii) none of the Transaction Parties has any obligation to recognize any sale, pledge or other transfer of the Notes (or any interest therein) made in violation of any Transfer Restriction or made based upon any such false or inaccurate representation.

13. *Legends*. The Purchaser acknowledges that the Notes will bear a legend to the following effect unless the Issuers determine otherwise in compliance with applicable law:

(a) With respect to Secured 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 UNITED STATES 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 EITHER (I) 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, OR (II) SOLELY IN THE CASE OF DEFINITIVE SECURITIES, AN ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT, 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, AND IN EACH CASE WHICH MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION, (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), ANY HOLDER OF A RE-PRICED CLASS THAT DOES NOT CONSENT TO A RE-PRICING WITH RESPECT TO ITS NOTES PURSUANT TO THE APPLICABLE TERMS OF THE INDENTURE, ANY HOLDER THAT FAILS TO PROVIDE INFORMATION RELATING TO

COMPLIANCE BY THE ISSUERS WITH CERTAIN TAX REQUIREMENTS OR OTHERWISE PREVENTS FATCA COMPLIANCE TO SELL ITS INTEREST IN THIS SECURITY, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

(b) In addition, each Class B Note, Class C Note and Class D Note will bear a legend substantially to the following effect unless the Issuer determines otherwise in compliance with applicable law:

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.

(c) In addition, each Co-Issued Note will bear a legend substantially to the following effect:

EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS SECURITY OR ANY INTEREST HEREIN WILL BE DEEMED BY ITS PURCHASE OR ACQUISITION OF ITS INTEREST IN THIS SECURITY TO HAVE REPRESENTED AND WARRANTED, ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER OR TRANSFEREE ACQUIRES ITS INTEREST IN SUCH SECURITY THROUGH AND INCLUDING THE DATE IT DISPOSES OF SUCH INTEREST, EITHER (A) IT IS NOT A BENEFIT PLAN INVESTOR OR A GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY NON-U.S. OR U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") ("SIMILAR LAW") OR (B) ITS PURCHASE, HOLDING AND DISPOSITION OF SUCH SECURITY OR INTEREST WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN THAT IS SUBJECT TO SIMILAR LAW, A VIOLATION OF ANY SUCH SIMILAR LAW) UNLESS AN EXEMPTION IS AVAILABLE (ALL OF THE CONDITIONS OF WHICH HAVE BEEN SATISFIED) OR IN ANY OTHER VIOLATION OF AN APPLICABLE REQUIREMENT OF ERISA, THE CODE OR OTHER SIMILAR LAW. "BENEFIT PLAN INVESTOR" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE, "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY.

(d) In addition, each Class D Note will contain the legend below:

NO BENEFIT PLAN INVESTOR OR CONTROLLING PERSON MAY HOLD THIS SECURITY IN THE FORM OF AN INTEREST IN A GLOBAL SECURITY. EACH PURCHASER OF THIS SECURITY IN THE FORM OF A DEFINITIVE SECURITY WILL BE REQUIRED TO REPRESENT AND WARRANT AS TO WHETHER IT IS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON. EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS SECURITY IN THE FORM OF AN INTEREST IN A GLOBAL SECURITY WILL BE REQUIRED TO REPRESENT AND WARRANT THAT IT IS NOT A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON. EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS SECURITY OR ANY INTEREST HEREIN WILL BE REQUIRED TO REPRESENT AND WARRANT THAT (1) IF THE PURCHASER OR TRANSFEREE IS A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY DO NOT AND WILL NOT CONSTITUTE OR GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (2) FOR SO LONG AS THE PURCHASER OR TRANSFEREE HOLDS THE ERISA RESTRICTED NOTES OR INTEREST HEREIN IT WILL NOT BE, SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR

OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE PURCHASER OR TRANSFEREE BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER OR THE ASSET MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER'S ASSETS) TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, AND (3) THE PURCHASER'S OR TRANSFEREE'S ACQUISITION, HOLDING AND DISPOSITION OF SUCH ERISA RESTRICTED NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE U.S. STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE. NO INTEREST IN THIS SECURITY WILL BE SOLD OR TRANSFERRED 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 THE CLASS D NOTES, DETERMINED IN ACCORDANCE WITH THE PLAN ASSET REGULATION (29 C.F.R. 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA) AND THE INDENTURE ASSUMING, FOR THIS PURPOSE, THAT ALL THE REPRESENTATIONS MADE BY HOLDERS OF THIS SECURITY ARE TRUE. EACH INTEREST IN THIS SECURITY HELD AS PRINCIPAL BY ANY OF THE TRANSACTION PARTIES, ANY OF THEIR 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. "BENEFIT PLAN INVESTOR" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE, "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY. "CONTROLLING PERSON" MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN "AFFILIATE" OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. "CONTROL" WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON.

(e) Each Subordinated Note will contain the legend below:

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 UNITED STATES 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 EITHER (I) 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, OR (II) SOLELY IN THE CASE OF DEFINITIVE SECURITIES, AN ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT, 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, AND IN EACH CASE WHICH MAY BE EFFECTED WITHOUT LOSS OF ANY APPLICABLE INVESTMENT COMPANY ACT EXEMPTION, (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 THIS SECURITY, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH OWNER.

NO BENEFIT PLAN INVESTOR OR CONTROLLING PERSON (OTHER THAN A CONTROLLING PERSON PURCHASING ON THE CLOSING DATE) MAY HOLD THIS SECURITY IN THE FORM OF AN INTEREST IN A REGULATION S GLOBAL SECURITY OR RULE 144A GLOBAL SECURITY. EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS SECURITY WILL BE REQUIRED TO REPRESENT AND WARRANT AS TO WHETHER IT IS A BENEFIT PLAN INVESTOR OR CONTROLLING PERSON. EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS SECURITY OR ANY INTEREST THEREIN WILL BE REQUIRED TO REPRESENT AND WARRANT THAT (1) IF THE PURCHASER OR TRANSFEREE IS A BENEFIT PLAN INVESTOR, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS SECURITY DO NOT AND WILL NOT CONSTITUTE OR GIVE RISE TO A NON-EXEMPT PROHIBITED TRANSACTION UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (2) FOR SO LONG AS THE PURCHASER OR TRANSFEREE HOLDS THE ERISA RESTRICTED NOTES OR INTEREST THEREIN IT WILL NOT BE, SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT COULD CAUSE THE UNDERLYING ASSETS OF THE ISSUER TO BE TREATED AS ASSETS OF THE PURCHASER OR TRANSFEREE BY VIRTUE OF ITS INTEREST AND THEREBY SUBJECT THE ISSUER AND THE ASSET MANAGER (OR OTHER PERSONS RESPONSIBLE FOR THE INVESTMENT AND OPERATION OF THE ISSUER'S ASSETS) TO LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF ERISA OR SECTION 4975 OF THE CODE, AND (3) THE PURCHASER'S OR TRANSFEREE'S ACQUISITION, HOLDING AND DISPOSITION OF SUCH ERISA RESTRICTED NOTES WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT VIOLATION OF ANY APPLICABLE STATE, LOCAL, OTHER FEDERAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF ERISA AND/OR SECTION 4975 OF THE CODE. NO INTEREST IN THIS SECURITY WILL BE SOLD OR TRANSFERRED 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 THE SUBORDINATED NOTES, AS APPLICABLE, DETERMINED IN ACCORDANCE WITH THE PLAN ASSET REGULATION AND THE INDENTURE ASSUMING, FOR THIS PURPOSE, THAT ALL THE REPRESENTATIONS MADE OR DEEMED TO BE MADE BY HOLDERS OF SUBORDINATED NOTES ARE TRUE. EACH INTEREST IN A SUBORDINATED NOTE HELD AS PRINCIPAL BY ANY OF THE TRANSACTION PARTIES, ANY OF THEIR 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. "BENEFIT PLAN INVESTOR" MEANS A BENEFIT PLAN INVESTOR, AS DEFINED IN SECTION 3(42) OF ERISA AND INCLUDES (A) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF TITLE I OF ERISA) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA, (B) A PLAN THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY. "CONTROLLING PERSON" MEANS A PERSON (OTHER THAN A BENEFIT PLAN INVESTOR) WHO HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF THE ISSUER OR ANY PERSON WHO PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS, OR ANY AFFILIATE OF ANY SUCH PERSON. AN "AFFILIATE" OF A PERSON INCLUDES ANY PERSON, DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, CONTROLLING, CONTROLLED BY OR UNDER COMMON CONTROL WITH THE PERSON. "CONTROL" WITH RESPECT TO A PERSON OTHER THAN AN INDIVIDUAL MEANS THE POWER TO EXERCISE A CONTROLLING INFLUENCE OVER THE MANAGEMENT OR POLICIES OF SUCH PERSON.

EACH HOLDER THAT DIRECTS AN OPTIONAL REDEMPTION PURSUANT TO THE INDENTURE MAY BE REQUIRED TO SELL ITS INTERESTS IN THIS SECURITY TO THE ASSET MANAGER OR AN ASSET MANAGER PARTY (AS DEFINED IN THE INDENTURE) AS PROVIDED IN THE INDENTURE.

14. *Compulsory Sales*. The Purchaser understands that the Issuer has the right to compel any Non-Permitted Holder, and any Holder of a Re-Priced Class that does not consent to a Re-Pricing with respect to its Notes pursuant to the applicable terms of the Indenture, to sell its interest in the Notes or may sell such interest in the Notes on behalf of such Non-Permitted Holder. The Purchaser understands and agrees that if it fails for any reason to provide to the Issuer and the Trustee 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, or such information or documentation is not accurate or complete, or the Issuer otherwise reasonably determines that such purchaser's 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, the Issuer will have the right, to (x) compel it to sell its interest in such Note, (y) sell such interest on its behalf, and/or (z) assign to such Note a separate CUSIP or CUSIPs. The Purchaser will be deemed to have agreed to sell its Notes to the Issuer (or any person as directed by the Issuer) if it is or becomes a Non-Permitted Holder or fails to provide information needed or helpful for FATCA Compliance or otherwise prevents FATCA Compliance.

15. *Purchase of Subordinated Notes by Asset Manager Party*. In respect of Subordinated Notes only, the Purchaser understands and agrees that an Asset Manager Party or its designee may elect, in its sole discretion, but will not be required, to purchase the Subordinated Notes of Holders that have directed an Optional Redemption (except upon occurrence of a Tax Event) at the Subordinated Notes NAV Amount, in lieu of effecting the Optional Redemption, *provided* that each such purchase in lieu of redemption must be approved by a Majority of the Subordinated Notes in the related Optional Redemption Direction. Each purchaser of Subordinated Notes (including a beneficial owner), by its purchase, will be deemed to have agreed to sell its Subordinated Notes to an Asset Manager Party (or its designee) if such Asset Manager Party or its designee exercises such right.

16. *Underlying Asset Acquisitions*. The Purchaser understands and acknowledges that the Issuer may from time to time acquire Underlying Assets from one or more funds managed by an Affiliate of the Asset

Manager. By purchasing any Notes, each Purchaser will be deemed to have acknowledged, ratified and consented for the benefit of each of the Issuer, the Asset Manager and the Placement Agent (i) to any such acquisition by the Issuer, (ii) to an Affiliate of the Asset Manager having acted as investment advisor to any such seller, (iii) to any related conflicts of interest with respect to the Asset Manager in connection with any such acquisition and (iv) that the acknowledgments, ratifications and consents of the initial Holders of the Notes given on the Closing Date for the benefit of the Issuer, the Asset Manager and the Placement Agent will be binding on all Holders of the Notes, including future Holders of the Notes.

17. *Further Information*. The Purchaser will provide to the Issuer, upon request of the Issuer (or the Trustee on behalf of the Issuer), any information regarding such Purchaser that may be reasonably requested by the Asset Manager and required to be obtained by the Asset Manager or its Affiliates in connection with its or their compliance with any applicable law, rule or regulation, including any such information required to complete a Form ADV, Form PF or any other form required by the SEC or any information required to comply with any requirement of the Dodd-Frank Act or the Commodity Exchange Act applicable to the Asset Manager or its Affiliates.

18. *Regulation U*. The Purchaser confirms that either (x) its principal place of business is not located within any Federal Reserve District of the United States Federal Reserve Bank or (y) it has satisfied and will satisfy any applicable registration or other requirements of the Board of Governors of the Federal Reserve System including, without limitation, Regulation U, in connection with its acquisition of the Notes.

19. *Notes Register Information, Etc*. The Purchaser acknowledges that the Indenture will require the Trustee to deliver to any Holder of Notes (or any Person that has certified to the Trustee in writing, substantially in the form to be attached as an exhibit to the Indenture, that it is the owner of a beneficial interest in a Global Security), subject to confidentiality provisions, any holder information identified on the Notes Register and requested by such Holder or a Person that has made such certification that is reasonably available to the Trustee (and all related costs will be borne by the Issuer as Administrative Expenses).

LISTING AND GENERAL INFORMATION

(1) Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that such listing will be maintained.

(2) The estimated expenses related to admission to the Official List and to trading on its regulated market (including listing agent fees) is approximately €13,940.

(3) McCann FitzGerald Listing Services Limited will be 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 Notes to the Official List of the Irish Stock Exchange and to trading on its regulated market.

(4) Other than as described herein, since the date of organization of the Issuers, none 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 are 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 Notes will be available to Holders and may be obtained from the Trustee.

(5) For the life of the Notes, 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 incorporation, involved in any governmental, litigation or arbitration proceedings relating to claims on amounts which may have a significant effect on the financial positions of the Issuers nor, so far as the Issuers are aware, are any such governmental, litigation or arbitration proceedings involving the Issuers pending or threatened.

(7) The issuance of the Notes will be authorized by the Board of Directors of the Issuer by resolutions prior to the Closing Date. The issuance of the Co-Issued Notes will be authorized by the sole manager of the Co-Issuer by resolutions prior to the Closing Date.

(8) The CUSIP Numbers for the Rule 144A Global Securities are shown in the table below. The Regulation S Global Securities 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.

	Rule 144A Global		**Regulation S Global**		
	CUSIP	**ISIN**	**Common Code**	**CUSIP (CINS)**	**ISIN**
Class A-1 Notes	04015BAA8	US04015BAA89	108511648	G3303KAA4	USG3303KAA46
Class A-2 Notes	04015BAC4	US04015BAC46	108511613	G3303KAB2	USG3303KAB29
Class B Notes	04015BAE0	US04015BAE02	108511532	G3303KAC0	USG3303KAC02
Class C Notes	04015BAG5	US04015BAG59	108512750	G3303KAD8	USG3303KAD84
Class D Notes	04015AAE2	US04015AAE29	108511435	G3303JAC3	USG3303JAC39
Subordinated Notes	04015AAG7	US04015AAG76	108511397	G3303JAD1	USG3303JAD12

(9) The CUSIP Numbers and ISIN for the Secured Notes in certificated form will be available upon request from the Trustee.

(10) The Subordinated Notes in certificated form will bear the following identification numbers:

	Definitive	
	CUSIP	**ISIN**
Subordinated Notes	04015AAH5	US04015AAH59

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for the Issuers by Milbank, Tweed, Hadley & McCloy LLP. Certain legal matters will be passed upon for the Placement Agent by Milbank, Tweed, Hadley & McCloy LLP. Certain legal matters with respect to Cayman Islands law will be passed upon for the Issuer by Appleby (Cayman) Ltd. Certain legal matters with respect to the Asset Manager will be passed upon by Latham & Watkins LLP.

GLOSSARY OF CERTAIN DEFINED TERMS

"Account" means any of the Payment Account, the Collection Account, the Collateral Account, the Unused Proceeds Account, the Interest Reserve Account, the Expense Reserve Account, the Variable Funding Account and the Hedge Counterparty Collateral Account; *provided* that the names of any of the Accounts (and any other accounts or subaccounts comprising an Account) may include as part of the name "Ares XXXI" and may be abbreviated as necessary due to size limitations in the books and records of the Trustee.

"Account Agreement" means the Account Control Agreement, dated as of the Closing Date, between the Issuer, the Trustee and U.S. Bank National Association, as intermediary.

"Administrative Expenses" means amounts (including indemnities) due or accrued with respect to any Payment Date (other than Closing Date expenses) and payable in the following order by the Issuer or the Co-Issuer: (a) to the Trustee (in all capacities) pursuant to the Indenture; (b) to the Bank under the Collateral Administration Agreement and the Account Agreement; (c) to the Administrator under the Administration Agreement (including all filing, registration and annual return fees payable to the Cayman Islands government and registered office fees); (d) to any Rating Agency fees and expenses in connection with any rating of the Securities or the provision of credit estimates for any of the Collateral and surveillance fees in connection with such ratings or credit estimates; (e) to the Independent accountants, agents and counsel of the Issuer and the Co-Issuer for fees (including retainers) and expenses; (f) to any other Person in respect of any governmental fee, charge or tax (other than withholding taxes); (g) in respect of all expenses, registered office fees and governmental fees related to any Tax Subsidiary; (h) in respect of any reserve established for Dissolution Expenses in connection with the Redemption, discharge of the Indenture or following an Event of Default and (i) to any other Person in respect of any other fees, costs, charges, expenses and indemnities permitted under the Indenture ((x) excluding the Asset Management Fee but (y) including (1) any other monies expended by the Asset Manager and reimbursable under the Asset Management Agreement, (2) FATCA Compliance Costs and (3) reasonable fees, costs, and expenses (including reasonable attorneys' fees) of compliance by the Issuer and the Asset Manager with the Commodity Exchange Act (including any rules and regulations promulgated thereunder) as required under the Indenture) and the documents delivered pursuant to or in connection with the Indenture and the Securities, including any fees and expenses incurred by such other Persons in connection with any amendment or other modification to the Indenture or such other document.

"Affected Bank" means a "bank" within the meaning of Section 881(c)(3)(A) of the Code or an Affiliate of such a bank.

"Affiliate" or "Affiliated" means, 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, manager, member, partner, shareholder, 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 acting as share trustee.

"Aggregate Excess Funded Spread" means, as of any date of determination, the amount obtained by multiplying: (a) the Base Rate applicable to the Secured Notes during the Interest Accrual Period in which such Measurement Date occurs by (b) the amount (not less than zero) equal to (i) the Aggregate Principal Balance of the Underlying Assets (excluding any Defaulted Obligation and the unfunded portion of any Delayed-Draw Loan or of any Revolving Credit Facility) as of such date of determination, minus (ii) the sum of (1) either (x) prior to the end of the Reinvestment Period, the Effective Date Target Par Amount or (y) after the Reinvestment Period, the excess of (I) the Effective Date Target Par Amount over (II) the amount of any reduction in the Aggregate Outstanding Amount of the Notes through the payment of Principal Proceeds and (2) the proceeds of the issuance of Additional Securities (if any) treated as Principal Proceeds.

"Aggregate Outstanding Amount" means, when used with respect to any Class or Classes of Notes, as of any date, the aggregate principal amount of such Notes Outstanding (including, any Deferred Interest previously added to the principal amount of such Notes that remains unpaid) on any date of determination.

"Aggregate Principal Balance" means, when used with respect to any or all of the Underlying Assets or Eligible Investments on any date of determination, the aggregate of the Principal Balances of such Underlying Assets and the Balances of such Eligible Investments on such date of determination.

"Approved Exchange" means, with respect to any Permitted Equity Security, any major securities or options exchange, the NASDAQ or any other exchange or quotation system providing regularly published securities prices, designated by the Issuer in writing.

"Asset Management Agreement" means an agreement dated as of the Closing Date, between the Issuer and the Asset Manager relating to the management of the Underlying Assets and the other Collateral by the Asset Manager on behalf of the Issuer, as amended from time to time in accordance with the terms thereof and of the Indenture.

"Asset Manager Information" means the information appearing in this Offering Memorandum under the heading "The Asset Manager" and under the heading "Risk Factors—Relating to Certain Conflicts of Interest—The Issuer will be subject to various conflicts of interest involving the Asset Manager and its Affiliates."

"Asset-backed Commercial Paper" means commercial paper or other short-term obligations of a program that primarily issues externally-rated commercial paper backed by assets or exposures held in a bankruptcy-remote, special purpose entity.

"Balance" means on any date, with respect to Eligible Investments in any Account, the aggregate of: (i) the current balance of Cash, demand deposits, time deposits, certificates of deposit and federal funds; (ii) the principal amount of interest-bearing corporate and Government Securities, money market accounts and repurchase obligations; and (iii) the accreted value (but not greater than the face amount) of non-interest-bearing government and corporate securities and commercial paper.

"Bankruptcy Code" means the United States bankruptcy code, as set forth in Title 11 of the United States Code, as amended.

"Bankruptcy Event" means: 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 approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Issuer or the Co-Issuer under the Bankruptcy Law or any other applicable law, or appointing a receiver, liquidator, assignee, or sequestrator (or other similar official) of the Issuer or the Co-Issuer or of any substantial part of its property, respectively, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or (b) the institution by the shareholders of the Issuer or the Co-Issuer of proceedings to have the Issuer or Co-Issuer, as the case may be, adjudicated as bankrupt or insolvent, or the consent by the shareholders of the Issuer or the Co-Issuer to the institution of bankruptcy or insolvency proceedings against the Issuer or Co-Issuer, or the filing by the Issuer or the Co-Issuer of a petition or answer or consent seeking reorganization or relief under the Bankruptcy Law or any other similar applicable law, or the consent by the Issuer or the Co-Issuer to the filing of any such petition or to the appointment in a proceeding of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Issuer or the Co-Issuer or of any substantial part of its property, respectively, or the making by the Issuer or the Co-Issuer of an assignment for the benefit of creditors, or the admission by the Issuer or the Co-Issuer in writing 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.

"Bankruptcy Law" means the federal Bankruptcy Code, Title 11 of the United States Code, Part V of the Companies Law (2013 Revision) of the Cayman Islands, the Bankruptcy Law (1997 Revision) of the Cayman Islands, the Companies Winding Up Rules 2008 of the Cayman Islands and the Foreign Bankruptcy Proceedings (International Cooperation) Rules 2008 of the Cayman Islands, each as amended from time to time.

"Base Rate Determination Date" means a LIBOR Determination Date, or, in the event of a Base Rate Amendment, such other date as specified therein.

"Bond" means a Senior Secured Floating Rate Note, a Senior Secured Bond or a High-Yield Bond.

"Business Day" means 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, Los Angeles, California, and any city in which the corporate trust office is located (which initially will be Boston, Massachusetts); with respect to any payment to be made by a Paying Agent, the city in which such Paying Agent is located; and, with respect to the final payment on any Note, the place of presentation and surrender of such Note.

"Caa Excess" means the excess, if any, by which the Aggregate Principal Balance of all Caa Underlying Assets exceeds 7.5% of the Maximum Investment Amount; *provided* that, in determining which of the Caa Underlying Assets shall be included in the Caa Excess, the Caa Underlying Assets with the lowest Current Market Value Percentage shall be deemed to constitute such Caa Excess.

"Caa Excess Adjustment Amount" means, as of any Measurement Date, an amount equal to the excess of (i) the Aggregate Principal Balance of all Underlying Assets included in the Caa Excess over (ii) the Current Market Value of all Underlying Assets included in the Caa Excess.

"Caa Underlying Asset" means an Underlying Asset (other than a Defaulted Obligation, a Deferred Interest Asset or a Current Pay Obligation) with a Moody's Rating of "Caa1" or lower.

"Cash" means such 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.

"CCC Excess" means the excess, if any, by which the Aggregate Principal Balance of all CCC Underlying Assets exceeds 7.5% of the Maximum Investment Amount; *provided* that, in determining which of the CCC Underlying Assets shall be included in the CCC Excess, the CCC Underlying Assets with the lowest Current Market Value Percentage shall be deemed to constitute such CCC Excess.

"CCC Excess Adjustment Amount" means, as of any Measurement Date, an amount equal to the excess of (i) the Aggregate Principal Balance of all Underlying Assets included in the CCC Excess over (ii) the Current Market Value of all Underlying Assets included in the CCC Excess.

"CCC Underlying Asset" means an Underlying Asset (other than a Defaulted Obligation or a Deferred Interest Asset) with a Standard & Poor's Rating of "CCC+" or lower.

"Class" means, in the case of (x) the Secured Notes, all of the Secured Notes having the same Stated Maturity, interest rate and designation and (y) the Subordinated Notes, all of the Subordinated Notes.

"Class A Interest Coverage Test" means the Interest Coverage Test as applied to the Class A Notes.

"Class A Notes" means, collectively, the Class A-1 Notes and the Class A-2 Notes.

"Class A-1 Notes" means the Class A-1 Senior Floating Rate Notes issued pursuant to the Indenture.

"Class A-2 Notes" means the Class A-2 Senior Floating Rate Notes issued pursuant to the Indenture.

"Class B Interest Coverage Test" means the Interest Coverage Test as applied to the Class B Notes.

"Class B Notes" means the Class B Mezzanine Deferrable Fixed Rate Notes issued pursuant to the Indenture.

"Class Break-even Default Rate" means, with respect to the Class A-1 Notes at any time, the maximum percentage of defaults, at any time, that the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, determined through application of the applicable S&P CDO Monitor chosen by the Asset Manager in accordance with the definition of "S&P CDO Monitor" that is applicable to the portfolio of Underlying Assets, which, after

giving effect to S&P's assumptions on recoveries, defaults and timing and to the Priority of Payments, will result in sufficient funds remaining for the payment of such Class or Classes of Notes in full. After the Effective Date, S&P will provide the Asset Manager with the Class Break-even Default Rates for each S&P CDO Monitor based upon the Weighted Average Spread, the Weighted Average S&P Recovery Rate and the S&P Maximum Weighted Average Life to be associated with such S&P CDO Monitor as selected by the Asset Manager (with a copy to the Collateral Administrator) from Annex B or any other Weighted Average Spread, Weighted Average S&P Recovery Rate and S&P Maximum Weighted Average Life selected by the Asset Manager from time to time.

"Class C Interest Coverage Test" means the Interest Coverage Test as applied to the Class C Notes.

"Class C Notes" means the Class C Mezzanine Deferrable Fixed Rate Notes issued pursuant to the Indenture.

"Class D Interest Coverage Test" means the Interest Coverage Test as applied to the Class D Notes.

"Class D Notes" means the Class D Mezzanine Deferrable Fixed Rate Notes issued pursuant to the Indenture.

"Class Default Differential" means, with respect to the Class A-1 Notes at any time, the rate calculated by subtracting the Class Scenario Default Rate at such time for such Class of Notes from the Class Break-even Default Rate for such Class of Notes at such time.

"Class Scenario Default Rate" means, with respect to the Class A-1 Notes at any time, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with S&P's initial rating of such Class of Notes, determined by application by the Asset Manager of the S&P CDO Monitor at such time.

"Clearstream" means Clearstream Banking, *société anonyme*, a corporation organized under the laws of the Grand Duchy of Luxembourg.

"Closing Date" means August 28, 2014.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Collateral Administration Agreement" means an agreement dated as of the Closing Date, among the Issuer, the Asset Manager and the Collateral Administrator, as amended from time to time in accordance with its terms.

"Collateral Administrator" means U.S. Bank National Association, in its capacity as collateral administrator under the Collateral Administration Agreement, and any successor thereto.

"Collateral Portfolio" means on any date of determination, all Pledged Obligations held in or credited to any Accounts, excluding Eligible Investments consisting of Interest Proceeds.

"Contribution" means any Cash contributed by a Contributor to and accepted by the Issuer. A Contribution may be deposited into the Interest Reserve Account or into the Collection Account as Interest Proceeds or Principal Proceeds or may be used for repurchase of Notes in accordance with the heading "Description of the Notes—The Indenture—Purchase and Surrender of Notes," in each case as directed by the Contributor in writing to the Asset Manager and Trustee at the time of the Contribution. In addition, a Holder of Subordinated Notes may designate in writing to the Asset Manager and the Trustee no later than one Business Day before the related Payment Date any portion of Interest Proceeds or Principal Proceeds that would otherwise be distributed on its Subordinated Notes under the Priority of Payments as a Contribution by such Contributor. No Contribution or portion thereof will be returned to the Contributor at any time.

"Contributor" means a Person that contributed Cash to the Issuer, including the Asset Manager, Affiliates of the Asset Manager or any Holder.

"Controlling Class" means the Class A-1 Notes for so long as any Class A-1 Notes are Outstanding, and thereafter the Highest Ranking Class of Notes Outstanding.

"Cov-Lite Loan" means any Loan that:

(a) does not contain any financial covenants, or

(b) does not require the underlying obligor to comply with a maintenance covenant.

"Credit Improved Obligation" means any Underlying Asset that in the Asset Manager's commercially reasonable business judgment has significantly improved in credit quality from the condition of its credit at the time of purchase, which may (but need not) be based on any of the following criteria:

(a) the issuer of such Underlying Asset has shown improved financial results since the published financial reports first produced after it was purchased by the Issuer;

(b) the obligor of such Underlying Asset since the date on which such Underlying Asset 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: (A) such Underlying Asset has been upgraded or put on a watch list for possible upgrade by either of the Rating Agencies since the date on which such Underlying Asset was acquired by the Issuer; (B) the Disposition Proceeds (excluding Disposition Proceeds that constitute Interest Proceeds) of such Underlying Asset are reasonably expected to be at least 102% of the purchase price thereof; or (C) the price of such Underlying Asset 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 Eligible Loan Index plus 0.25% over the same period; or

(d) if the Underlying Asset is a Floating Rate Underlying Asset, its interest rate spread has decreased (in accordance with its Underlying Instruments) since the date on which it was first acquired by the Issuer by at least 0.25%,

provided that, if a Restricted Trading Period is in effect, an Underlying Asset must satisfy paragraph (a), (b), (c) or (d) above in order for it to be a Credit Improved Obligation.

"Credit Risk Obligation" means any Underlying Asset that in the Asset Manager's commercially reasonable business judgment has a significant risk of declining in credit quality or, with a lapse of time, becoming a Defaulted Obligation, which may (but need not) be based on any of the following criteria:

(a) with respect to which a Majority of the Controlling Class vote to treat such Underlying Asset as a Credit Risk Obligation;

(b) with respect to which one or more of the following criteria applies: (A) such Underlying Asset has been downgraded or put on a watch list for possible downgrade by either of the Rating Agencies since the date on which such Underlying Asset was acquired by the Issuer; (B) the Disposition Proceeds (excluding Disposition Proceeds that constitute Interest Proceeds) of such Underlying Asset are reasonably expected to be no more than 98% of the purchase price thereof; or (C) such Underlying Asset has changed in price during the period from the date on which it was purchased by the Issuer to the date of determination by a percentage either more negative, or less positive, as the case may be, than the percentage change in the average price of an Eligible Loan Index less 0.50% during the Reinvestment Period or 1.0% after the Reinvestment Period over the same period; or

(c) if the Underlying Asset is a Floating Rate Underlying Asset, its interest rate spread has increased (in accordance with its Underlying Instruments) since the date on which it was first acquired by the Issuer by at least 0.50%.

"Current Market Value" means, with respect to any Underlying Asset or Margin Stock as of any Measurement Date:

(a) the product of the principal amount of such Underlying Asset or Margin Stock multiplied by:

(i) the average bid for such Underlying Asset or Margin Stock provided by any of Loan Pricing Corporation, Mark-It Partners Inc., Interactive Data Corporation or any other nationally recognized pricing service subscribed to by the Asset Manager, of which the Asset Manager shall have provided 10 Business Days' prior notice to each Rating Agency;

(ii) if no such pricing service is available, the average of at least three bids for such Underlying Asset or Margin Stock obtained by the Asset Manager from nationally recognized dealers (that are Independent from each other and from the Asset Manager);

(iii) if no such pricing service is available and only two bids for such Underlying Asset or Margin Stock can be obtained, the lower of such two bids; or

(iv) if no such pricing service is available and only one bid for such Underlying Asset or Margin Stock can be obtained, such bid except that if there is only one bid available for Underlying Assets or Margin Stock constituting more than 10% of the Maximum Investment Amount, such market value of such excess will be the lowest of (x) such bid, (y) the lowest reported price in each of the prior three Monthly Reports and (z) the amount determined under clause (b)(i) below; or

(b) if, after the Asset Manager has made commercially reasonable efforts to obtain the Current Market Value in accordance with clause (a) above, the Current Market Value cannot be determined, the Current Market Value of such Underlying Asset or Margin Stock will be the lowest of:

(i) the product of 70% and the principal amount of such Underlying Asset or Margin Stock;

(ii) the Current Market Value as determined by the Asset Manager, provided this is the same price as the Asset Manager assigns to the same Underlying Asset or Margin Stock in other funds for which it acts as asset manager or investment advisor; or

(iii) the product of (x) the purchase price at which the Issuer acquired such Underlying Asset or Margin Stock, and (y) the principal amount of such Underlying Asset or Margin Stock at the time so acquired.

"Current Market Value Percentage" means, with respect to any Underlying Asset as of any Measurement Date, the amount (expressed as a percentage) equal to the Current Market Value of such Underlying Asset on such date divided by the principal amount of such Underlying Asset on such date. For the purpose of calculating the Current Market Value Percentage on any day, the Current Market Value Percentage on any day that is not a Business Day shall be deemed to be the Current Market Value Percentage on the immediately preceding Business Day.

"Current Pay Obligation" means any Underlying Asset (other than a DIP Loan) that would otherwise be a Defaulted Obligation but as to which (i) no default has occurred and is continuing with respect to the payment of interest and any contractual principal or other scheduled payments (if any) and the most recent interest and contractual principal payment due (if any) was paid in cash and the Asset Manager reasonably expects that the next interest payment due will be paid in cash on the scheduled payment date (which judgment may not subsequently be called into question as a result of subsequent events); (ii) if the issuer of such Underlying Asset is in a bankruptcy proceeding, the issuer has made all payments that the bankruptcy court has approved; (iii) for so long as S&P is a Rating Agency in respect of the Class A-1 Notes, the S&P Additional Current Pay Criteria are satisfied; and (iv) for so long as Moody's is a Rating Agency in respect of any Class of Secured Notes, such Underlying Asset has a facility rating from Moody's of either (A) at least "Caa1" (and if "Caa1," not on watch for downgrade) and its Current Market Value is at least 80% of its par value or (B) at least "Caa2" (and if "Caa2," not on watch for downgrade) and its Current Market Value is at least 85% of its par value (*provided* that for purposes of this definition, with respect to an Underlying Asset already owned by the Issuer whose facility rating from Moody's is withdrawn, the facility rating shall be the last outstanding facility rating before the withdrawal); *provided* that (1) to the extent the Aggregate Principal Balance of all Underlying Assets that would otherwise be Current Pay Obligations exceeds 7.5% of the Maximum Investment Amount, such excess over 7.5% shall constitute Defaulted

Obligations and (2) in determining which of the Underlying Assets shall be included in such excess, the Underlying Assets with the lowest Current Market Value Percentage shall be deemed to constitute such excess.

"Current Portfolio" means, at any time, the portfolio of Underlying Assets, cash and Eligible Investments, representing Principal Proceeds (determined in accordance with certain assumptions included in the Indenture), then held by the Issuer.

"Deep Discount Obligation" means any Underlying Asset acquired by the Issuer with respect to which, if the Underlying Asset (a) has a Moody's Rating of below "B3", the purchase price thereof is less than 85% of its par amount or (b) has a Moody's Rating of "B3" or higher, the purchase price thereof is less than 80% of its par amount, in each case until the average Current Market Value Percentage of the Underlying Asset equals or exceeds 90% for any period of 30 consecutive days. Any Underlying Asset that would otherwise be considered a Deep Discount Obligation but that is purchased with the proceeds of a sale of an Underlying Asset that was not a Deep Discount Obligation at the time of its purchase will not be considered a Deep Discount Obligation, so long as such purchased Underlying Asset: (i) together with all other Underlying Assets so purchased at any time from the Closing Date (whether or not still held by the Issuer) in the aggregate do not exceed 10% of the Maximum Investment Amount (determined as of the date of such purchase); (ii) is purchased or committed to be purchased within five Business Days of such sale; (iii) is purchased at a purchase price that equals or exceeds the sale price of the sold Underlying Asset; (iv) has a Moody's Default Probability Rating equal to or greater than the Moody's Default Probability Rating of the sold Underlying Asset; and (v) is purchased at a purchase price that equals or exceeds 65% of the par amount thereof.

"Default" means 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" means any interest due and payable in respect of any Senior Notes for so long as any Senior Notes are Outstanding, and thereafter the Highest Ranking Class of Secured Notes Outstanding, which was not punctually paid on the applicable Payment Date or at Stated Maturity and remains unpaid.

"Defaulted Obligation" means any Underlying Asset or any other debt obligation included in the pool of assets owned by the Issuer, as of any date of determination:

(a) as to which there has occurred and is continuing a default with respect to the payment of interest or principal (including with respect to the Cash-pay portion of a PIK Security or Partial PIK Security that contractually cannot be deferred); *provided* that (1) such default shall have not been cured and (2) any such default may continue for a period of up to three Business Days from the date of such default if the Asset Manager has certified to the Trustee that the payment failure is not due to credit-related reasons;

(b) that is a participation interest in a loan or other debt obligation that would, if such loan or other debt obligation were an Underlying Asset, constitute a "Defaulted Obligation" (other than under this clause (b)) or with respect to which the Selling Institution (other than the Selling Institution under the Master Participation Agreement) has an S&P Rating of "CCC-" or lower, "D" or "SD" or had such S&P Rating before such rating was withdrawn and which has not been reinstated as of the date of determination or a Moody's probability of default rating of "D" or "LD" (a "Defaulted Participation Obligation");

(c) that is a Selling Institution Defaulted Participation;

(d) as to which any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the issuer thereof, or as to which there has been proposed or effected any distressed exchange, distressed debt restructuring or other restructuring in an insolvency proceeding where the issuer of such Underlying Asset has offered the debt holders a new security or package of securities that, in the commercially reasonable judgment of the Asset Manager, either (x) amounts to a diminished financial obligation or (y) has the purpose of helping the issuer avoid default; provided that neither a Current Pay Obligation nor a DIP Loan (with respect to the bankruptcy, insolvency, receivership proceeding, distressed exchange or other debt restructuring with respect to which such DIP Loan was received) will constitute a Defaulted Obligation under this clause (d);

(e) (x) for which the obligor has a Moody's probability of default rating of "D" or "LD" or (y) that has an S&P Rating of less than "CCC-", "SD" or had such S&P Rating before such rating was withdrawn and which has not been reinstated as of the date of determination (in each case excluding Current Pay Obligations and DIP Loans);

(f) that is pari passu with or subordinated to other indebtedness for borrowed money owing by the issuer thereof, to the extent that (x) a payment default of the type described in clause (a) has occurred with respect to such other indebtedness or (y) the S&P Rating on such other indebtedness is less than "CCC-", "SD" or had such S&P Rating before such rating was withdrawn and which has not been reinstated as of the date of determination; or

(g) with respect to which the Asset 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 Underlying Asset may accelerate the repayment of such Underlying Asset but only if such default is not cured or waived in the manner provided in the Underlying Instruments.

The Asset Manager shall give the Trustee prompt written notice should it become aware that any Underlying Asset has become a Defaulted Obligation (other than pursuant to clause (a) above). Until so notified, the Trustee shall not be deemed to have notice or knowledge to the contrary.

Notwithstanding the foregoing, the Asset Manager may declare any Underlying Asset or other debt obligation included in the pool of assets owned by the Issuer to be a Defaulted Obligation if, in the Asset Manager's commercially reasonable business judgment, the credit quality of the issuer of such asset has significantly deteriorated such that there is a reasonable expectation of payment default as of the next scheduled payment date with respect to such asset.

"Deferrable Class" means each of the Class B Notes, the Class C Notes and the Class D Notes until such Class is the Highest Ranking Class.

"Deferred Asset Management Fee" means, with respect to the Asset Manager on any Payment Date, any portion of the Asset Management Fee for such Payment Date that the Asset Manager elects to defer in the manner provided in the Asset Management Agreement, together with any amounts so deferred on prior Payment Dates that remain unpaid. Asset Management Fees not paid due to insufficient funds and then deferred on a subsequent Payment Date at the election of the Asset Manager will be treated as Deferred Asset Management Fees.

"Deferred Interest Asset" means a PIK Security or a Partial PIK Security that has deferred payments of interest or other amounts in Cash and not reduced such deferred interest (or other amount) balance to zero and that (a) in the case of a PIK Security or a Partial PIK Security that has a Moody's Rating of "Baa3" or above, has either (i) deferred any interest for a period of 12 consecutive months or more or (ii) deferred payments of interest in an amount equal to (or greater than) two periodic interest payments or (b) in the case of a PIK Security or a Partial PIK Security that has a Moody's Rating of "Ba1" or below, has either (i) deferred any interest for a period of six consecutive months or more or (ii) deferred payments of interest in an amount equal to (or greater than) one periodic interest payment.

"Definitive Security" means any Note issued in definitive, fully registered form without interest coupons.

"Delayed-Draw Loan" means a loan with respect to which the Issuer may be obligated to make or otherwise fund future term-loan advances to a borrower, but such future term-loan advances may not be paid back and reborrowed; *provided* that for purposes of the Portfolio Criteria, the principal balance of a Delayed-Draw Loan, as of any date of determination, refers to the sum of (i) the funded portion of such Delayed-Draw Loan as of such date and (ii) the unfunded portion of such Delayed-Draw Loan as of such date.

"Depository" or "DTC" means The Depository Trust Company, its nominees, and their respective successors.

"Designated Maturity" means three months.

"Determination Date" means, with respect to a Payment Date, the last Business Day of the immediately preceding Due Period.

"DIP Loan" means a Loan (i) obtained or incurred after the entry of an order of relief in a case pending under chapter 11 of the Bankruptcy Code, (ii) to 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), (iii) on which the related obligor is required to pay interest on a current basis, (iv) approved by a Final Order or Interim Order of the bankruptcy court so long as such Loan is (A) fully secured by a lien on the debtor's otherwise unencumbered assets pursuant to Section 364(c)(2) of the Bankruptcy Code, (B) fully secured by a lien of equal or senior priority on property of the debtor estate that is otherwise subject to a lien pursuant to Section 364(d) of the Bankruptcy Code or (C) is secured by a junior lien on the debtor's encumbered assets (so long as such Loan is fully secured based on the most recent current valuation or appraisal report, if any, of the debtor) and (v) that (A) for so long as Moody's is a Rating Agency with respect to Secured Notes, has been rated by Moody's or has an estimated rating by Moody's (or if the Loan does not have a rating or an estimated rating by Moody's, the Asset Manager has commenced the process of having a rating assigned by Moody's within five Business Days of the date the Loan is acquired by the Issuer) and (B) has been rated by S&P or has an estimated rating by S&P (or if the Loan does not have a rating or an estimated rating by S&P, the Asset Manager has commenced the process of having a rating assigned by S&P within five Business Days of the date the Loan is acquired by the Issuer).

"Discount-Adjusted Spread" means, with respect to any Purchased Discount Obligation, the amount (expressed as a percentage) equal to (i) its Effective Spread divided by (ii) its purchase price (expressed as a percentage).

"Disposition Proceeds" means any proceeds received with respect to sales of Underlying Assets, Eligible Investments or Permitted Equity Securities and the termination of any Hedge Agreement, in each case, net of reasonable out-of-pocket expenses and disposition costs in connection with such sales.

"Dissolution Expenses" means an amount certified by the Asset Manager as the sum of (i) the expenses reasonably likely to be incurred in connection with the discharge of the Indenture and the liquidation of the Collateral and dissolution of the Issuers and (ii) any accrued and unpaid Administrative Expenses.

"Distressed Exchange Offer" means an offer by the issuer of an Underlying Asset to exchange one or more of its outstanding debt obligations for a different debt obligation or to repurchase one of 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.

"Distribution" means any payment of principal or interest or any dividend, premium or fee payment or any other payment made on, or any other distribution in respect of, a security or obligation.

"Diversity Score" means a single number that indicates Underlying Asset concentration in terms of both issuer and industry concentration. The Diversity Score for the Underlying Assets is calculated by summing each of the Industry Diversity Scores, which are calculated as follows:

(a) "Average Par Amount" is calculated by summing the Issuer Par Amounts and dividing such amount by the sum of the number of issuers of Underlying Assets (other than the issuers of Defaulted Obligations); *provided* that all Affiliated issuers will be deemed to be one issuer.

(b) "Issuer Par Amount" is calculated for each issuer of Underlying Assets (other than the issuers of Defaulted Obligations) by summing the par amounts of all Underlying Assets in the Collateral issued by that issuer; *provided* that in calculating the Issuer Par Amount for each issuer, Affiliated issuers will be deemed to be a single issuer to the extent provided in the definition of Average Par Amount.

(c) "Equivalent Unit Score" is calculated for each issuer (other than the issuers of Defaulted Obligations) as the lesser of (A) one and (B) the Issuer Par Amount for such issuer divided by the Average Par Amount.

(d) "Aggregate Industry Equivalent Unit Score" is calculated for each of the Moody's Industry Categories listed in the Indenture, by summing the Equivalent Unit Scores for each issuer (other than the issuers of Defaulted Obligations) in each such Moody's Industry Category.

(e) "Industry Diversity Score" is established by reference to the Diversity Score Table set forth in the Indenture for the related Aggregate Industry Equivalent Unit Score; *provided* that if any Aggregate Industry Equivalent Unit Score falls between any two such scores then the applicable Industry Diversity Score will be the lower of the two Industry Diversity Scores in the Diversity Score Table.

For purposes of calculating the Diversity Score, all Affiliates of an obligor shall be treated as a single obligor together with such obligor, except as otherwise specified by Moody's on a case by case basis and provided that obligors shall not be deemed to be affiliates of one another solely because they are managed or controlled by the same financial sponsor.

In the event Moody's modifies the Moody's Industry Categories, the Asset Manager may elect to have each Underlying Asset reallocated among such modified Moody's Industry Categories for purposes of determining the Industry Diversity Score and the Diversity Score; *provided* that the Asset Manager shall have provided written notice of such election to Moody's.

"Domestic-Centered Security" means an Underlying Asset the issuer of which is organized in a Tax Advantaged Jurisdiction but conducts its primary lines of business and whose operations take place predominantly in a country (the "other country") that (i) is the United States or (ii) has a "foreign currency ceiling rating" of "Aa2" or above by Moody's. For purposes of the Eligibility Criteria (viii), such issuer will be treated as organized in such other country (and not in such Tax Advantaged Jurisdiction).

"Due Date" means each date on which a Distribution is due on a Pledged Obligation.

"Due Period" means, with respect to any Payment Date, the period commencing on (and including) the day immediately following the last day of the prior Due Period (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 including) the eighth 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 in full of the Notes, the Stated Maturity of any Note or the final Liquidation Payment Date ending on (and including) the day preceding such date).

"Effective Date" means the day specified by the Asset Manager in accordance with the Indenture.

"Effective Date Cut-Off" means December 4, 2014 (or, if such date is not a Business Day, the next succeeding Business Day).

"Effective Date Overcollateralization Test" means a test that will be satisfied as of any Measurement Date on or after the Effective Date on which Class D Notes remain Outstanding if the Overcollateralization Ratio calculated for the Class D Notes as of such Measurement Date is equal to or greater than 116.14%.

"Effective Date Ratings Confirmation" means Rating Agency Confirmation as of the Effective Date, *provided* that no such Rating Agency Confirmation will be required from Moody's if (a) the Issuer has provided to the Trustee and the Collateral Administrator an accountants' certificate recalculating and comparing each element of the Effective Date Condition and (b) the Collateral Administrator has provided to Moody's a Rating Agency Effective Date Report confirming that the Effective Date Condition has been satisfied.

"Effective Date Ratings Confirmation Failure" means the failure (i) to obtain Rating Agency Confirmation from S&P or (ii) to obtain Rating Agency Confirmation from Moody's and to satisfy the conditions set forth in the proviso to the definition of "Effective Date Ratings Confirmation," in each case as of the first Determination Date; *provided that*

(a) with respect to clause (i), if, as of the first Determination Date: (I) the Asset Manager has delivered to S&P a request for Effective Date Ratings Confirmation (together with all schedules, certificates, opinions and documents required by the Indenture and otherwise required in connection therewith) no later than the

30th Business Day prior to the first Determination Date, (II) S&P has not provided Rating Agency Confirmation other than as a result of its determination that it will not grant such Rating Agency Confirmation and (III) S&P has not notified the Issuer or Asset Manager of any such determination that it will not grant such Rating Agency Confirmation, then such failure to obtain Rating Agency Confirmation from S&P as of the first Determination Date shall not cause an Effective Date Ratings Confirmation Failure unless and until, as of the second Determination Date, the Issuer has failed to obtain such Rating Agency Confirmation from S&P; and

(b) with respect to clause (ii) there shall not be an Effective Date Ratings Confirmation Failure if Rating Agency Confirmation is obtained from Moody's on or prior to the first Determination Date or the conditions set forth in the proviso to the definition of "Effective Date Ratings Confirmation" are satisfied.

"Effective Date Target Par Amount" means $1,250,000,000.

"Effective Spread" means, with respect to any Floating Rate Underlying Asset that bears interest based on LIBOR, its stated spread or, if such Floating Rate Underlying Asset bears interest based on a floating rate index other than LIBOR, the Effective Spread shall be the then-current base rate applicable to such Floating Rate Underlying Asset *plus* the rate at which such Floating Rate Underlying Asset pays interest in excess of such base rate *minus* LIBOR for the current Interest Accrual Period; *provided* that with respect to (i) any unfunded commitment of any Revolving Credit Facility or Delayed-Draw Loan, the Effective Spread means the commitment fee payable with respect to such unfunded commitment; (ii) the funded portion of any commitment under any Revolving Credit Facility or Delayed-Draw Loan that bears interest based on LIBOR, the Effective Spread will be its stated spread or, if such funded portion bears interest based on a floating rate index other than LIBOR, the Effective Spread will be the then-current base rate applicable to such funded portion *plus* the rate at which such funded portion pays interest in excess of such base rate *minus* LIBOR for the current Interest Accrual Period; (iii) any Underlying Asset that has a LIBOR floor, the Effective Spread will be its stated spread over LIBOR plus, if positive, (x) the LIBOR floor value *minus* (y) LIBOR for the then applicable interest period; and (iv) any Floating Rate Underlying Asset that is a PIK Security, a Partial PIK Security or an Underlying Asset that is excluded from the definition of Partial PIK Security by the proviso thereto that (in each case) is deferring interest on the Measurement Date, the Effective Spread will be that portion of its spread, if any, that is not being deferred.

"Elected Note" means a Note held by an Electing Holder.

"Electing Holder" means a Holder of a Note that is subject to the Bank Holding Company Act of 1956, as amended, who elects, by notice to the Trustee, to forfeit the voting or consent rights specified in such notice of all or any portion of any Note owned by such Holder. Any such election may be rescinded in whole or in part at any time if such Electing Holder determines that such rescission is consistent with applicable banking laws.

"Eligible Institution" means an institution that is authorized under the laws of the United States of America or of any state thereof to exercise corporate trust powers, has a combined capital and surplus of at least $200,000,000, is subject to supervision or examination by federal or state banking authority, (a) has a long-term senior unsecured debt rating of at least "A" and a short-term credit rating of at least "F1" by Fitch (or, if such institution has no short-term credit rating, a long-term senior unsecured debt rating of at least "A+" by Fitch) and (b) has either, (i) a long-term senior unsecured debt rating of at least "A2" or a short-term credit rating of "P-1" by Moody's, or (ii) with respect to securities accounts, if the relevant account is a segregated trust account, has a rating of at least "Baa3" by Moody's and (c) so long as any Class A-1 Note is Outstanding (i) has a long-term senior unsecured debt rating of at least "A" and a short-term credit rating of "A-1" by S&P (or, if such institution has no short term credit rating, a long term senior unsecured debt rating of at least "A+" by S&P) or (ii) with respect to securities accounts, if the relevant account is a segregated trust account, has a rating of at least "BBB-" by S&P and is subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the Code of Federal Regulation Section 9.10(b), *provided* that if any such institution is downgraded such that it no longer constitutes an Eligible Institution under the Indenture, the Issuer shall use commercially reasonable efforts to replace such institution with a replacement Eligible Institution within 30 calendar days of the ratings downgrade.

"Eligible Investments" means (a) Cash, or (b) any United States dollar-denominated investment that, at the time it is delivered to the Trustee (directly or through an intermediary or bailee), (x) matures not later than the earlier of (A) the date that is 60 days after the date of delivery thereof, and (B) the Business Day immediately preceding the Payment Date immediately following the date of delivery, and (y) is both a "cash equivalent" under

the Volcker Rule and is one or more of the following obligations or securities including investments for which the Bank or an Affiliate of the Bank provides services and receives compensation therefor:

(i) (A) direct Registered obligations (1) of the United States of America or (2) the timely payment of principal and interest on which is fully and expressly guaranteed by the United States and (B) Registered obligations (1) of 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 or (2) the timely payment of principal and interest on which is fully and expressly guaranteed by such an agency or instrumentality, in each case if such agency or instrumentality has the Eligible Investment Required Ratings; *provided* that such obligations are rated "A-1" or higher (or, in the absence of a short-term credit rating, "A+" or higher) by S&P;

(ii) demand and time deposits in, certificates of deposit of, trust accounts with, bankers' acceptances issued by, or federal funds sold by any depository institution or trust company incorporated under the laws of the United States of America (including the Bank) or any state thereof and subject to supervision and examination by federal and/or state banking authorities, in each case payable within 183 days of issuance, so long as the commercial paper (other than Asset-backed Commercial Paper) and/or the debt obligations of such depository institution or trust company (or, in the case of the principal depository institution in a holding company system, the commercial paper or debt obligations of such holding company) at the time of such investment or contractual commitment providing for such investment have the Eligible Investment Required Ratings; and

(iii) money market funds domiciled outside of the United States which funds have, at all times, credit ratings of "Aaa mf" by Moody's, "AAAmmf" by Fitch (or, in the absence of a credit rating from Fitch, a credit rating of "AAAm" by S&P) and "AAAm" by S&P, respectively;

provided that Eligible Investments shall not include (a) any interest-only security, any security purchased at a price in excess of 100% of the par value thereof or any security whose repayment is subject to substantial non-credit related risk as determined in the sole judgment of the Asset Manager, (b) any security whose rating assigned by S&P includes an "f," "r," "p," "pi," "q," "sf" or "t" subscript or whose rating assigned by Moody's includes an "sf" subscript, (c) any security that is subject to an Offer, (d) any other security that is an asset the payments on which are subject to withholding tax (other than withholding taxes imposed under FATCA) if owned by the Issuer unless the issuer or obligor or other Person (and guarantor, if any) is required to make "gross-up" payments that cover the full amount of any such withholding taxes, (e) any security secured by real property or (f) any Structured Finance Obligation.

"Eligible Investment Required Ratings" means (a) if such obligation or security (i) has both a long term and a short term credit rating from Moody's, such ratings are "Aa3" or higher (not on credit watch for possible downgrade) and "P-1" (not on credit watch for possible downgrade), respectively, (ii) has only a long term credit rating from Moody's, such rating is at least equal to or higher than the current Moody's long term ratings of the U.S. government, or (iii) has only a short term credit rating from Moody's, such rating is "P-1" (not on credit watch for possible downgrade) and (b) (i) if such obligation or security matures within 30 days after the date of delivery thereof, such obligation or security has a long-term senior unsecured credit rating of at least "A" and/or a short-term credit rating of at least "F1+" from Fitch and (ii) if such obligation or security matures between 30 days and 60 days after the date of delivery thereof, such obligation or security has a long-term senior unsecured credit rating of at least "AA-" and/or a short-term credit rating of at least "F1+" from Fitch, and (c) for so long as S&P is rating any Class A-1 Note and (i) has both a long term and a short term credit rating from S&P, such ratings are "A" or higher (not on credit watch for possible downgrade) and "A-1" (not on credit watch for possible downgrade), respectively, (ii) has only a long term credit rating from S&P, such rating is "A+" or higher or (iii) has only a short term credit rating from S&P, such rating is "A-1" (not on credit watch for possible downgrade).

"Eligible Loan Index" means, with respect to each Underlying Asset, one of the following indices as selected by the Asset Manager upon the acquisition of such Underlying Asset: the CSFB 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 Banc of America Securities Leveraged Loan Index, the Standard & Poor's/LSTA Leveraged Loan Indices or any replacement or other nationally recognized comparable loan index.

"Equity Security" means any security or debt obligation which at the time of acquisition, conversion or exchange does not satisfy the requirements of the definition of "Underlying Asset" and is not an Eligible Investment; it being understood that Equity Securities may not be purchased by the Issuer but may be received by the Issuer (which may include warrants or options to acquire equity securities of the related obligor and the equity securities received by the Issuer upon exercising such warrants or options) in lieu of an Underlying Asset or a portion thereof in connection with an insolvency, bankruptcy, reorganization, debt restructuring or workout of the obligor thereof (any such Equity Security so received by the Issuer, a "Permitted Equity Security").

"ERISA Restricted Notes" means the Class D Notes and the Subordinated Notes.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System, and any successor or successors thereto.

"Event of Default Par Ratio" means on any Measurement Date, without duplication, the ratio (expressed as a percentage) obtained by dividing:

(a) the sum of (i) the Aggregate Principal Balances of the Underlying Assets, excluding Defaulted Obligations, including the funded and unfunded balance on any Revolving Credit Facility and Delayed-Draw Loans plus (ii) the aggregate Current Market Value of all Defaulted Obligations plus (iii) the Aggregate Principal Balances of all Eligible Investments (including Cash) constituting or purchased with Principal Proceeds excluding the Balance of all Eligible Investments in the Expense Reserve Account and the Variable Funding Account; *by*

(b) the Aggregate Outstanding Amount of the Class A-1 Notes.

"Extended Initial Participations" means Participations acquired under the Master Participation Agreement that have not been elevated to full legal assignments on or prior to the Effective Date and exceed 5.0% of the Maximum Investment Amount (as determined by the Asset Manager in its reasonable discretion); *provided*, for the avoidance of doubt, once a Participation has been elevated to full legal assignment, such Participation shall no longer constitute an Extended Initial Participation.

"FATCA" means Sections 1471 through 1474 of the Code and any applicable intergovernmental agreement entered into in respect thereof, and any related provisions of law, court decisions, or administrative guidance, including any agreement between the Issuer and the IRS that sets forth the requirements for the Issuer to be treated as complying with Section 1471(b) of the Code.

"FATCA Compliance" means compliance with FATCA and any related provisions of law, court decisions, or administrative guidance, including the Issuer entering into and complying with an agreement with the IRS contemplated by Section 1471(b) of the Code or any comparable requirements under the intergovernmental agreement between the Cayman Islands and the United States and any implementing legislation thereunder, in each case as necessary so that no tax will be imposed or withheld under FATCA in respect of payments to or for the benefit of the Issuer.

"FATCA Compliance Costs" means the aggregate cumulative costs to the Issuer of achieving FATCA Compliance.

"Final Order" means an order, judgment, decree or ruling the operation or effect of which has not been stayed, reversed or amended and as to which order, judgment, decree or ruling (or any revision, modification or amendment thereof) the time to appeal or to seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending.

"Finance Lease" means a lease agreement or other agreement entered into evidencing any transaction pursuant to which the obligation 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 required to be classified and accounted for as a capital lease on a balance sheet of the lessee under generally accepted accounting principles; but only if (a) the 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 on the principal, and the payment of the obligation is not subject to any material non-credit-related risk as reasonably determined by

the Asset Manager, (b) the obligation of the lessee with respect to the lease or other transaction is fully secured, directly or indirectly, by the property that is the subject of the lease, and (c) the interest held with respect to the lease or other transaction is properly treated as debt for U.S. federal income tax purposes.

"First Lien Last Out Loan" means a Loan that (A) but for clauses (i) and (iii) of the definition of Senior Secured Loan would be a Senior Secured Loan and (B) prior to a default or liquidation with respect such Loan, is entitled to receive payments pari passu with Senior Secured Loans of the same obligor, but following a default or liquidation becomes fully subordinated to Senior Secured Loans of the same obligor and is not entitled to any payments until such other Senior Secured Loans are paid in full.

"Fitch" means Fitch Ratings, Inc. and any successor in interest.

"Fixed Rate Excess" means, as of any Measurement Date, a fraction (expressed as a percentage) the numerator of which is the product of (i) the greater of zero and the excess of the Weighted Average Coupon for such Measurement Date over the minimum percentage necessary to pass the Weighted Average Coupon Test on such Measurement Date and (ii) the Aggregate Principal Balance of all Fixed Rate Underlying Assets (excluding any Defaulted Obligations) held by the Issuer as of such Measurement Date, and the denominator of which is the Aggregate Principal Balance of all Floating Rate Underlying Assets (excluding any Defaulted Obligations) held by the Issuer as of such Measurement Date. In computing the Fixed Rate Excess on any Measurement Date, the Weighted Average Coupon for the Measurement Date will be computed as if the Spread Excess were equal to zero.

"Fixed Rate Notes" means the Class B Notes, the Class C Notes and the Class D Notes.

"Fixed Rate Underlying Assets" means Underlying Assets which bear interest at a fixed rate, including Underlying Assets whose fixed interest rate increases periodically over the life of such Underlying Assets.

"Floating Rate Underlying Assets" means Underlying Assets that bear interest at floating rates.

"Flow-Through Investment Vehicle" means (a) any entity (i) that would be an investment company but for the exception in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act and the amount of whose investment in the Notes (including in all Classes of the Notes) exceeds 40% of its total assets (determined on a consolidated basis with its subsidiaries), (ii) as to which any Person owning any equity or similar interest in the entity has the ability to control any investment decision of such entity or to determine, on an investment-by-investment basis, the amount of such Person's contribution to any investment made by such entity, (iii) that was organized or reorganized for the specific purpose of acquiring a Note or (iv) as to which any Person owning an equity or similar interest in which was specifically solicited to make additional capital or similar contributions for the purpose of enabling such entity to purchase a Note or (b) any contractual arrangement relating only to one or more Notes issued under the Indenture pursuant to which a custodian or other securities intermediary agrees to create transferable beneficial interests in such Notes, whether in global or certificated form.

"Global Securities" means Regulation S Global Securities and Rule 144A Global Securities.

"Government Security" means a security issued or guaranteed by the United States of America or an agency or instrumentality thereof representing a full faith and credit obligation of the United States of America and, with respect to each of the foregoing, that is maintained in book-entry form on the records of any Federal Reserve Bank.

"Grant" means to grant, bargain, sell, warrant, alienate, remise, demise, release, convey, assign, transfer, mortgage, pledge, create and grant a security interest in and right of setoff against, deposit, set over or confirm. A Grant of the Collateral, or any portion thereof, shall include all rights, powers and options (but none of the obligations) of the granting party in respect thereof, including the immediate continuing right to claim for, collect, receive and give receipts for principal and interest payments in respect of the Collateral, and all other monies payable thereunder, to give and receive notices and other communications, to grant waivers or make other agreements, to exercise all rights and options, to bring legal or other proceedings in the name of the granting party or otherwise, and generally to do and receive anything that the granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Hedge Agreement" means any interest rate protection agreement, additional interest rate cap, interest rate swap, cancellable interest rate swap or interest rate floor entered into by the Issuer in connection with the Notes from time to time.

"Hedge Counterparty" means any counterparty to a Hedge Agreement.

"Hedge Guarantor" means any Person that absolutely and unconditionally guarantees the obligations of a Hedge Counterparty under the related Hedge Agreement in a form satisfactory to Moody's as evidenced by the Rating Agency Confirmation obtained in connection therewith. Any Hedge Guarantor will be subject to obtaining Rating Agency Confirmation.

"High-Yield Bond" means a publicly issued or privately placed debt obligation of a corporation or other entity (other than a Loan, Senior Secured Bond or a Senior Secured Floating Rate Note).

"Higher Ranking Class" means, with respect to any Class of Notes, each Class of Notes that is senior in right of payment of principal to such Class in the Note Payment Sequence.

"Highest Ranking Class" means the Class of Outstanding Notes that is most senior in right of payment of principal in the Note Payment Sequence; *provided* that, in the event that no Secured Notes remain Outstanding, the Highest Ranking Class shall be the Subordinated Notes.

"Holder" means, with respect to any Note, the Person in whose name such Note is registered in the Notes Register.

"Indenture" means the indenture to be dated August 28, 2014 among the Issuers and the Trustee, as may be amended, modified or supplemented from time to time.

"Independent" means, 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, manager, member or Person performing similar functions and (iii) is not Affiliated with an entity 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 Ethics and Professional Conduct of the American Institute of Certified Public Accountants.

"Initial Investment Period" means the period from, and including, the Closing Date to, but excluding, the Effective Date.

"Institutional Accredited Investor" means an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act.

"Interest Coverage Tests" means, collectively, the Class A Interest Coverage Test, the Class B Interest Coverage Test, the Class C Interest Coverage Test and the Class D Interest Coverage Test, which will be satisfied as of any Measurement Date on and after the Determination Date related to the second Payment Date, if the Interest Coverage Ratio is equal to or greater than the required percentage specified in the table below:

Class	Required Interest Coverage Ratio (%)
A	120.00%
B	110.00%
C	105.00%
D	101.00%

"Interest Distribution Amount" means, with respect to any Class of Notes and any Payment Date, (a) the aggregate amount of interest accrued, at the applicable Note Interest Rate, during the related Interest Accrual Period

on (i) the Aggregate Outstanding Amount of the Notes of such Class 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" means, with respect to any Payment Date, without duplication:

(a) all payments of interest received during the related Due Period on the Pledged Obligations (including interest on Eligible Investments but excluding (x) any interest received on Defaulted Obligations, and excluding any accrued interest purchased with Principal Proceeds or Unused Proceeds and (y) with respect to any Partial Redemption Date, Partial Redemption Interest Proceeds);

(b) unless otherwise designated by the Asset Manager, all amendment and waiver fees, all late payment fees and all other fees and commissions received during such Due Period in connection with the Pledged Obligations (other than fees and commissions received in connection with (i) the purchase of Pledged Obligations, (ii) Defaulted Obligations, (iii) a reduction in the principal repayment of an Underlying Asset and (iv) a waiver of a default of an Underlying Asset;

(c) if elected by the Asset Manager, any amounts received in respect of any Defaulted Obligation, to the extent the aggregate of all recoveries in respect of such Defaulted Obligation exceeds the outstanding principal amount thereof at the time of default;

(d) to the extent such amount was purchased with Interest Proceeds, accrued interest received in connection with any Pledged Obligation;

(e) any Liquidity Reserve Amount deposited in the Interest Collection Account on the preceding Payment Date;

(f) all payments (other than amounts constituting Principal Proceeds under clause (i) of the definition thereof) received pursuant to any Hedge Agreements in respect of such Payment Date;

(g) net proceeds from the issuance of additional Subordinated Notes that have been designated as Interest Proceeds by the Asset Manager;

(h) all payments of principal on Eligible Investments purchased with Interest Proceeds;

(i) any Unused Proceeds designated as Interest Proceeds by the Asset Manager on the first Determination Date, subject to the Interest Proceeds Designation Restriction;

(j) any Contribution directed by the Contributor to be deposited into the Interest Reserve Account; and

(k) all premiums (including prepayment premiums) received during such Due Period on the Underlying Assets, *provided* that the Asset Manager may in its sole discretion designate prepayment premiums as Principal Proceeds, except that if at the time any premium is received the Effective Date Overcollateralization Test is not satisfied, such premium will be treated as Principal Proceeds.

"Interim Order" means an order, judgment, decree or ruling entered after notice and a hearing conducted in accordance with Bankruptcy Rule 4001(c) granting interim authorization, the operation or effect of which has not been stayed, reversed or amended.

"Investment Company Act" means the United States Investment Company Act of 1940, as amended

"ISDA" means the International Swaps and Derivatives Association, Inc. and any successor thereto.

"Issuer Ordinary Shares" means 250 ordinary shares in the capital of the Issuer having a par value of $1.00 per share, all of which have been issued by the Issuer and are outstanding at the date hereof.

"Issuers" means the Issuer together with the Co-Issuer.

"LCDX" means a loan-only credit default swap index referencing syndicated secured first lien loans sponsored by CDS IndexCo LLC.

"LIBOR" has the meaning set forth in Annex C attached hereto.

"Liquidity Reserve Amount" means, with respect to the first Payment Date, $0 and, with respect to any Payment Date thereafter, an amount equal to the excess, if any, of (i) the sum of all payments of interest received during the related Due Period (and, if such Due Period does not end on a Business Day, the next succeeding Business Day) on Floating Rate Underlying Assets and Fixed Rate Underlying Assets (net of purchased accrued interest) which pay interest less frequently than quarterly over (ii) the sum of (a) an amount equal to the product of (1) 0.25 multiplied by (2) the Weighted Average Coupon (without giving effect to clause (iv) of the definition thereof) on Fixed Rate Underlying Assets which pay interest less frequently than quarterly as of the immediately preceding Determination Date multiplied by (3) the Aggregate Principal Balance of Fixed Rate Underlying Assets which pay interest less frequently than quarterly as of the immediately preceding Determination Date and (b) an amount equal to the product of (1) the actual number of days in the related Due Period divided by 360 multiplied by (2) the sum of (I) the Base Rate applicable to the related Interest Period beginning on the previous Payment Date and (II) the Weighted Average Spread (without giving effect to clause (iv) of the definition thereof) on Floating Rate Underlying Assets which pay interest less frequently than quarterly as of the preceding Due Period multiplied by (3) the Aggregate Principal Balance of Floating Rate Underlying Assets which pay interest less frequently than quarterly as of the preceding Determination Date; *provided* that Defaulted Obligations shall not be included in the calculation of the Liquidity Reserve Amount.

"Loan" means any (i) loan made by a bank or other financial institution to an obligor or (ii) Participation in a loan described in clause (i) of this definition.

"Majority" means, with respect to the Notes or any Class, the Holders of more than 50% of the Aggregate Outstanding Amount of the Notes of such Class.

"Margin Stock" has the meaning specified under Regulation U.

"Maturity Amendment" means, with respect to any Underlying Asset, any waiver, modification, amendment or variance that would extend its Underlying Asset Maturity. For the avoidance of doubt, a waiver, modification, amendment or variance that would extend the stated maturity of the credit facility of which an Underlying Asset is part, but would not extend the Underlying Asset Maturity of the Underlying Asset held by the Issuer, does not constitute a Maturity Amendment.

"Maximum Investment Amount" means, on the Closing Date and any Measurement Date prior to the Effective Date, an amount equal to the Effective Date Target Par Amount and, on and after the Effective Date, an amount equal to the sum (without duplication) of (i) the Aggregate Principal Balance of the Underlying Assets, (ii) the aggregate amount of any Principal Proceeds invested in Eligible Investments (other than Eligible Investments in the Variable Funding Account and the Expense Reserve Account), and (iii) any remaining Unused Proceeds, in each case, on such Measurement Date.

"Measurement Date" means, on and after the Effective Date, (i) each date on which the Portfolio Criteria are applied in connection with an acquisition, disposition or substitution of an Underlying Asset or a Maturity Amendment (but solely with respect to the Weighted Average Life Test in the case of a Maturity Amendment other than a Maturity Amendment satisfying clauses (A) and (B) of the last paragraph under "Security for the Secured Notes—Portfolio Criteria and Trading Restrictions), (ii) the Effective Date, (iii) each Determination Date, (iv) each Report Determination Date, (v) the date on which an Underlying Asset becomes a Defaulted Obligation and (vi) any Business Day specified as a Measurement Date, with not less than two Business Days' notice, by a Rating Agency.

"Memorandum and Articles" means the Memorandum and Articles of Association of the Issuer, as originally executed and as supplemented, amended and restated from time to time in accordance with their terms.

"Mezzanine Notes" means, collectively, the Class B Notes, the Class C Notes and the Class D Notes.

"Minimum Diversity/Maximum Weighted Average Rating/Minimum Weighted Average Spread Matrix" means a matrix that will be used for purposes of the Diversity Test, the Weighted Average Rating Test and the Weighted Average Spread Test. On and after the Effective Date, the Asset Manager will have the right to elect which of the cases set forth in the Minimum Diversity/Maximum Weighted Average Rating/Minimum Weighted Average Spread Matrix below shall be applicable. Thereafter, on ten Business Days' written notice to the Trustee (or such shorter time as may be acceptable to the Trustee), the Asset Manager will have the right to elect to have a different case apply; *provided* that the Underlying Assets comply with the case to which the Asset Manager desires to change and, for purposes of this proviso, if the Issuer has entered into a commitment to invest in an Underlying Asset, compliance with the new case may be measured after giving effect to such investment. In no event will the Asset Manager be obligated to elect to have a different case apply. In the event the Asset Manager does not elect which of the cases set forth in the table below will apply as of the Effective Date, Row 3.45% and Column 50 will apply. Notwithstanding the row/column combinations set forth in the Minimum Diversity/Maximum Weighted Average Rating/Minimum Weighted Average Spread Matrix, the Asset Manager may determine a combination of values that is not set forth below using linear interpolation between two Rows and two Columns set forth in the Minimum Diversity/Maximum Weighted Average Rating/Minimum Weighted Average Spread Matrix.

	Minimum Diversity										
Minimum Weighted Average Spread	**35**	**40**	**45**	**50**	**55**	**60**	**65**	**70**	**75**	**80**	**RR Modifier**
2.05%	2050	2125	2195	2250	2300	2345	2380	2415	2445	2475	70
2.15%	2080	2160	2225	2285	2330	2375	2415	2450	2480	2510	70
2.25%	2115	2200	2265	2320	2370	2415	2455	2485	2515	2550	70
2.35%	2150	2235	2300	2360	2410	2455	2490	2525	2555	2585	70
2.45%	2185	2265	2335	2395	2445	2490	2525	2560	2590	2620	70
2.55%	2220	2300	2375	2435	2480	2525	2565	2600	2630	2660	70
2.65%	2250	2335	2410	2470	2515	2560	2600	2635	2665	2695	70
2.75%	2290	2375	2445	2505	2555	2600	2640	2675	2705	2735	70
2.85%	2325	2410	2480	2540	2590	2635	2675	2710	2740	2770	70
2.95%	2365	2445	2515	2575	2625	2670	2715	2750	2780	2810	70
3.05%	2400	2480	2550	2610	2660	2705	2750	2785	2815	2845	70
3.15%	2435	2515	2585	2645	2695	2745	2785	2820	2855	2885	70
3.25%	2465	2550	2620	2680	2730	2780	2820	2855	2890	2920	70
3.35%	2500	2585	2655	2715	2765	2815	2860	2895	2925	2955	70
3.45%	2530	2620	2690	2750	2800	2850	2895	2930	2960	2990	70
3.55%	2565	2655	2725	2785	2840	2890	2930	2965	2995	3025	70
3.65%	2595	2685	2755	2820	2875	2925	2960	3000	3030	3060	70
3.75%	2630	2720	2790	2855	2905	2955	2995	3035	3065	3095	70
3.85%	2660	2750	2820	2885	2935	2985	3030	3065	3095	3125	70
3.95%	2695	2785	2855	2920	2970	3020	3065	3100	3130	3160	70
4.05%	2725	2815	2885	2950	3005	3055	3095	3130	3165	3190	70
4.15%	2755	2845	2920	2985	3040	3090	3130	3165	3195	3225	70
4.25%	2785	2875	2950	3015	3070	3120	3160	3195	3225	3255	70
4.35%	2815	2910	2985	3050	3100	3150	3190	3230	3260	3290	70
4.45%	2845	2940	3015	3080	3130	3180	3220	3260	3290	3320	70
4.55%	2875	2970	3045	3110	3160	3210	3255	3290	3320	3350	70
4.65%	2905	3000	3075	3140	3190	3240	3285	3320	3350	3380	70
4.75%	2935	3030	3105	3170	3225	3275	3315	3350	3385	3410	70
4.85%	2965	3060	3135	3200	3255	3305	3345	3380	3415	3440	70
4.95%	2995	3090	3165	3230	3285	3335	3375	3410	3445	3475	70
5.05%	3025	3120	3195	3260	3310	3360	3405	3435	3475	3505	70
	Maximum Weighted Average Rating										

"Minimum Weighted Average Spread" means the number set forth in the column entitled "Minimum Weighted Average Spread" in the Minimum Diversity/Maximum Weighted Average Rating/Minimum Weighted Average Spread Matrix based upon the applicable "row/column combination" chosen by the Asset Manager (or interpolating between two adjacent rows and/or two adjacent columns, as applicable) in accordance with the Indenture.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Moody's Collateral Value" means, as of any date of determination, with respect to any Defaulted Obligation, Extended Initial Participation and any Deferred Interest Asset, the lesser of (a) the Moody's Recovery Amount of such Defaulted Obligation, Extended Initial Participation or Deferred Interest Asset (as the case may be) as of such date and (b) the Principal Balance of such Defaulted Obligation, Extended Initial Participation or such Deferred Interest Asset as of such date *multiplied* by the Current Market Value Percentage thereof as of the most recent Measurement Date.

"Moody's Counterparty Criteria" means criteria that are satisfied with respect to the purchase of a Participation (other than any Participations acquired under the Master Participation Agreement), if such Participation (other than any Participations acquired under the Master Participation Agreement) is acquired from a Selling Institution with a long-term senior unsecured debt rating at least equal to the lowest rating set forth in the table below; provided that (A) the Aggregate Principal Balance of all Underlying Assets participated from the same Selling Institution as the Underlying Asset to be acquired (excluding the Participations under the Master Participation Agreement) may not exceed the percentage of the Maximum Investment Amount set forth below opposite the long-term senior unsecured rating of such Selling Institution under the caption "Individual Counterparty Percentage" and (B) the Aggregate Principal Balance of Underlying Assets participated from all Selling Institutions with the same long-term senior unsecured rating as the Selling Institution for the Underlying Asset to be acquired (excluding the Participations under the Master Participation Agreement) may not exceed the percentage of the Maximum Investment Amount set forth below opposite such rating under the caption "Aggregate Counterparty Percentage":

Long-Term Senior Unsecured Debt Rating	Individual Counterparty Percentage	Aggregate Counterparty Percentage
"Aaa"	20%	20%
"Aa1"	10%	10%
"Aa2"	10%	10%
"Aa3"	10%	10%
"A1"	5%	5%
"A2"(with a Prime-1 short-term rating)	5%	5%
"A3" or below	0%	0%

"Moody's Group Country" means the Moody's Group I Countries, Moody's Group II Countries, Moody's Group III Countries and Moody's Group IV Countries, collectively, and each one individually being a "Moody's Group Country," and, within each group, with respect to any particular country, so long as such country has a long-term "foreign currency ceiling rating" of at least "Aa2" by Moody's as of the applicable date of determination.

"Moody's Group I Countries" means the "Moody's Group I Countries," as determined from time to time by Moody's, which as of the date hereof are Australia, the Netherlands, New Zealand and the United Kingdom.

"Moody's Group II Countries" means the "Moody's Group II Countries," as determined from time to time by Moody's, which as of the date hereof are Germany, Ireland, Sweden and Switzerland.

"Moody's Group III Countries" means the "Moody's Group III Countries," as determined from time to time by Moody's, which as of the date hereof are Austria, Belgium, Denmark, Finland, France, Iceland, Liechtenstein, Luxembourg, Norway and Spain.

"Moody's Group IV Countries" means the "Moody's Group IV Countries" as determined from time to time by Moody's, which as of the date hereof are Greece, Italy, Portugal, Japan, Korea, Singapore and Taiwan.

"Moody's Industry Category" means any of the industry categories set forth in the Indenture, including any such modifications that may be made thereto or such additional categories that may be subsequently established by Moody's and provided by the Asset Manager or Moody's to the Trustee and the Collateral Administrator.

"Moody's Recovery Amount" means, with respect to any Underlying Asset, an amount equal to the product of (i) the applicable Moody's Recovery Rate (for the category of assets of which such Underlying Asset is an example) and (ii) the Principal Balance of such Underlying Asset.

"Moody's Recovery Rate Adjustment" means:

(a) with respect to the adjustment of the Weighted Average Rating Test as of any date of determination, the product of (x)(i) the Weighted Average Moody's Recovery Rate as of such date of determination minus (ii) 43.0% and (y) the applicable RR Modifier set forth in the Minimum Diversity/Maximum Weighted Average Rating/Minimum Weighted Average Spread Matrix; *provided that* if the Weighted Average Moody's Recovery Rate is greater than or equal to 60.0%, then solely for the purpose of calculating the Moody's Recovery Rate Adjustment, the Weighted Average Moody's Recovery Rate shall equal 60.0%, or such other percentage as shall have been notified by Moody's by or on behalf of the Issuer; or

(b) with respect to the adjustment of the Weighted Average Spread Test as of any date of determination, the product of (x)(i) the Weighted Average Moody's Recovery Rate as of such date of determination minus (ii) 43.0% and (y)(1) if the Minimum Weighted Average Spread is equal to or greater than 3.25%, 0.035% or (2) if the Minimum Weighted Average Spread is less than 3.25%, 0%; *provided that* if the Weighted Average Moody's Recovery Rate is (x) greater than or equal to 60.0%, then solely for the purpose of calculating the Moody's Recovery Rate Adjustment, the Weighted Average Moody's Recovery Rate shall equal 60.0%, or such other percentage as shall have been notified by Moody's by or on behalf of the Issuer.

The Asset Manager shall in its sole discretion select in writing on each Determination Date and decide how much of the Moody's Recovery Rate Adjustment to allocate to subclause (a) and subclause (b) above, respectively; *provided* that in the absence of express selection by the Asset 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 Asset Manager selects otherwise, subclause (a) of the Moody's Recovery Rate Adjustment will apply with respect to the determination of compliance with the Effective Date Condition).

"Moody's Schedule" means Annex A.

"NASDAQ" means the electronic inter-dealer quotation system operated by NASDAQ, Inc., a subsidiary of the National Association of Securities Dealer, Inc., or any successor thereto.

"NAV Market Value" means the sum of the amount determined as of the Subordinated Notes NAV Determination Date for each Pledged Obligation and Margin Stock (each, an "asset") as follows:

(a) the amount of any Cash; plus

(b) with respect to each asset (other than Permitted Equity Securities and Cash), the principal amount of such asset times:

(i) the mean of the average bid for such asset provided by any of Loan Pricing Corporation, Mark-It Partners Inc., Interactive Data Corporation or any other nationally recognized pricing service subscribed to by the Asset Manager;

(ii) if no such pricing service is available, the average of at least three bids for such asset obtained by the Asset Manager from nationally recognized dealers (that are Independent from each other and from the Asset Manager);

(iii) if no such pricing service is available and only two bids for such asset can be obtained, the lower of such two bids;

(iv) if no such pricing service is available and only one bid for such asset can be obtained, such bid; and

(v) if, after the Asset Manager has made commercially reasonable efforts to obtain the NAV Market Value in accordance with clauses (i) through (iv) above, the amount as determined by an Independent valuation service (selected by the Asset Manager) for assets similar to such asset; plus

(c) with respect to (i) Permitted Equity Securities, that are traded on an Approved Exchange, the number of units of such asset times the closing price as of the most recent Business Day on such Approved Exchange, or if such Approved Exchange is NASDAQ, the closing bid price at such date (or if such Approved Exchange is closed for business at such date, then the most recent available closing price or closing bid price, as the case may be) and (ii) all other Permitted Equity Securities, zero.

"Net Collateral Principal Balance" means, on any Measurement Date, without duplication, an amount equal to the difference between:

(a) the sum of:

(i) the Aggregate Principal Balance of the Underlying Assets, including the funded and unfunded balance on any Revolving Credit Facility and Delayed-Draw Loans, but excluding Underlying Assets that are Defaulted Obligations, Extended Initial Participations, Deferred Interest Assets, Current Pay Obligations, Purchased Discount Obligations and Deep Discount Obligations; plus

(ii) the Balance of all Eligible Investments (including Cash) constituting or purchased with Principal Proceeds on such Measurement Date excluding the Balance of all Eligible Investments in the Expense Reserve Account and the Variable Funding Account; plus

(iii) with respect to each Defaulted Obligation, each Extended Initial Participation and each Deferred Interest Asset, the lesser of (i) the Moody's Collateral Value thereof and (ii) the S&P Collateral Value; plus

(iv) with respect to each Current Pay Obligation, the Aggregate Principal Balance; plus

(v) with respect to each Purchased Discount Obligation and Deep Discount Obligation, its Outstanding Principal Balance multiplied by (x) its net purchase price divided by (y) its original Principal Balance (with the net purchase price being determined by subtracting from the purchase price thereof the amount of any accrued interest purchased with principal and any syndication and other upfront fees paid to the Issuer and by adding the amount of any related transaction costs (including assignment fees) paid by the Issuer to the seller of the Underlying Asset or its agent); plus

(vi) the amount of any accrued interest on Pledged Obligations that is purchased with Principal Proceeds; and

(b) the greater of (x) the Caa Excess Adjustment Amount and (y) the CCC Excess Adjustment Amount,

provided that, if an Underlying Asset would fall into more than one of clauses (a)(iii), (a)(iv), (a)(v) and (b) above, then such Underlying Asset shall, for the purposes of this definition, be included the clause that results in the lowest Net Collateral Principal Balance on any date of determination.

For purposes of this definition, the Asset Manager may in its discretion elect to treat any Underlying Asset acquired by the Issuer for a purchase price less than 100% of its Principal Balance and that does not constitute a Deep Discount Obligation, as having a Principal Balance equal to its purchase price (each such Underlying Asset, a "Purchased Discount Obligation"); *provided* that any such election must be made on or before the first Determination Date after the date of acquisition of such Underlying Asset, and any such election, once made, may

not subsequently be changed; and *provided, further,* that each Overcollateralization Test is satisfied after giving effect to any such election.

"Non-Permitted Holder" means (i) Any U.S. Person (or any account for whom such Person is acquiring such Note or beneficial interest) that is not both (A) a Qualified Purchaser and (B) (x) a Qualified Institutional Buyer, or (y) solely in the case of Definitive Securities, an Institutional Accredited Investor, (ii) with respect to ERISA Restricted Notes, any Person for which the representations made or deemed to be made by such Person for purposes of ERISA, Section 4975 of the Code or applicable Similar Laws in any representation letter or Transfer Certificate, or by virtue of deemed representations are or become untrue, (iii) with respect to the Class D Notes and the Subordinated Notes, in the reasonable determination of the Issuer, any Holder, purchaser or subsequent transferee that has failed to provide information necessary to allow the Issuer to avoid U.S. federal withholding tax on payments made to the Issuer and (iv) with respect to any Subordinated Notes (or any other Class of Notes recharacterized as equity for U.S. federal income tax purposes), in the reasonable determination of the Issuer, any Holder, purchaser or subsequent transferee that has failed to provide information necessary to allow the Issuer to comply with its obligations under section 6031 of the Code.

"Non-Recourse Security" means an asset that falls into any one of the following types of specialized lending, except any obligation that is assigned both a CFR by Moody's and a rating by S&P pursuant to clause (a) of the definition of S&P Rating:

(a) Project Finance: a method of funding in which the lender looks primarily to the revenues generated by a single project, both as the source of repayment and as security for the exposure. Repayment depends primarily on the project's cash flow and on the collateral value of the project's assets, such as power plants, chemical processing plants, mines, transportation infrastructure, environment, and telecommunications infrastructure.

(b) Object Finance: a method of funding the acquisition of physical assets (e.g. ships, aircraft, satellites, railcars, and fleets) where the repayment of the exposure is dependent on the cash flows generated by the specific assets that have been financed and pledged or assigned to the lender. A primary source of these cash flows might be rental or lease contracts with one or several third parties.

(c) Commodities Finance: a structured short-term lending to finance reserves, inventories, or receivable of exchange-traded commodities (e.g. crude oil, metals, or crops), where the exposure will be repaid from the proceeds of the sale of the commodity and the borrower has no independent capacity to repay the exposure. This is the case when the borrower has no other activities and no other material assets on its balance sheet.

(d) Income-producing real estate: a method of providing funding to real estate (such as, office buildings to let, retail space, multifamily residential buildings, industrial or warehouse space, and hotels) where the prospects for repayment and recovery on the exposure depend primarily on the cash flows generated by the asset. The primary source of these cash flows would generally be lease or rental payments or the sale of the asset.

(e) High-volatility commercial real estate: a financing any of the land acquisition, development and construction phases for properties of those types in such jurisdictions, where the source of repayment at origination of the exposure is either the future uncertain sale of the property or cash flows whose source of repayment is substantially uncertain (e.g. the property has not yet been leased to the occupancy rate prevailing in that geographic market for that type of commercial real estate).

"Note Interest Rate" means, with respect to each Class of Secured Notes, the *per annum* stated interest rate payable on such Class of Secured Notes with respect to each Interest Accrual Period, as indicated in "Overview of Terms—Principal Terms of the Notes" and in the case of the Class A-1 Notes and Class A-2 Notes, expressed as the Base Rate plus a spread, in each case subject to change as described herein under "Description of the Notes—Optional Re-Pricing."

"Note Registrar" means U.S. Bank National Association, in its capacity as registrar with respect to the Notes, or any successor registrar with respect thereto, as appointed pursuant to the Indenture.

"Noteholder" means, with respect to any Note, the Person in whose name such Note is registered in the Notes Register.

"Notes Register" means the register in which the Issuer shall provide for the registration of the Notes and the registration of transfers of the Notes.

"Offer" means, with respect to any security or debt obligation, 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.

"Ongoing Expense Excess Amount" means, on any Payment Date, an amount equal to the excess, if any, of (i) (a) $200,000 (per annum) plus (b) 0.015% (per annum) of the Aggregate Principal Balance 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 clause (ii) of the Priority of Interest Payments on such Payment Date plus (y) all amounts paid during the related Due Period pursuant to last paragraph under the heading "Description of the Notes—Priority of Payments."

"Ongoing Expense Reserve Shortfall" means, on any Payment Date, the excess, if any, of $50,000 over the amount then on deposit in the Expense Reserve Account without giving effect to any deposit thereto on such Payment Date pursuant to subclause (iii) of the Priority of Interest Payments.

"Organizational Documents" means, with respect to (a) the Issuer, its Memorandum and Articles and (b) the Co-Issuer, its certificate of formation and its limited liability company agreement as originally executed and as supplemented, amended and restated from time to time in accordance with their terms.

"Outstanding" means, with respect to a Class of Notes, as of any date of determination, all of such Class of Notes previously authenticated and delivered under the Indenture except:

(a) Notes previously cancelled by the Note Registrar or delivered to the Note Registrar or the Trustee for cancellation except as provided in clause (b), or Notes that have been paid in full or registered in the Notes Register on the date the Trustee provides notice to the Holders that the Indenture has been discharged;

(b) Repurchased Notes and Surrendered Notes that have not yet been cancelled by the Note Registrar or the Trustee; *provided* that solely for purposes of calculating the Overcollateralization Ratio and the Event of Default Par Ratio, any Repurchased Notes and any Surrendered Notes (other than Repurchased Notes and Surrendered Notes of the Controlling Class) will be deemed to remain Outstanding until such time as all Notes 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, reduced proportionately with, and to the extent of, any reduction on the Aggregate Outstanding Amount of that same Class as a result of payments of principal thereafter;

(c) Notes 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 Notes; *provided* that if such Notes or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor reasonably 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 reasonably satisfactory to the Trustee is presented that any such original Securities are held by a protected purchaser (as defined in Article 8 of the UCC);

(e) Notes alleged to have been mutilated, destroyed, lost or stolen for which replacement Securities have been issued as provided in the Indenture; and

(f) Notes 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;

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) Notes owned by the Issuer or the Co-Issuer or any Affiliate of the Issuer or the Co-Issuer shall be disregarded and deemed not to be Outstanding;

(ii) Elected Notes shall be disregarded with respect to any matter as to which an Electing Holder has forfeited the right to consent in respect of such Elected Notes; and

(iii) with respect to any vote in connection with the removal of the Asset Manager pursuant to the Asset Management Agreement or the waiver of "cause" for termination pursuant to the Asset Management Agreement, any Notes held by the Asset Manager Parties shall be disregarded and deemed not to be Outstanding.

In determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes that a Trust Officer of the Trustee has actual knowledge to be owned by the Issuer, the Co-Issuer or an Asset Manager Party shall be so disregarded; *provided* that (1) any Notes held by the Asset Manager Parties shall have voting rights with respect to all other matters as to which the Holders of Notes are entitled to vote, including any vote in connection with the appointment of a replacement asset manager that is not Affiliated with the Asset Manager in accordance with the Asset Management Agreement and/or any matters relating to a redemption of the Notes in accordance with the Indenture and (2) Notes owned by the Asset Manager Parties that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Notes and the pledgee is not an Asset Manager Party and is Independent of the Asset Manager.

"Overcollateralization Ratio" means, for any Measurement Date, with respect to any specified Class or Classes of Secured Notes, the number (expressed as a percentage) calculated by *dividing*

(a) the Net Collateral Principal Balance by

(b) the Aggregate Outstanding Amount of the Notes of such Class or Classes of Secured Notes and each Higher Ranking Class as of such Measurement Date.

"Overcollateralization Test" means each Overcollateralization Test, for so long as any Secured Notes remain Outstanding, which will be met on any Measurement Date if the Overcollateralization Ratio on such Measurement Date is equal to or greater than the required ratio for such test specified in the table below. With respect to any specified Class of Secured Notes, the principal amount of the Secured Notes to be redeemed on any Payment Date for which each Overcollateralization Test is not met on the related Determination Date will be the amount calculated in accordance with paragraph (f) under the heading "Security for the Secured Notes—Assumptions as to Collateral." Any such payment will be made in accordance with the Priority of Payments.

Class	Required Overcollateralization Ratio (%)
A	129.38%
B	121.53%
C	116.70%
D	112.14%

"Partial PIK Security" means any Underlying Asset on which the interest, in accordance with its related Underlying Instrument, is (i) partly paid in Cash and (ii) partly deferred or capitalized; provided that any

Underlying Asset that pays interest partly in kind and partly in cash at a rate equal to or greater than the Base Rate plus 2.50% (or the fixed rate equivalent) will not be considered to be a Partial PIK Security.

"Partial Redemption Date" means any Redemption Date on which one or more but not every Class of Secured Notes is subject to a Refinancing.

"Partial Redemption Interest Proceeds" means, in connection with a Refinancing of one or more (but not all) Classes of the Secured Notes, Interest Proceeds in an amount equal to the lesser of (a) the amount of accrued interest on the Classes being refinanced and (b) the amount the Asset Manager reasonably determines would have been available for distribution under the Priority of Payments for the payment of accrued interest on the Secured Notes being refinanced on such Partial Redemption Date if such Secured Notes had not been refinanced.

"Participation" means a participation interest in a loan (as defined in clause (i) of the definition of Loan) 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 an Underlying Asset 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) 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-Draw 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" means each of any paying agent appointed under the Indenture.

"Permitted Equity Security" has the meaning assigned thereto within the definition of the term "Equity Security."

"Permitted Offer" means an Offer (i) pursuant to the terms of which the offeror offers to acquire a debt obligation (including an Underlying Asset) 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 Asset Manager has determined in its reasonable commercial judgment that the offeror has sufficient access to financing to consummate the Offer.

"Person" means 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.

"PIK Security" means a security (excluding a Partial PIK Security or an Underlying Asset excluded from the definition of "Partial PIK Security" by the proviso thereof) that permits deferral and/or capitalization of any interest or other periodic distribution otherwise due.

"Potential Indebtedness" means, in relation to any obligor at any time, the total potential indebtedness of such obligor under all of its loan agreements, indentures and other underlying instruments at such time.

"Pledged Obligations" means, on any date of determination, the Underlying Assets, Equity Securities and the Eligible Investments owned by the Issuer that have been Granted to the Trustee under the Indenture.

"Prepaid Letter of Credit" means any letter of credit facility that requires a lender party thereto to fund in full its obligations thereunder at or prior to the issuance of the related letters of credit.

"Principal Balance" means, with respect to any Underlying Asset on any date of determination, the outstanding principal amount of such Underlying Asset on such date; *provided* that the Principal Balance of:

(a) a PIK Security or Partial PIK Security (or an Underlying Asset excluded from the definition of "Partial PIK Security" by the proviso thereof) will exclude any deferred or capitalized interest thereon;

(b) any Underlying Asset in which the Trustee does not hold a first priority, perfected security interest shall be deemed to be zero;

(c) any Defaulted Obligation that is not sold on or before the third anniversary of its default will be deemed to be zero (which for the avoidance of doubt will not cause the Principal Balance of such Defaulted Obligation to be zero on or before the third anniversary of its default), and thereafter its Principal Balance will automatically be deemed to be zero;

(d) any Permitted Equity Security shall be deemed to be zero; and

(e) any Revolving Credit Facility or Delayed-Draw Loan shall (x) for purposes of the Weighted Average Rating, the Weighted Average Moody's Recovery Rate, and the Portfolio Criteria and (y) for purposes of calculating the Aggregate Principal Balance of the Underlying Assets to be included as part of the Maximum Investment Amount, include the unfunded portion thereof.

"Principal Payments" means, 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 Offers and recoveries on Defaulted Obligations, but not including Disposition Proceeds.

"Principal Proceeds" means, with respect to any Payment Date, the following amounts, including, without duplication:

(a) all Principal Payments, including Unscheduled Principal Payments, received during the related Due Period on the Pledged Obligations (except to the extent such amounts are included in clause (h) of the definition of Interest Proceeds);

(b) all payments received and recoveries on Defaulted Obligations and 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;

(c) all premiums (including prepayment premiums) received during such Due Period on the Underlying Assets that are not Interest Proceeds;

(d) any Unused Proceeds designated by the Asset Manager as Principal Proceeds;

(e) Disposition Proceeds received during the related Due Period;

(f) to the extent such amount was not purchased with Interest Proceeds, accrued interest received in connection with any Underlying Asset or Eligible Investment;

(g) any Contributions not deposited into the Interest Reserve Account as Interest Proceeds or designated for the repurchase of Notes by the Contributor;

(h) funds in the Interest Reserve Account or the Expense Reserve Account designated as Principal Proceeds by the Asset Manager in accordance with the Indenture;

(i) for any Hedge Agreement, payments received by the Issuer in respect of such Payment Date representing (i) any net termination payment received by the Issuer, to the extent not used by the Issuer to enter into a replacement Hedge Agreement, and (ii) any up-front payment from any Hedge Counterparty, (iii) amounts allocated by the Asset Manager to cover any up-front payment previously paid by the Issuer out of Principal Proceeds;

(j) any amounts on deposit in the Variable Funding Account in excess of the Variable Funding Reserve Amount;

(k) any Deferred Asset Management Fee deferred by the Asset Manager on such Payment Date and designated as Principal Proceeds by the Asset Manager;

(l) net proceeds from the issuance of Additional Securities since the preceding Payment Date (which, for the avoidance of doubt, does not include proceeds from the issuance of additional Subordinated Notes that have been designated as Interest Proceeds by the Asset Manager or Refinancing Proceeds in connection with a Refinancing of one or more but not every Outstanding Class of Secured Notes);

(m) any other payments (other than Excluded Property) not included in Interest Proceeds; and

(n) if each Class of Outstanding Secured Notes is being refinanced, Refinancing Proceeds will constitute Principal Proceeds,

provided that any of the foregoing amounts will not be considered Principal Proceeds on such Payment Date to the extent such amounts were previously reinvested in Underlying Assets, are committed to the purchase of Underlying Assets by the Asset Manager or are otherwise designated for reinvestment by the Asset Manager.

"Priority of Payments" means the priorities specified under "Overview of Terms—Priority of Payments," (including without limitation, the Subordination Priority of Payments and the Priority of Partial Redemption Proceeds).

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Proceeds" means, without duplication, (i) any property (including Cash and securities) received as a Distribution on the Collateral or any portion thereof, (ii) any property (including Cash and debt or equity securities or other equity interest) received in connection with the sale, liquidation, exchange or other disposition of the Collateral or any portion thereof and (iii) all proceeds (as such term is defined in Article 9 of the UCC) of the Collateral or any portion thereof.

"Proposed Portfolio" means the portfolio of Underlying Assets and Eligible Investments resulting from the proposed purchase, sale, maturity or other disposition of an Underlying Asset or a proposed reinvestment in an additional Underlying Assets, as the case may be.

"QIB" or "Qualified Institutional Buyer" means any Person that, at the time of its acquisition, purported acquisition or proposed acquisition of Securities, is a qualified institutional buyer within the meaning of Rule 144A.

"QP" or "Qualified Purchaser" means any Person that, at the time of its acquisition, purported acquisition or proposed acquisition of Securities, is a qualified purchaser within the meaning of the Investment Company Act.

"Qualifying Investment Vehicle" means a Flow-Through Investment Vehicle (a) as to which all of the beneficial owners of any securities issued by the Flow-Through Investment Vehicle have made, and as to which (in accordance with the document pursuant to which the Flow-Through Investment Vehicle was organized or the agreement or other document governing such securities) each such beneficial owner must require any transferee of any such security to make, to the Issuer and the Trustee each of the representations set forth herein and in (i) this Offering Memorandum and a subscription agreement or (ii) the transfer certificate or purchaser representation letter pursuant to which Notes were transferred to such Flow-Through Investment Vehicle (in each case, with appropriate modifications to reflect the indirect nature of their interests in the Notes), (b) that, if such Flow-Through Investment Vehicle holds ERISA Restricted Notes, imposes on any securities it issues transfer restrictions equivalent to those applicable to the ERISA Restricted Notes to limit ownership by Benefit Plan Investors of the Qualifying Investment Vehicle's securities to less than 25%, disregarding any such securities held by Controlling Persons, (c) which will not be subject to restrictions that would prevent it from separately disposing of the different Classes of Securities it holds and (d) that, if such Flow-Through Investment Vehicle holds Class D Notes or Subordinated Notes, imposes on any securities it issues transfer restrictions equivalent to those applicable to the Class D Notes and Subordinated

Notes (including their respective Authorized Denominations) to ensure that the Issuer can rely on the safe harbor in Treasury regulations section 1.7704-1(h).

"Rating Agency" means each of Fitch, Moody's and S&P (in each case, solely with respect to the Class or Classes of Secured Notes to which it assigns a rating on the Closing Date at the request of the Issuer), or if at any time such agency ceases to provide rating services generally, any other nationally recognized statistical rating organization 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 such ratings on the Secured Notes, 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 Agency Confirmation" means (i) confirmation in writing (which may be in the form of a press release) from Moody's and S&P, if then a Rating Agency (or the specified Rating Agency) or such other form of confirmation employed at such time by the specified Rating Agency that (a) in connection with the Effective Date, the Effective Date Ratings Confirmation has been obtained, or (b) other than in connection with the Effective Date, a proposed action or designation will not cause the then current ratings of any Class of Secured Notes to be reduced or withdrawn; and (ii) notice provided to Fitch of the proposed action or designation at least five Business Days prior to such action or designation taking effect (for so long as Fitch is a Rating Agency and in the absence of any notice from Fitch that any of its then current ratings on any Secured Note will be reduced or withdrawn). If any Rating Agency (i) makes a public announcement or informs the Issuer, the Asset Manager or the Trustee that (x) it believes Rating Agency Confirmation is not required with respect to an action or (y) its practice is to not give such confirmations, or (ii) no longer constitutes a Rating Agency under the Indenture, the requirement for Rating Agency Confirmation with respect to that Rating Agency will not apply.

"Rating Agency Effective Date Report" means a report that the Issuer will cause the Collateral Administrator to compile and deliver to each Rating Agency on or prior to the 20th Business Day after the Effective Date (*provided* that if the Effective Date is on or after the fifth Business Day before the Effective Date Cut-Off, then such delivery must be within 15 Business Days) dated as of the Effective Date, containing at least the information that would be included if such a report was a Monthly Report and a calculation with respect to whether the Effective Date Condition is satisfied.

"Re-Pricing Eligible Class" means any Class of Secured Notes other than the Class A Notes.

"Redemption" means any Optional Redemption or Refinancing.

"Redemption Date" means any Business Day specified for a Redemption of Notes.

"Redemption Record Date" means, with respect to any Redemption of Notes, the date fixed as the record date pursuant to the Indenture.

"Registered" means, in registered form within the meaning of Section 881(c)(2)(B)(i) of the Code and the United States Department of the Treasury regulations promulgated thereunder and issued after July 18, 1984, provided that a certificate of interest in a grantor trust shall not be treated as Registered unless each of the obligations or securities held by the trust was issued after that date.

"Regular Record Date" means the date as of which the Holders of Notes entitled to receive a payment of principal, interest or any other payments (other than in connection with a Redemption of Notes) on the succeeding Payment Date are determined, such date as to any Payment Date being the last Business Day of the month preceding such Payment Date.

"Regulation D" means Regulation D under the Securities Act.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S Global Security" means one or more permanent global securities for each Class of Note in definitive, fully registered form without interest coupons.

"Reinvestment Target Par Balance" means, as of any date of determination, the Effective Date Target Par Amount minus (i) the amount of any reduction in the Aggregate Outstanding Amount of the Secured Notes plus (ii) the aggregate amount of Principal Proceeds that result from the issuance of any additional notes under and in accordance with the Indenture (after giving effect to such issuance of any additional notes).

"Report Determination Date" means the date as of which any Monthly Report is calculated.

"Required Hedge Counterparty Ratings" means, with respect to any Hedge Counterparty or any Hedge Guarantor, the Hedge Counterparty ratings required by each Rating Agency at the time the Issuer enters into the applicable Hedge Agreement.

"Restricted Trading Period" means the period during which, if the relevant Class of Notes remains Outstanding (i) the rating by any Rating Agency of any Class of Senior Notes is one or more subcategories below its initial rating; (ii) the rating by any Rating Agency of any Class of the Mezzanine Notes is two or more subcategories below its initial rating; or (iii) the rating by any Rating Agency of any Class of Secured Notes has been withdrawn (unless it has been reinstated), other than in the case of a withdrawal due to a repayment in full of the applicable Class of Secured Notes; *provided* that a Majority of the Controlling Class may elect to waive such condition, which waiver will remain in effect until the earlier of (A) revocation of such waiver by a Majority of the Controlling Class and (B) a further downgrade or withdrawal of the rating by any Rating Agency of any Class of Secured Notes; *provided, further*, that such period shall not be a Restricted Trading Period if (A) the Effective Date Overcollateralization Test is satisfied, (B) each of the Collateral Quality Tests is satisfied and (C) the Aggregate Principal Balance of all Underlying Assets plus, without duplication, amounts on deposit in the Collection Account and the Unused Proceeds Account (including Eligible Investments therein) representing Principal Proceeds plus amounts (including Eligible Investments therein) on deposit in the Variable Funding Account will be no less than the Reinvestment Target Par Balance.

"Revolving Credit Facility" means a loan which provides a 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 re-borrowed from time to time; *provided* that for purposes of the Portfolio Criteria, the principal balance of a Revolving Credit Facility, as of any date of determination, refers to the sum of (i) the outstanding funded amount of such Revolving Credit Facility and (ii) the unfunded portion of such facility.

"Rule 144A" means Rule 144A under the Securities Act.

"Rule 144A Global Securities" means one or more permanent global securities for each Class of Notes in definitive, fully registered form without interest coupons.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and any successor or successors thereto.

"S&P Additional Current Pay Criteria" means criteria satisfied with respect to any Underlying Asset (other than a DIP Loan) if either (i)(A) the issuer of such Underlying Asset has made a Distressed Exchange Offer and such Underlying Asset is subject to the Distressed Exchange Offer or ranks equal to or higher in priority than the obligation subject to the Distressed Exchange Offer, (B) in the case of a Distressed Exchange Offer that is a repurchase of debt for Cash, the repurchased debt will be extinguished and (C) the Issuer does not hold any obligation of the issuer making the Distressed Exchange Offer that ranks lower in priority than the obligation subject to the Distressed Exchange Offer, or (ii) such Underlying Asset has a Current Market Value of at least 80% of its par value.

"S&P CDO Monitor" means the dynamic, analytical computer model available to each of the Asset Manager and the Collateral Administrator at www.structuredfinanceinterface.com, with assumptions to be applied when running such computer model, for the purpose of estimating the default risk of the Underlying Assets, as the same may be modified by S&P from time to time.

For purposes of applying the S&P CDO Monitor as of any Measurement Date to determine the Class Break-Even Default Rate, (A) the applicable weighted average spread will be the maximum of a spread between 2.05% and 5.05% (in increments of 0.05%) without exceeding the Weighted Average Spread as of such Measurement Date and (B) the applicable weighted average recovery rate with respect to the Class A-1 Notes will be determined according to its S&P rating by reference to the applicable "S&P Recovery Rate Case" set forth in the S&P Recovery Rate Matrix, as elected by the Asset Manager or an applicable weighted average spread and applicable S&P Recovery Rate Case confirmed by S&P. On and after the Effective Date, the Asset Manager will have the right to choose which S&P Recovery Rate Case will be applicable for purposes of both (i) the S&P CDO Monitor and (ii) the Weighted Average S&P Recovery Rate Test; *provided* that each S&P Rate Case selected by the Asset Manager must be less than or equal to the Weighted Average S&P Recovery Rate at such time. On ten Business Days' written notice to the Trustee (or such shorter time as may be acceptable to the Trustee), the Asset Manager may choose a different S&P Recovery Rate Case; provided that the Underlying Assets must be in compliance with such different S&P Recovery Rate Case and, solely for purposes of this proviso, if the Issuer has entered into a commitment to invest in an Underlying Asset, compliance with newly selected S&P Recovery Rate Case may be determined after giving effect to such investment. For the avoidance of doubt, in no event will the Asset Manager be obligated to choose different S&P Recovery Rate Cases. In the event the Asset Manager fails to choose S&P Recovery Rate Cases prior to the Effective Date, the following S&P Recovery Rate Case will apply:

Class	**S&P Recovery Rate Case**
Class A-1 Notes	42.50%

"S&P Collateral Value" means, as of any date of determination, with respect to any Defaulted Obligation, Extended Initial Participation and Deferred Interest Asset, the lesser of (a) the S&P Recovery Amount of such Defaulted Obligation, Extended Initial Participation or Deferred Interest Asset, respectively, as of the relevant date of determination and (b) the Principal Balance of such Defaulted Obligation, Extended Initial Participation or such Deferred Interest Asset as of such date multiplied by the Current Market Value Percentage thereof as of the most recent Measurement Date.

"S&P Recovery Amount" means, with respect to any Underlying Asset which is a Defaulted Obligation, Extended Initial Participation or a Deferred Interest Asset, the amount equal to the product of (i) the S&P Recovery Rate for such Underlying Asset for the Class A-1 Notes then Outstanding and (ii) the Principal Balance of such Defaulted Obligation, Extended Initial Participation or Deferred Interest Asset.

"S&P Recovery Rate" means, with respect to an Underlying Obligation, the recovery rate set forth in Annex B using the initial rating of the Class A-1 Notes Outstanding at the time of determination.

"S&P Recovery Rate Matrix" means the following matrix:

Class A-1 Notes	
Case	**S&P Recovery Rate (%)**
1	36.00%
2	36.25%
3	36.50%
4	36.75%
5	37.00%
6	37.25%
7	37.50%
8	37.75%
9	38.00%
10	38.25%
11	38.50%

Class A-1 Notes	
Case	S&P Recovery Rate (%)
12	38.75%
13	39.00%
14	39.25%
15	39.50%
16	39.75%
17	40.00%
18	40.25%
19	40.50%
20	40.75%
21	41.00%
22	41.25%
23	41.50%
24	41.75%
25	42.00%
26	42.25%
27	42.50%
28	42.75%
29	43.00%
30	43.25%
31	43.50%
32	43.75%
33	44.00%
34	44.25%
35	44.50%
36	44.75%
37	45.00%
38	45.25%
39	45.50%
40	45.75%
41	46.00%
42	46.25%
43	46.50%
44	46.75%
45	47.00%
46	47.25%
47	47.50%
48	47.75%
49	48.00%

"Section 13 Banking Entity" means an entity that (i) is defined as a "banking entity" under the Volcker Rule regulations (Section __.2(c)), (ii) provides written certification thereof to the Issuer and the Trustee, and (iii) identifies the Class or Classes of Notes held by such entity and the outstanding principal amount thereof.

"Scheduled Distribution" means, with respect to any Pledged Obligation for each Due Date, the Distribution scheduled on such Due Date, determined in accordance with the assumptions specified under the heading "Security for the Secured Notes—Assumptions as to Collateral."

"Second Lien Loan" means a Loan that (i) is not (and by its terms is not permitted to become) subordinate in right of payment to any other debt for borrowed money incurred by the obligor of the Loan, other than a Senior Secured Loan, and (ii) is secured by a valid and perfected security interest or lien on specified collateral (such

collateral, together with any other pledged assets, having a value (as reasonably determined by the Asset Manager at the time of acquisition, which determination will not be questioned based on subsequent events) equal to or greater than the principal balance of the Loan) securing the obligor's obligations under the 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.

"Secured Parties" means the Bank (in all of its capacities under the Indenture), the Trustee, the Holders of the Secured Notes, the Asset Manager, the Collateral Administrator, the Administrator and any Hedge Counterparties. The Holders of Subordinated Notes will not be Secured Parties under the Indenture.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Selling Institution" means any institution from which a Participation is acquired by the Issuer or, in the case of a Participation acquired under the Master Participation Agreement, the Master Participation Selling Institution.

"Selling Institution Defaulted Participation" means a participation interest in a loan or other debt obligation (other than a Defaulted Participation Obligation) with respect to which the Selling Institution has defaulted in any material respect in the performance of any of its payment obligations under the related participation agreement.

"Senior Administrative Expenses Cap" means an amount equal to (i) an annual rate of 0.015% of the Aggregate Principal Balance of the Collateral Portfolio, measured as of the first day of the Due Period preceding such Payment Date and calculated on the basis of a 360-day year and the actual number of days elapsed plus (ii) $200,000 (per annum) or, if an Event of Default has occurred and is continuing, $300,000 (per annum) or such higher amount as may be agreed between the Trustee and a Majority of the Controlling Class.

"Senior Notes" means, collectively, the Class A-1 Notes and the Class A-2 Notes.

"Senior Secured Bond" means a debt security (that is not a Loan) that (a) is issued by a corporation, limited liability company, partnership or trust and (b) is secured by a valid first priority perfected security interest on specified collateral.

"Senior Secured Floating Rate Note" means any dollar-denominated senior secured note that (a) is issued pursuant to an indenture by a corporation, partnership or other person, (b) has a stated coupon that bears a floating rate of interest and (c) is secured by a valid first priority perfected security interest or lien on specified collateral securing the obligor's obligations under the note, which security interest is subject to customary liens.

"Senior Secured Loan" means a Loan that (i) is not (and by its terms is not permitted to become) subordinate in right of payment to any other debt for borrowed money incurred by the obligor of such Loan, (ii) is secured by a valid first priority perfected security interest or lien on specified collateral (such collateral, together with any other pledged assets, having a value (as reasonably determined by the Asset Manager at the time of acquisition, which determination will not be questioned based on subsequent events) equal to or greater than the principal balance of the Loan) securing the obligor's obligations under the Loan, which security interest or lien is subject to customary liens and (iii) is not a First Lien Last Out Loan

"Spread Excess" means as of any Measurement Date, a fraction (expressed as a percentage) the numerator of which is the product of (i) the greater of zero and the excess of the Weighted Average Spread for such Measurement Date over the minimum percentage necessary to pass the Weighted Average Spread Test on such Measurement Date and (ii) the Aggregate Principal Balance of all Floating Rate Underlying Assets (excluding any Defaulted Obligations) held by the Issuer as of such Measurement Date, and the denominator of which is the Aggregate Principal Balance of all Fixed Rate Underlying Assets (excluding any Defaulted Obligations) held by the Issuer as of such Measurement Date. In computing the Spread Excess on any Measurement Date, the Weighted Average Spread for the Measurement Date will be computed as if the Fixed Rate Excess were equal to zero.

"Stated Maturity" means, with respect to (a) any security or debt obligation, other than a Note, the date specified in such security or debt obligation as the fixed date on which the final payment of principal of such

security or debt obligation is due and payable; or (b) the Notes, the Payment Date in August 2025, or, if such date is not a Business Day, the next following Business Day.

"Structured Finance Obligation" means any obligation issued by a special purpose vehicle and secured directly by, referenced to, or representing ownership of, a pool of receivables or other financial assets of any obligor, including collateralized debt obligations and mortgage-backed securities.

"Subordinated Note Reinvestment Ceiling" means $184,450,000.

"Subordinated Note Underlying Assets" means Underlying Assets that (i) were purchased prior to the Closing Date with proceeds of Subordinated Notes then being applied on the Closing Date to purchase or repay a financing of such Underlying Assets, or (ii) are purchased after the Closing Date with proceeds in the Subordinated Note Unused Proceeds Account or the Subordinated Note Principal Collection Account, and in the case of clauses (i) and (ii) above, designated by the Asset Manager as Subordinated Note Underlying Assets; *provided* that the amount of Underlying Assets so designated (measured by the Issuer's acquisition cost (including accrued interest)) shall not exceed the Subordinated Note Reinvestment Ceiling.

"Subordinated Notes" means the Subordinated Notes issued pursuant to the Indenture (including any Additional Securities that are designated Subordinated Notes and issued pursuant to the Indenture and having the characteristics specified in the Indenture).

"Supermajority" means, with respect to the Notes or any Class thereof, the Holders of at least two-thirds of the Aggregate Outstanding Amount of the Notes or such Class, as the case may be.

"Synthetic Security" means any U.S. Dollar denominated swap transaction (including any default swap), LCDX, structured bond investment, credit linked note or other derivative investment, which investment contains a probability of default, recovery upon default and expected loss characteristics closely correlated to a reference obligation, but which may provide for a different maturity, interest rate or other non credit characteristics than such reference obligation.

"Tax Advantaged Jurisdiction" means the Cayman Islands, Bermuda, Curaçao, St. Maarten, the Channel Islands or the Bahamas. Any other country may be designated a Tax Advantaged Jurisdiction based on a Rating Agency Confirmation.

"Tax Event" means an event that will occur upon a change in or the adoption of any U.S. or non-U.S. tax statute or treaty, or any change in or the issuance of any regulation (whether final, temporary or proposed), ruling, practice, procedure or any formal or informal interpretation of any of the foregoing, which change, adoption or issuance results or will result in (i) any portion of any payment due from any obligor under any Underlying Asset becoming properly subject to the imposition of U.S. or foreign withholding tax (except for U.S. withholding taxes which may be payable with respect to commitment fees and other similar fees associated with Underlying Assets constituting Revolving Credit Facilities and Delayed-Draw Loans), which withholding tax is not compensated for by a "gross-up" provision under the terms of such Underlying Asset, (ii) any jurisdiction's properly imposing net income, profits or similar tax on the Issuer, (iii) any portion of any payment due under a Hedge Agreement by the Issuer becoming properly subject to the imposition of U.S. or foreign withholding tax, which withholding tax is compensated for by a "gross-up" provision under the terms of the Hedge Agreement or (iv) any portion of any payment due under a Hedge Agreement by a Hedge Counterparty becoming properly subject to the imposition of U.S. or foreign withholding tax, which withholding tax is not compensated for by a "gross-up" provision under the terms of the Hedge Agreement; *provided* that the total amount of (A) the tax or taxes imposed on the Issuer as described in clause (ii) of this definition, (B) the total amount withheld from payments to the Issuer which is not compensated for by a "gross-up" provision as described in clauses (i) and (iv) of this definition and (C) the total amount of any tax "gross-up" payments that are required to be made by the Issuer as described in clause (iii) of this definition are determined to be in excess of 5% of the aggregate interest due and payable on the Underlying Assets during the Due Period. Withholding taxes imposed under Sections 1471 through 1474 of the Code shall be disregarded in applying the definition of Tax Event, except that a Tax Event will also occur if (i) aggregate cumulative FATCA Compliance Costs over the remaining period that any Notes would remain Outstanding (disregarding any redemption of Notes arising from a Tax Event under this sentence), as reasonably estimated by the Issuer (or the Asset Manager acting on behalf of the Issuer) are expected to be incurred in an aggregate amount

in excess of $250,000, or (ii) despite the Issuer's (or, acting on behalf of the Issuer, the Asset Manager's) compliance with its obligation to take such reasonable actions, consistent with law and its obligations under the Indenture, as are necessary to achieve FATCA Compliance, any such withholding taxes are imposed on the Issuer (or are reasonably expected by the Issuer or the Asset Manager acting on its behalf to be so imposed on the Issuer) in an aggregate amount in excess of $500,000.

"Third Party Credit Exposure" means, as of any date of determination, the outstanding principal balance of each Underlying Asset that consists of a Participation (excluding Participations under the Master Participation Agreement).

"Third Party Credit Exposure Limits" means limits that shall be satisfied if the Third Party Credit Exposure with counterparties having the ratings below from S&P do not exceed the percentage of the Maximum Investment Amount specified below:

S&P's credit rating of Selling Institution	**Aggregate Percentage Limit**	**Individual Percentage Limit**
AAA	20%	20%
AA+	10%	10%
AA	10%	10%
AA-	10%	10%
A+	5%	5%
A (with an A-1 short-term rating)	5%	5%
below A (or A with less than an A-1 short-term rating)	0%	0%

"Trading Plan" means any trading plan identified to the Trustee and Collateral Administrator in writing (a) pursuant to which the Asset Manager believes all trades contemplated thereby will be entered into within 10 Business Days, (b) specifying certain (i) amounts received or expected to be received as Principal Proceeds, (ii) Underlying Assets related to such Principal Proceeds and (iii) Underlying Assets acquired or intended to be acquired with such Principal Proceeds, (c) which plan the Asset Manager believes can be executed according to its terms, and (d) as to which the Aggregate Principal Balance of Underlying Assets to be acquired pursuant to such Trading Plan represents no more than 5% of the Maximum Investment Amount; *provided* that (x) in no event shall there be more than one Trading Plan outstanding at a time; (y) no Trading Plan will begin before and end after the same Determination Date; (z) if a Trading Plan fails, then no Trading Plan may be initiated thereafter without Rating Agency Confirmation by S&P; and (aa) for purposes of determining whether or not such Underlying Assets satisfy the definition of "Deep Discount Obligation", no such calculation or evaluation may be made using the weighted average price of any Underlying Asset or any group of Underlying Assets. The time period for each Trading Plan will be measured from the earliest trade date to the latest trade date of trades included in such Trading Plan.

"Transaction Documents" means the Indenture, the Asset Management Agreement, the Administration Agreement, the Placement Agreement, the Account Agreement and the Collateral Administration Agreement, each of which may be amended, supplemented or modified from time to time.

"Transaction Party" means each of the Issuer, the Co-Issuer, the Asset Manager, the Bank (in all of its capacities under the Indenture), the Administrator, the Collateral Administrator and the Placement Agent.

"Transfer Certificate" means a duly executed transfer certificate substantially in the form provided in the Indenture.

"Trustee" means U.S. Bank National Association and any successor thereto.

"UCC" means the Uniform Commercial Code as in effect in the State of New York, as amended from time to time.

"Underlying Asset Maturity" means, with respect to any Underlying Asset, the date on which such obligation shall be deemed to mature (or its maturity date) shall be the Stated Maturity of such obligation.

"Underlying Instruments" means the indenture, credit agreement, assignment agreement, participation agreement, pooling and servicing agreement, trust agreement, instrument or other agreement pursuant to which an Underlying Asset or other security or debt obligation has been issued or created and each other agreement that governs the terms of or secures the obligations represented by such Underlying Asset or other security or debt obligation, or of which the holders of such Underlying Asset or other security or debt obligation are the beneficiaries, and any instrument evidencing or constituting such Underlying Asset or other security or debt obligation (in the case of any Underlying Asset or other security or debt obligation evidenced by or in the form of an instrument).

"Unscheduled Principal Payments" means all Principal Payments received as a result of prepayments, redemptions, exchange offers, tender offers or other unscheduled payments (but not sales) with respect to an Underlying Asset; *provided* that the term "Unscheduled Principal Payments" shall also include any amounts transferred from the Variable Funding Account to the Principal Collection Account for treatment as Unscheduled Principal Payments upon the termination or reduction of the Issuer's funding commitment with respect to a Delayed-Draw Loan or a Revolving Credit Facility.

"Unused Proceeds" means on the Closing Date, that portion of the net proceeds that was not deposited into the Expense Reserve Account, the Interest Reserve Account or the Variable Funding Account on the Closing Date or used to pay the purchase price of the Underlying Assets purchased on or prior to the Closing Date or to repay financing (if any) incurred by the Issuer prior to the Closing Date in connection with the acquisition of Collateral; and, on any Measurement Date thereafter, any funds on deposit in or credited to the Unused Proceeds Account.

"U.S. Person" has the meaning specified under Regulation S.

"Volcker Rule" means Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder.

"Weighted Average Rating Adjusted Cov-Lite Percentage" means the following chart used to determine the percentage of Cov-Lite Loans permissible to be owned by the Issuer for purposes of the Eligibility Criteria:

Weighted Average Rating	**Weighted Average Rating Adjusted Cov-Lite Percentage**
Less than or equal to 3100	70%
Greater than 3100 but less than or equal to 3300	60%
Greater than 3300 but less than or equal to 3500	50%
Greater than 3500	40%

"Weighted Average Coupon" means, as of any Measurement Date, a fraction (expressed as a percentage) obtained by (i) multiplying the Principal Balance of each Fixed Rate Underlying Asset held by the Issuer as of such Measurement Date by the current per annum rate at which it bears or pays interest, (ii) summing the amounts determined pursuant to clause (i), (iii) dividing the sum determined pursuant to clause (ii) by the Aggregate Principal Balance of all Fixed Rate Underlying Assets held by the Issuer as of such Measurement Date and (iv) if the result obtained in clause (iii) is less than the minimum percentage necessary to pass the Weighted Average Coupon Test, adding to such sum all or a portion of the Spread Excess, if any, designated by the Asset Manager as of such Measurement Date; *provided* that (1) with respect to any Fixed Rate Underlying Asset that is a PIK Security or Partial PIK Security (or an Underlying Asset that is excluded from the definition of "Partial PIK Security" by the proviso thereto) that is deferring interest on the Measurement Date, the coupon will be deemed to be that portion of the interest coupon that is not being deferred and (2) Defaulted Obligations will not be included in the calculation of the Weighted Average Coupon.

"Weighted Average Coupon Test" means a test that will be satisfied as of any Measurement Date if the Weighted Average Coupon is equal to or greater than 7.5%.

"Weighted Average Life" means, as of any Measurement Date, the number obtained by (i) for each Underlying Asset (other than Defaulted Obligations), multiplying each Scheduled Distribution of principal by the number of years (rounded to the nearest hundredth) 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 the Underlying Assets (excluding Defaulted Obligations) as of such Measurement Date.

"Weighted Average Life Test" means a test satisfied, as of any Measurement Date on or after the Effective Date, if the Weighted Average Life of the Underlying Assets (other than Defaulted Obligations) is no higher than the relevant weighted average life specified in the table below for the Closing Date (if such Measurement Date occurs before the first Payment Date) or the Payment Date immediately preceding such Measurement Date:

Date	Maximum Weighted Average Life
Closing Date	8.00
February 2015	7.50
May 2015	7.25
August 2015	7.00
November 2015	6.75
February 2015	6.50
May 2016	6.25
August 2016	6.00
November 2016	5.75
February 2017	5.50
May 2017	5.25
August 2017	5.00
November 2017	4.75
February 2018	4.50
May 2018	4.25
August 2018	4.00
November 2018	3.75
February 2019	3.50
May 2019	3.25
August 2019	3.00
November 2019	2.75
February 2020	2.50
May 2020	2.25
August 2020	2.00
November 2020	1.75
February 2021	1.50
May 2021	1.25
August 2021	1.00
November 2021	0.75
February 2022	0.50
May 2022	0.25
August 2022	0.00

"Weighted Average Moody's Recovery Rate" means, as of any Measurement Date, the number, expressed as a percentage, obtained by adding the products obtained by multiplying the Moody's Recovery Rate for each Underlying Asset for the indicated priority category by its Principal Balance, dividing such sum by the Aggregate Principal Balance of all such Underlying Assets and rounding up to the second decimal place.

"Weighted Average Moody's Recovery Rate Test" means a test that will be satisfied as of any Measurement Date if the Weighted Average Moody's Recovery Rate is greater than or equal to 43.0%. The required Weighted Average Moody's Recovery Rate may be modified from time to time after the Closing Date upon receipt of Rating Agency Confirmation.

"Weighted Average Rating" means the number obtained by (a) multiplying the Principal Balance of each Underlying Asset (excluding any Defaulted Obligation) by its Moody's Rating Factor on any Measurement Date; (b) summing the products obtained in clause (a) for all Underlying Assets; (c) dividing the sum obtained in clause (b) by the Aggregate Principal Balance on such Measurement Date of all Underlying Assets (excluding any Defaulted Obligation); and (d) rounding the result to the nearest whole number.

"Weighted Average Rating Test" means a test that will be satisfied on any Measurement Date on or after the Effective Date, if the Weighted Average Rating of the Underlying Assets as of such Measurement Date is equal to or less than the lesser of (i) the maximum rating factor corresponding to the case elected by the Asset Manager from the Minimum Diversity/Maximum Weighted Average Rating/Minimum Weighted Average Spread Matrix plus subclause (a) of the Moody's Recovery Rate Adjustment and (ii) 3300.

"Weighted Average S&P Recovery Rate" means, as of any date of determination, with respect to the Class A-1 Notes, the fraction (expressed as a percentage) obtained by (a) summing the products obtained by multiplying (i) the Principal Balance of each Underlying Asset by (ii) the S&P Recovery Rate for such Underlying Asset, (b) dividing such sum by the Aggregate Principal Balance of all Underlying Assets and (c) rounding up to the second decimal place.

"Weighted Average Spread" means, as of any Measurement Date, a fraction (expressed as a percentage) obtained by (i) multiplying the Principal Balance of each Floating Rate Underlying Asset (and, in the case of any Revolving Credit Facility or Delayed-Draw Loan, the unfunded portion of the commitment thereunder) held by the Issuer as of such Measurement Date by its Effective Spread (or, in the case of a Purchased Discount Obligation, its Discount-Adjusted Spread), (ii) summing the amounts determined pursuant to clause (i), *plus* the Aggregate Excess Funded Spread (iii) dividing the sum determined pursuant to clause (ii) by the lower of (x) the Aggregate Principal Balance of all Floating Rate Underlying Assets (and the unfunded portions of all Revolving Credit Facilities and Delayed-Draw Loans) held by the Issuer as of such Measurement Date, and (y) the sum of (1) the Effective Date Target Par Amount plus (2) the proceeds of the issuance of Additional Securities (if any) treated as Principal Proceeds minus (3) the aggregate amount, to and including such Measurement Date, of any reductions in the Aggregate Outstanding Amount of the Secured Notes through the payment of Principal Proceeds and (iv) if the result obtained in clause (iii) is less than the minimum percentage necessary to pass the Weighted Average Spread Test, adding to such sum all or a portion of the Fixed Rate Excess, if any, designated by the Asset Manager as of such Measurement Date; *provided* that (i) Defaulted Obligations will not be included in the calculation of the Weighted Average Spread and (ii) solely for purposes of the S&P CDO Monitor, the Weighted Average Spread shall be determined at all times as if the Aggregate Excess Funded Spread is equal to zero and without giving effect to the Discount-Adjusted Spread or clause (iii)(y) above.

"Zero Coupon Bond" means an Underlying Asset that, based on its terms at the time of determination, does not make periodic payments of interest.

ANNEX A
MOODY'S RATING DEFINITIONS/RECOVERY RATES

"Assigned Moody's Rating" means the monitored publicly available rating, the monitored estimated rating or the unpublished monitored rating expressly assigned to a debt obligation (or facility) by Moody's that addresses the full amount of the principal and interest promised; *provided* that so long as the Issuer (or the Asset Manager on its behalf) applies for a new estimated rating, or renewal of a rating estimate, in a timely manner and provides the information required to obtain such estimate or renewal, as applicable, then pending receipt of such estimate or renewal, as applicable, (A) in the case of a request for a new estimated rating, (i) for a period of 90 days, such debt obligation will have an Assigned Moody's Rating of "B3" for purposes of this definition if the Asset Manager certifies to the Trustee that the Asset Manager believes that such estimated rating will be at least "B3" and (ii) thereafter, in the Asset Manager's sole discretion either (1) such debt obligation will be deemed not to have an Assigned Moody's Rating or (2) such debt obligation will have an Assigned Moody's Rating of "Caa3"; (B) in the case of an annual request for a renewal of a rating estimate, the Issuer for a period of 30 days after the later of (x) the application for such renewal or (y) 12 months, as long as such rating estimate or a renewal therefor has been issued or provided by Moody's in each case within the 15 month period preceding the date on which the Assigned Moody's Rating is being determined, will continue using the previous estimated rating assigned by Moody's with respect to such debt obligation until such time as Moody's renews such estimated rating or assigns a new estimated rating for such debt obligation; *provided* that if such rating estimate has been issued or provided by Moody's for a period (x) longer than 13 months but not beyond 15 months, the Assigned Moody's Rating will be one subcategory lower than such rating estimate and (y) beyond 15 months, the Assigned Moody's Rating will be deemed to be "Caa3"; and (C) in the case of a request for a renewal of a rating estimate following a material deterioration in the creditworthiness of the obligor or a specified amendment, the Issuer will continue using the previous estimated rating assigned by Moody's until such time as (x) Moody's renews such estimated rating or assigns a new estimated rating for such debt obligation or (y) the criteria specified in clause (A) in connection with an annual request for a renewal of a rating estimate becomes applicable in respect of such debt obligation.

"CFR" means, with respect to an obligor of an Underlying Asset, if it has a corporate family rating by Moody's, then such corporate family rating; *provided*, if it does not have a corporate family rating by Moody's but any entity in its corporate family does have a corporate family rating, then the CFR is such corporate family rating.

"Moody's Default Probability Rating" means, with respect to any Underlying Asset, as of any date of determination, the rating as determined in accordance with the following, in the following order of priority (*provided* that, with respect to the Underlying Assets generally, if at any time Moody's or any successor to it ceases to provide rating services, references to rating categories of Moody's shall be deemed instead to be references to the equivalent categories of any other nationally recognized investment rating agency selected by the Issuer (with written notice to the Trustee and the Collateral Administrator), as of the most recent date on which such other rating agency and Moody's published ratings for the type of security in respect of which such alternative rating agency is used):

(a) with respect to an Underlying Asset, if the obligor of such Underlying Asset has a CFR, then such CFR;

(b) if the preceding clause does not apply and the obligor thereunder has one or more senior unsecured obligations with an Assigned Moody's Rating (other than any estimated rating), then such rating on any such obligation as selected by the Asset Manager in its sole discretion;

(c) if the preceding clauses do not apply and the obligor thereunder has one or more senior secured obligations with an Assigned Moody's Rating (other than any estimated rating), then one subcategory lower than the Assigned Moody's Rating on any such senior secured obligation as selected by the Asset Manager in its sole discretion;

(d) if the preceding clauses do not apply and a rating estimate has been assigned by Moody's to such Underlying Asset upon the request of the Issuer or the Asset Manager (or an Affiliate), then such rating estimate as long as such rating estimate or a renewal therefor has been issued or provided by Moody's in each case within the 15 month period preceding the date on which the Moody's Default Probability Rating is being determined; *provided* that if such rating estimate has been issued or provided by Moody's for a period (x) longer than 13 months but not

beyond 15 months, the Moody's Default Probability Rating will be one subcategory lower than such rating estimate and (y) beyond 15 months, the Moody's Default Probability Rating will be deemed to be "Caa3";

(e) with respect to a DIP Loan, the rating that is one rating subcategory below its Assigned Moody's Rating;

(f) if the preceding clauses do not apply, at the election of the Asset Manager, the Moody's Derived Rating; and

(g) if the preceding clauses do not apply, the Underlying Asset will be deemed to have a Moody's Default Probability Rating of "Caa3."

Notwithstanding the foregoing, for purposes of the Moody's Default Probability Rating used for purposes of determining the Moody's Rating Factor of an Underlying Asset, if the Moody's rating or ratings used to determine the Moody's Default Probability Rating are on watch for downgrade or upgrade by Moody's, such rating or ratings will be adjusted down two subcategories (if on "credit watch negative") or up one subcategory (if on watch for upgrade) and down one subcategory (if "negative outlook"), in each case without duplication of any adjustments made pursuant to the last sentence of the definition of Moody's Derived Rating.

"Moody's Derived Rating" means, with respect to an Underlying Asset whose Moody's Rating or Moody's Default Probability Rating is determined as the Moody's Derived Rating, the rating as determined in accordance with the following, in the following order of priority:

(a) (i) if such Underlying Asset has a rating by S&P (and is not a DIP Loan), then by adjusting such S&P Rating by the number of rating subcategories pursuant to the table below:

Type of Underlying Asset	S&P Rating (Public and Monitored)	Underlying Asset Rated by S&P	Number of Subcategories Relative to Moody's Equivalent of S&P Rating
Not Structured Finance Obligation	≥"BBB-"	Not a Loan or Participation in a Loan	-1
Not Structured Finance Obligation	≤" BB+"	Not a Loan or Participation in a Loan	-2
Not Structured Finance Obligation		Loan or Participation in a Loan	-2

(ii) if the preceding subclause (i) does not apply (and such Underlying Asset is not a DIP Loan), and another security or obligation of the obligor has a public and monitored rating by S&P (a "parallel security"), then the rating of such parallel security will, at the election of the Asset Manager, be determined in accordance with the table set forth in subclause (a)(i) above, and the Moody's Derived Rating for purposes of clauses (a)(iv) and (b)(v) of the definition of Moody's Rating and clause (f) of the definition of Moody's Default Probability Rating (as applicable) of such Underlying Asset in accordance with the methodology set forth in the following table (for such purposes treating the parallel security as if it were rated by Moody's at the rating determined pursuant to this subclause (a)(ii)):

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

or

(iii) if such Underlying Asset is a DIP Loan, no Moody's Derived Rating may be determined based on a rating by S&P or any other rating agency;

provided that the Aggregate Principal Balance of the Underlying Assets that may have a Moody's Derived Rating that is derived from an S&P Rating as set forth in subclauses (i) or (ii) of this clause (a) may not exceed 10% of the Maximum Investment Amount; or

(b) if the preceding clause (a) does not apply and neither such Underlying Asset nor any other security or obligation of the obligor thereunder is rated by Moody's or S&P, and if Moody's has been requested by the Issuer, the Asset Manager or such obligor to assign a rating or rating estimate and a recovery rate to such Underlying Asset but such rating or rating estimate has not been received (or has been received prior to receipt of a related recovery rate from Moody's requested at or about the same time), then, pending receipt of such estimate (or receipt of such recovery rate), the Moody's Derived Rating of such Underlying Asset for purposes of the definitions of Moody's Rating or Moody's Default Probability Rating shall be (x) "B3" if the Asset Manager certifies to the Trustee and the Collateral Administrator that the Asset Manager believes that such estimate is expected to be at least "B3" and if the Aggregate Principal Balance of Underlying Assets whose Moody's Derived Rating is determined pursuant to this subclause (x) of this clause (b) does not exceed 5% of the Maximum Investment Amount (unless such estimated rating has been received but the recovery rate by Moody's has been requested but not received, in which case such percent limitation shall not apply) or (y) otherwise, "Caa3;" or

(c) if the preceding clause (a) does not apply, then its Moody's Derived Rating may be determined, in the Asset Manager's discretion, in accordance with the Moody's RiskCalc Calculation subject to the satisfaction of the qualifications set forth therein (and with notice of such calculation provided to the Collateral Administrator); *provided that*, as of any date of determination, the Aggregate Principal Balance of Underlying Assets whose Moody's Derived Rating is determined pursuant to the preceding subclause (b)(x) and this clause (c) may not exceed 20% of the Maximum Investment Amount. For purposes of this clause (c), the Asset Manager shall (x) determine and report to Moody's the Moody's Derived Rating within 10 Business Days of the purchase of such loan and (y) redetermine and report to Moody's the Moody's Derived Rating for each loan with a Moody's Derived Rating determined under this clause (c) (1) within 30 days after receipt of annual financial statements from the related obligor and (2) promptly upon becoming aware of any material amendments or modifications to the related Underlying Instruments.

For purposes of calculating a Moody's Derived Rating, each applicable rating on credit watch by Moody's with positive or negative implication at the time of calculation will be treated as having been upgraded or downgraded by one rating subcategory, as the case may be.

"Moody's Rating" means, with respect to any Underlying Asset, as of any date of determination, the rating determined as follows:

(a) with respect to a Senior Secured Loan:

(i) if it has an Assigned Moody's Rating (other than any estimated rating), such Assigned Moody's Rating;

(ii) if the preceding clause does not apply and the obligor thereunder has a CFR, then one subcategory higher than such CFR;

(iii) if the preceding clauses do not apply and the obligor thereunder has one or more senior unsecured obligations with an Assigned Moody's Rating (other than any estimated rating), then two subcategories higher than the Assigned Moody's Rating on any such obligation as selected by the Asset Manager in its sole discretion;

(iv) if the preceding clauses do not apply, at the election of the Asset Manager, the Moody's Derived Rating; and

(v) if the preceding clauses do not apply, the Underlying Asset will be deemed to have a Moody's Rating of "Caa3"; and

(b) with respect to an Underlying Asset other than a Senior Secured Loan:

(i) if it has an Assigned Moody's Rating (other than any estimated rating), such Assigned Moody's Rating;

(ii) if the preceding clause does not apply and the obligor thereunder has one or more senior unsecured obligations with an Assigned Moody's Rating (other than any estimated rating), then the Assigned Moody's Rating on any such obligation as selected by the Asset Manager in its sole discretion;

(iii) if the preceding clauses do not apply and the obligor thereunder has a CFR, then one subcategory lower than such CFR;

(iv) if the preceding clauses do not apply and the obligor thereunder has one or more subordinated debt obligations with an Assigned Moody's Rating (other than any estimated rating), then one subcategory higher than the Assigned Moody's Rating on any such obligation as selected by the Asset Manager in its sole discretion;

(v) if the preceding clauses do not apply, at the election of the Asset Manager, the Moody's Derived Rating; and

(vi) if the preceding clauses do not apply, the Underlying Asset will be deemed to have a Moody's Rating of "Caa3."

"Moody's Rating Factor" means, with respect to any Underlying Asset, the number set forth in the table below opposite the Moody's Default Probability Rating of such Underlying Asset:

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"	1350
"Aa2"	20	"Ba3"	1766
"Aa3"	40	"B1"	2220
"A1"	70	"B2"	2720
"A2"	120	"B3"	3490
"A3"	180	"Caa1"	4770
"Baa1"	260	"Caa2"	6500
"Baa2"	360	"Caa3"	8070
"Baa3"	610	"Ca" or lower	10000

"Moody's Recovery Rate" means, with respect to any Underlying Asset as of any date of determination, the recovery rate determined in accordance with the following, in the following order of priority:

(a) if the Underlying Asset has been specifically assigned a recovery rate by Moody's (for example, in connection with the assignment by Moody's of a rating estimate (including, without limitation, a rating estimate determined in accordance with the Moody's RiskCalc Calculation)), such recovery rate;

(b) if the preceding clause does not apply to the Underlying Asset (except with respect to a DIP Loan), the rate determined pursuant to the table below (under Columns 1, 2 or 3) based on the number of rating subcategories difference between its 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):

	Column 1	*Column 2**	*Column 3*
Number of Moody's Ratings Subcategories Difference Between the Moody's Rating and the Moody's Default Probability Rating	**Senior Secured Loans**	**Second Lien Loans**	**Other Underlying Assets**
+2 or more	60%	55%	45%
+1	50%	45%	35%
0	45%	35%	30%
-1	40%	25%	25%
-2	30%	15%	15%
-3 or less	20%	5%	5%

* if such Underlying Asset does not have both a CFR and an Assigned Moody's Rating, the recovery rate in Column 3 will apply.

(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 RiskCalc Calculation" means, for purposes of the definition of Moody's Derived Rating and Moody's Recovery Rate, the calculation made as follows, as modified by any updated criteria provided to the Asset 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 (CAA) modes for both the current year and four years 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:

(a) the independent accountants of such obligor shall have issued an unqualified audit opinion with respect to the most recent fiscal year audited financial statements, including no explanatory paragraph addressing "going concern" or other issues;

(b) none of the financial covenants of the Underlying Instrument have been waived within the preceding three months;

(c) the Underlying Instrument (including any financial covenants contained therein) has not been modified or waived within the preceding three months;

(d) the obligor's EBITDA is equal to or greater than U.S.$5,000,000;

(e) the obligor's annual sales are equal to or greater than U.S.$10,000,000;

(f) the obligor's book assets are equal to or greater than U.S.$10,000,000;

(g) the obligor represents not more than 3.0% of the Aggregate Principal Balance of all Underlying Assets that are loans;

(h) the obligor is a private company with no public rating from Moody's;

(i) 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;

(j) no greater than 25% of the company's revenue is generated from any one customer of the obligor; and

(k) the obligor is a for profit operating company in any one of the Moody's Industry Classification Groups with the exception of (i) Banking, Finance, Insurance & Real Estate, and (ii) Sovereign & Public Finance.

The Asset Manager shall calculate the .EDF for each of the loans to be rated pursuant to this calculation. The Asset Manager shall also provide Moody's with the .EDF, the audited financial statements used and the inputs and outputs used to calculate such .EDF. 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 Derived 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 Derived Rating.

As of any date of determination the Moody's Derived Rating for each loan that satisfies the Pre-Qualifying Conditions shall be the lower of (i) the Asset Manager's internal rating or (ii) the Maximum Corporate Family Rating (in the case of a senior secured loan) or the Maximum Senior Unsecured Rating (in the case of a senior unsecured loan) based on the .EDF for such loan, in each case determined in accordance with the table below (and the Asset Manager shall give the Collateral Administrator notice of such Moody's Derived Rating):

Lowest .EDF	Maximum Corporate Family Rating	Maximum Senior Unsecured Rating
less than or equal to .baa	Ba3	Ba3
.ba1, .ba2, .ba3 or .b1	B2	B2
.b2 or .b3	B3	B3
caa	Caa1	Caa1

provided that (i) the Moody's Derived Rating determined pursuant to the table above will be reduced by an additional one half rating subcategory for loans originated in connection with leveraged buyout transactions, (ii) the Asset Manager may assign a lower rating to a loan if it so determines in its reasonable business judgment and (iii) Moody's (in its sole discretion) may assign a lower rating to a loan in which case such rating will be the applicable Moody's Derived Rating.

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 Asset Manager's internal recovery rate or (ii) the recovery rate as determined in accordance with the table below (and the Asset Manager shall give the Collateral Administrator notice of such Moody's Recovery Rate):

Type of Loan	Moody's Recovery Rate
Senior secured, first priority and first out	50%
Second lien, first lien and last out, all other senior secured	25%
Senior unsecured	25%
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.

ANNEX B
STANDARD & POOR'S RATING DEFINITIONS/RECOVERY RATES

"Information": S&P's "Credit Estimate Information Requirements" dated April 2011 and any other available information S&P reasonably requests in order to produce a credit estimate for a particular asset.

"S&P Current Pay Obligation Rating":

(a) If the Issuer owns only one issue of debt obligation of an issuer with a Distressed Exchange Offer pending, then (i) with respect to a Current Pay Obligation ranking higher in priority (before and after the exchange) than the obligation subject to the Distressed Exchange Offer, the higher of (A) the rating derived by adjusting such Current Pay Obligation's issue rating up or down by the number of notches specified in Table 1 below for its related asset specific recovery rating and (B) "CCC-," and (ii) with respect to any other such Current Pay Obligation, "CCC-," and

(b) if the Issuer owns more than one issue of obligations of an issuer with a Distressed Exchange Offer pending, then with respect to each such Current Pay Obligation, the rating corresponding to the weighted average rating "points" in Table 2 below calculated by dividing (i) the sum of the products of (A) the outstanding par amount of each Current Pay Obligation multiplied by (B) the rating "points" in Table 2 below corresponding to the rating of such Current Pay Obligation as determined pursuant to clause (a) above by (ii) the aggregate outstanding par amount of all such Current Pay Obligations issued by the issuer with the Distressed Exchange Offer pending.

Table 1

Asset Specific Recovery Rating	Notches to Derive Rating from Issue Rating
1+	-3
1	-2
2	-1
3	0
4	0
5	+1
6	+2
None	Not available for notching

Table 2

Rating	Rating "Points"
AAA	1
AA+	2
AA	3
AA-	4
A+	5
A	6
A-	7
BBB+	8
BBB	9
BBB-	10
BB+	11
BB	12
BB-	13
B+	14
B	15
B-	16
CCC+	17

Rating	Rating "Points"
CCC	18
CCC-	19

"Standard & Poor's Rating" or "S&P Rating": With respect to any Underlying Asset, the rating of Standard & Poor's determined as follows:

(a) if there is a public Standard & Poor's long-term issuer credit rating of the issuer or of a guarantor of such Underlying Asset that unconditionally and irrevocably guarantees in writing the timely payment of principal and interest on such Underlying Asset (which form of guarantee shall comply with Standard & Poor's then current criteria on guarantees), then the Standard & Poor's Rating shall be such long-term issuer credit rating of the issuer or guarantor, as applicable;

(b) if there is no issuer credit rating of the issuer of such Underlying Asset or any guarantor who unconditionally and irrevocably guarantees such Underlying Asset and if no other security or obligation of the issuer is rated by Standard & Poor's or Moody's, then the Issuer (or the Asset Manager on behalf of the Issuer) may apply to Standard & Poor's for a corporate credit estimate, which shall be its Standard & Poor's Rating; *provided* that (1) pending receipt of such estimate, such Underlying Asset shall have a Standard & Poor's Rating equal to the Standard & Poor's Rating that the Asset Manager believes to be commercially reasonable for such Underlying Asset; (2) if the Asset Manager does not provide Standard & Poor's with the information required by Standard & Poor's to provide such credit estimate within thirty (30) days after acquisition of such Underlying Asset, such Underlying Asset will, ninety (90) days after the date of acquisition of such Underlying Asset (unless Standard & Poor's grants an extension of such period in its sole discretion), have a Standard & Poor's Rating of "CCC-" pursuant to this clause (b) unless and until a credit estimate is provided by Standard & Poor's; and (3) with respect to any Underlying Asset for which Standard & Poor's has provided a corporate credit estimate, the Asset Manager (on behalf of the Issuer) will (x) request that Standard & Poor's confirm or update such estimate annually (and pending receipt of such confirmation or new estimate, the Underlying Asset will have the prior estimate) and (y) use commercially reasonable efforts to notify Standard & Poor's if the Asset Manager becomes aware of any material change that the Asset Manager reasonably believes could have a material adverse effect on the credit of such Underlying Asset, including any nonpayment of interest or principal, maturity extension or other modification to the amortization schedule of such Underlying Asset, rescheduling or other change in principal amount or interest rate in any part of the capital structure, material breach of any representation or warranty, any breach of covenant(s), the likelihood (more than 50%) of a breach of covenant(s) occurring in the next six months, material financial underperformance (more than 20% off base case) either at the operating profit or cash flow level, any restructuring of debt (including proposed debt), the occurrence of significant transactions (sale or acquisitions of assets), changes in payment terms (that is, the addition of payment-in-kind terms, changes in maturity dates, and changes in spreads or coupon rates), or release of any obligor or guarantor of obligations if such release would have a material effect on such Underlying Asset;

(c) with respect to any Underlying Asset that is a Current Pay Obligation, the S&P Current Pay Obligation Rating;

(d) if there is no issuer credit rating of the issuer or any guarantor who unconditionally and irrevocably guarantees such Underlying Asset but such Underlying Asset is rated by Standard & Poor's, then the Standard & Poor's Rating of such Underlying Asset shall be determined as follows: (i) if such Underlying Asset is a senior secured obligation of the issuer, then the Standard & Poor's Rating of such Underlying Asset shall be one subcategory below such rating; (ii) if such Underlying Asset is a senior unsecured obligation of the issuer, then the Standard & Poor's Rating of such Underlying Asset shall equal such rating; and (iii) if such Underlying Asset is a subordinated obligation of the issuer, then the Standard & Poor's Rating of such Underlying Asset shall be one subcategory above such rating if such rating is higher than "BB+," and shall be two subcategories above such rating if such rating is "BB+" or lower;

(e) if there is no issuer credit rating of the issuer of such Underlying Asset or any guarantor who unconditionally and irrevocably guarantees such Underlying Asset and such Underlying Asset is not rated by Standard & Poor's, but any other security or obligation of the issuer is rated by Standard & Poor's and neither the Issuer nor the Asset Manager obtains a Standard & Poor's Rating for such Underlying Asset pursuant to clause (b)

above, then the Standard & Poor's Rating of such Underlying Asset shall be determined as follows: (i) if there is a rating on a senior secured obligation of the issuer, then the Standard & Poor's Rating of such Underlying Asset shall be one subcategory below such rating if such Underlying Asset is a senior secured or senior unsecured obligation of the issuer; (ii) if there is a rating on a senior unsecured obligation of the issuer, then the Standard & Poor's Rating of such Underlying Asset shall equal such rating if such Underlying Asset is a senior secured or senior unsecured obligation of the issuer; and (iii) if there is a rating on a subordinated obligation of the issuer, and if such Underlying Asset is a senior secured or senior unsecured obligation of the issuer, then the Standard & Poor's Rating of such Underlying Asset shall be one subcategory above such rating if such rating is higher than "BB+" and shall be two subcategories above such rating if such rating is "BB+" or lower;

(f) if there is no issuer credit rating of the issuer of such Underlying Asset or any guarantor who unconditionally and irrevocably guarantees such Underlying Asset and such Underlying Asset is not rated by Standard & Poor's, and no other security or obligation of the issuer is rated by Standard & Poor's and neither the Issuer nor the Asset Manager obtains a Standard & Poor's Rating for such Underlying Asset pursuant to subclause (b) above, then if (x) neither the issuer nor any of its Affiliates is subject to reorganization or bankruptcy proceedings and (y) no debt security or obligation of the issuer has been in default during the past two years, the Standard & Poor's Rating of such Underlying Asset will be "CCC-" unless the Issuer or the Asset Manager on behalf of the Issuer determines the Standard & Poor's Rating for such Underlying Asset in the manner described in clause (i) below; *provided* that (1) the Issuer, the Asset Manager (on behalf of the Issuer) or the issuer of such Underlying Asset shall use commercially reasonable efforts to submit all available Information in respect of such Underlying Asset to S&P prior to or within 30 days after the election of the Issuer (at the direction of the Asset Manager) , and (2) the Asset Manager (on behalf of the Issuer) shall use commercially reasonable efforts to notify Standard & Poor's if the Asset Manager becomes aware of any material change that the Asset Manager reasonably believes could have a material adverse effect on the credit of such Underlying Asset, including any nonpayment of interest or principal, maturity extension or other modification to the amortization schedule of such Underlying Asset, rescheduling or other change in principal amount or interest rate in any part of the capital structure, material breach of any representation or warranty, any breach of covenant(s), the likelihood (more than 50%) of a breach of covenant(s) occurring in the next six months, material financial underperformance (more than 20% off base case) either at the operating profit or cash flow level, any restructuring of debt (including proposed debt), the occurrence of significant transactions (sale or acquisitions of assets), changes in payment terms (that is, the addition of payment-in-kind terms, changes in maturity dates, and changes in spreads or coupon rates), or release of any obligor or guarantor of obligations if such release would have a material effect on such Underlying Asset;

(g) if there is no issuer credit rating of the issuer of such Underlying Asset or any guarantor who unconditionally and irrevocably guarantees such Underlying Asset and such Underlying Asset is not rated by Standard & Poor's, and no other security or obligation of the issuer is rated by Standard & Poor's and neither the Issuer nor the Asset Manager obtains a Standard & Poor's Rating for such Underlying Asset pursuant to clause (b) above, then if a debt security or obligation of the issuer has been in default during the past two years, the Standard & Poor's Rating of such Underlying Asset will be "D" unless the Issuer or the Asset Manager on behalf of the Issuer determines the Standard & Poor's Rating for such Underlying Asset in the manner described in clause (i) below;

(h) if there is no issuer credit rating published by Standard & Poor's for such issuer or any guarantor who unconditionally and irrevocably guarantees such Underlying Asset and such Underlying Asset is not rated by Standard & Poor's, and no other security or obligation of the issuer is rated by Standard & Poor's and neither the Issuer nor the Asset Manager obtains a Standard & Poor's Rating for such Underlying Asset pursuant to clause (b) above, then the Standard & Poor's Rating of such Underlying Asset may be determined using any of the methods provided below:

(i) if such Underlying Asset is publicly rated by Moody's, then the Standard & Poor's Rating of such Underlying Asset will be (A) one subcategory below the Standard & Poor's equivalent of the public rating assigned by Moody's if such Underlying Asset is rated "Baa3" or higher by Moody's and (B) two subcategories below the Standard & Poor's equivalent of the public rating assigned by Moody's if such Underlying Asset is rated "Ba1" or lower by Moody's; *provided* that (x) no Synthetic Security may be deemed to have a Standard & Poor's Rating based on a Moody's Rating and (y) the Aggregate Principal Balance of Underlying Assets that may be deemed to have a Standard & Poor's Rating based on a rating

assigned by Moody's as provided in this subclause (i) may not exceed 10% of the Maximum Investment Amount; or

(ii) with respect to any Underlying Asset that is a DIP Loan, the Standard & Poor's Rating of such Underlying Asset shall be (i) the rating assigned thereto by Standard & Poor's either publicly or privately or (ii) if such DIP Loan does not have a rating assigned thereto by Standard & Poor's, then the rating assigned by Standard & Poor's in connection with the acquisition thereof by the Issuer upon the request of the Issuer or the Asset Manager.

Notwithstanding the foregoing, if the Standard & Poor's rating or ratings used to determine the Standard & Poor's Rating above are on watch for downgrade or upgrade by Standard & Poor's, the Standard & Poor's Rating will be determined by adjusting such Standard & Poor's rating or ratings down one subcategory (if on watch for downgrade) or up one subcategory (if on watch for upgrade).

"S&P Recovery Rate": With respect to any Underlying Asset for the Class A-1 Notes (based on the rating assigned by S&P on the Closing Date), the recovery rate determined in accordance with the Asset Assigned Recovery Rate Method; *provided* that any other recovery rate proposed by the Asset Manager and consented to in writing by Standard & Poor's may be utilized on a case-by-case basis. The "Asset Assigned Recovery Rate Method" means determining the S&P Recovery Rate as follows:

(a) the relevant Underlying Asset has an S&P Assigned Recovery Rating, in which case the S&P Recovery Rate with respect to the Class A-1 Notes will be determined based on Table 1.

(b) the relevant Underlying Asset is a senior unsecured asset or unsecured asset and does not have an S&P Assigned Recovery Rating, but the relevant obligor has a senior secured asset with a current S&P Assigned Recovery Rating, in which case the S&P Recovery Rate with respect to the Class A-1 Notes will be determined based on Table 2 and 3.

(c) the relevant Underlying Asset does not have an S&P Assigned Recovery Rating and the relevant obligor does not have a senior secured asset with a current S&P Assigned Recovery Rating, in which case the S&P Recovery Rate with respect to each Class of Notes will be determined based on Table 4.

(d) each Synthetic Security will have the S&P Recovery Rate assigned by S&P on a case-by- case basis.

Table 1: Recovery Rates for Assets with S&P Assigned Recovery Ratings

		Notes rating categories					
S&P Assigned Recovery Rating	S&P Published Range of Recovery Rating	AAA	AA	A	BBB	BB	B and below
1+	N/A	75%	85%	88%	90%	92%	95%
1	N/A	65%	75%	80%	85%	90%	95%
2	80-90	60%	70%	75%	81%	86%	90%
2	70-80 or not published	50%	60%	66%	73%	79%	80%
3	60-70	40%	50%	56%	63%	67%	70%
3	50-60 or not published	30%	40%	46%	53%	59%	60%
4	40-50	27%	35%	42%	46%	48%	50%
4	30-40 or not published	20%	26%	33%	39%	40%	40%
5	20-30	15%	20%	24%	26%	28%	30%
5	10-20 or not published	5%	10%	15%	20%	20%	20%
6	N/A	2%	4%	6%	8%	10%	10%

Table 2: Recovery Rates for Senior Unsecured Assets Junior to Assets with an S&P Assigned Recovery Rating

	Notes rating categories					
Senior Asset Recovery Ratings	AAA	AA	A	BBB	BB	B and CCC
S&P Assigned Recovery Rating	%	%	%	%	%	%
Group 1						
1+	18	20	23	26	29	31
1	18	20	23	26	29	31
2	18	20	23	26	29	31
3	12	15	18	21	22	23
4	5	8	11	13	14	15
5	2	4	6	8	9	10
6	--	--	--	--	--	--
Group 2						
1+	16	18	21	24	27	29
1	16	18	21	24	27	29
2	16	18	21	24	27	29
3	10	13	15	18	19	20
4	5	5	5	5	5	5
5	2	2	2	2	2	2
6	--	--	--	--	--	--
Group 3						
1+	13	16	18	21	23	25
1	13	16	18	21	23	25
2	13	16	18	21	23	25
3	8	11	13	15	16	17
4	5	5	5	5	5	5
5	2	2	2	2	2	2
6	--	--	--	--	--	--

Table 3: Recovery Rates for Subordinated Assets Junior to Assets with an S&P Assigned Recovery Rating

	Notes rating categories					
Senior Asset Recovery Ratings	AAA	AA	A	BBB	BB	B and CCC
S&P Assigned Recovery Rating	%	%	%	%	%	%
1+	8	8	8	8	8	8
1	8	8	8	8	8	8
2	8	8	8	8	8	8
3	5	5	5	5	5	5
4	2	2	2	2	2	2
5	--	--	--	--	--	--
6	--	--	--	--	--	--

Table 4: S&P Tiered Corporate Recovery Rates (By Asset Class and Class of Notes)*****

	Notes rating categories					
	AAA	AA	A	BBB	BB	B and CCC
	%	%	%	%	%	%
Senior secured first-lien **						
Group 1	50	55	59	63	75	79
Group 2	45	49	53	58	70	74
Group 3	39	42	46	49	60	63
Group 4	17	19	27	29	31	34
Senior secured Cov-Lite Loans/ senior secured bonds						
Group 1	41	46	49	53	63	67
Group 2	37	41	44	49	59	62

Group 3	32	35	39	41	50	53
Group 4	17	19	27	29	31	34
Mezzanine/ senior secured notes/ Second Lien Loans / senior unsecured loans/senior unsecured bonds/ First Lien Last Out Loans ***						
Group 1	18	20	23	26	29	31
Group 2	16	18	21	24	27	29
Group 3	13	16	18	21	23	25
Group 4	10	12	14	16	18	20
Subordinated loans/ subordinated bonds						
Group 1	8	8	8	8	8	8
Group 2	10	10	10	10	10	10
Group 3	9	9	9	9	9	9
Group 4	5	5	5	5	5	5
Synthetic Securities	****	****	****	****	****	****

Group 1: Australia, Denmark, Finland, Hong Kong, Ireland, The Netherlands, New Zealand, Norway, Singapore, Sweden and United Kingdom.

Group 2: Austria, Belgium, Canada, Germany, Israel, Japan, Luxembourg, Portugal, South Africa, Switzerland and United States.

Group 3: Argentina, Brazil, Chile, France, Greece, Italy, Mexico, South Korea, Spain, Taiwan, Turkey, United Arab Emirates.

Group 4: Kazakhstan, Russia, Ukraine and Others.

** Solely for the purpose of determining the S&P Recovery Rate for such loan, no loan will constitute a "Senior Secured Loan" unless such loan (a) is secured by a valid first priority security interest in collateral, (b) by its terms is not subordinated to another obligation of the issuer and (c) in the Asset Manager's commercially reasonable judgment (with such determination being made in good faith by the Asset Manager at the time of such loan's purchase and based upon information reasonably available to the Asset Manager at such time and without any requirement of additional investigation beyond the Asset Manager's customary credit review procedures), is secured by specified collateral that has a value not less than an amount equal to the sum of (i) the Aggregate Principal Balance of all loans senior or pari passu to such loans and (ii) the outstanding principal balance of such loan, which value may be derived from, among other things, the enterprise value of the issuer of such loan (*provided that* the terms of this footnote may be amended or revised at any time by a written agreement of the Issuer and the Asset Manager with written notice to the Trustee and the Collateral Administrator (without the consent of any Holder of any Note), subject to the Rating Agency Confirmation from S&P, in order to conform to S&P then-current criteria for such loans).

*** Solely for the purpose of determining the S&P Recovery Rate for such loan, the Aggregate Principal Balance of all Second Lien Loans that, in the aggregate, represent up to 15% of the Maximum Investment Amount will have the S&P Recovery Rate specified for Second Lien Loans in the table above and the Aggregate Principal Balance of all Second Lien Loans in excess of 15% of the Maximum Investment Amount will have the S&P Recovery Rate specified for subordinated loans in the table above.

**** As determined by S&P on a case by case basis.

***** For purposes of determining the S&P Recovery Rate of any loan the value of which is primarily derived from equity of the issuer thereof, such loan shall have either (i) the S&P Recovery Rate specified for senior unsecured loans or (ii) the S&P Recovery Rate determined by S&P on a case by case basis.

"S&P Assigned Recovery Rating": With respect to any obligation, the recovery rating assigned by Standard and Poor's.

ANNEX C
LIBOR FORMULA

LIBOR shall be determined by the Calculation Agent in accordance with the following provisions (in each case rounded to the nearest 0.00001%):

(a) On each LIBOR Determination Date, LIBOR for any given Secured Note shall equal the rate, as obtained by the Calculation Agent from Bloomberg Financial Markets Commodities News, for Eurodollar deposits with the Designated Maturity that are compiled by the ICE Benchmark Administration Limited or any successor thereto (which, for this purpose, will include but not be limited to any Person that assumes responsibility for calculating LIBOR as of the effective date of such assumption), as of 11:00 a.m. (London time) on such LIBOR Determination Date; provided that if a rate for the applicable Designated 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).

(b) If, on any LIBOR Determination Date, 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 Designated 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 Asset Manager) are quoting on the relevant LIBOR Determination Date for Eurodollar deposits of the Designated 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 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. Notwithstanding anything in this definition to the contrary, LIBOR for the first Interest Accrual Period will be determined by (x) calculating LIBOR with respect to each Notional Accrual Period on the applicable Notional Determination Date and using the Notional Designated Maturity (such calculation to be made in the same manner set forth in this definition (e.g. determined by reference to the Reuters Screen or, if unavailable, by following the procedure set forth in this definition)) and (y)(1) multiplying the rate determined for each Notional Accrual Period by the number of days in such Notional Accrual Period, (2) summing the amounts set forth in clause (y)(1) above and (3) dividing the amount set forth in clause (y)(2) above by the total number of days in the initial Interest Accrual Period.

(c) As used herein: "Reference Banks" means four major banks in the London interbank market selected by the Calculation Agent (after consultation with the Asset Manager); and "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.

(d) As used herein, "LIBOR Determination Date" means (a) with respect to each Notional Accrual Period, the related Notional Determination 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.

(e) As used herein, "Anniversary Date" means the three calendar month anniversary of the Closing Date.

(f) As used herein, "Notional Accrual Period" means the period from and including the Closing Date to but excluding the Anniversary Date, and the succeeding period from and including the Anniversary Date to but excluding the first Payment Date.

(g) As used herein, "Notional Designated Maturity" means, with respect to all Notional Accrual Periods, three months.

(h) As used herein, "Notional Determination Date" means the second London Banking Day preceding the first day of each Notional Accrual Period.

With respect to any Underlying Asset, LIBOR shall be the London interbank offered rate determined in accordance with the related Underlying Instrument.

INDEX OF DEFINED TERMS

Following is an index of defined terms used in this Offering Memorandum and the page number where each definition appears.

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