

and investment and reinvestment in Eligible Investments as described herein, certain activities conducted in connection with the payment of amounts in respect of the Securities, entering into the Collateral Management Agreement and the Collateral Administration Agreement and any other documents as contemplated by the Indenture and exercising its rights and performing its obligations thereunder and other activities incidental to the foregoing and permitted by the Indenture. The Co-Issuer has no employees. The Co-Issuer will not engage in any business other than the co-issuance of the Class A Notes, Class B Notes and Class C Notes as described herein and other activities incidental to the foregoing and permitted by the Indenture.

Investment Company Act Considerations. The Issuer has not registered with the United States Securities and Exchange Commission (the "Commission") as an investment company pursuant to the Investment Company Act in reliance on the exemption provided by Section 3(c)(7) of the Investment Company Act. In general terms, Section 3(c)(7) exempts from the provisions of the Investment Company Act those issuers (i) whose investors residing in the United States are Qualified Purchasers and (ii) which do not make a public offering of their securities in the United States. The Co-Issuer has not registered with the Commission as an investment company based on the fact that the Co-Issuer has and will have no assets that could be construed as the holding of "securities" under the Investment Company Act.

To satisfy the requirements of Section 3(c)(7), the Issuer must have a "reasonable belief" that all purchasers of the Securities which reside in the United States (including initial purchasers and subsequent transferees of Securities sold to initial purchasers pursuant to Rule 144A) are Qualified Purchasers. Because transfers of beneficial interests in the Senior Notes will be generally effected only through DTC and its participants and indirect participants without delivery of written transferee certifications to the Issuer, the Issuer will establish such a reasonable belief by means of the deemed representations, warranties and agreements described under "*Purchase and Transfer Restrictions*," the agreements of the initial purchasers relating to Rule 144A and Regulation S referred to under "*Purchase and Transfer Restrictions*" and by taking certain other actions pursuant to the Indenture. Although the Commission has stated that it is possible for an issuer of securities to satisfy the reasonable belief standard referred to above by establishing procedures to provide a means by which such issuer can make a reasonable determination as to the status of its holders of securities as Qualified Purchasers, the Commission has not approved—and has stated that it will not approve—any particular set of procedures, including the Section 3(c)(7) Procedures referred to herein. Accordingly, there can be no assurance that the Issuer will satisfy the reasonable belief standard referred to above.

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

Money Laundering Prevention. The Issuer and the Administrator are subject to anti-money laundering legislation in the Cayman Islands pursuant to the Proceeds of Criminal Conduct Law (2005 Revision) (the "PCCL"). Pursuant to the PCCL the Cayman Islands government enacted The Money Laundering Regulations (2006 Revision), which impose specific requirements with respect to the obligation "to know your client." Except in relation to certain categories of institutional investors, the Issuer may require a detailed verification of each investor's identity and the source of the payment used by such investor for purchasing the Securities in a manner similar to the obligations imposed under the laws of other major financial centers. In addition, if any person who is resident in the Cayman Islands knows or has a suspicion that a payment to the Issuer (by way of investment or otherwise) contains the proceeds of criminal conduct, that person must report such suspicion to the Cayman Islands authorities pursuant to the PCCL. If the Issuer were determined by the Cayman Islands government to be in violation of the PCCL or The Money Laundering Regulations (2006 Revision), the Issuer could be subject to substantial criminal penalties. Such a violation could materially adversely affect the timing and amount of payments by the Issuer to the Holders of the Notes.