

“Class D Notes”: U.S. \$15,500,000 Class D Floating Rate Deferrable Subordinate Notes Due 2020.

“Clearing Agency”: A “Clearing Agency” as defined in the Exchange Act.

“Clearstream”: Clearstream Banking, société anonyme, a corporation organized under the laws of the Grand Duchy of Luxembourg, or any successor thereto.

“Closing Date”: On or about January 18, 2007.

“Code”: The United States Internal Revenue Code of 1986, as amended, and any successor statute thereto.

“Co-Issuer”: Clear Lake CLO, Corp., a corporation incorporated under the laws of the State of Delaware, and its permitted successors and assigns.

“Collateral Administration Agreement”: As defined in *“Description of the Notes—The Indenture and the Collateral Administration Agreement—Trustee and Collateral Administrator.”*

“Collateral Administrator”: Wells Fargo Bank, National Association, as collateral administrator under the Collateral Administration Agreement and its permitted successors.

“Collateral Administrator Expenses”: As defined in *“Description of the Notes—The Indenture and the Collateral Administration Agreement—Trustee and Collateral Administrator.”*

“Collateral Administrator Fee”: As defined in *“Description of the Notes—The Indenture and the Collateral Administration Agreement—Trustee and Collateral Administrator.”*

“Collateral Interest Amount”: As of any date of determination, the aggregate amount of Interest Proceeds that have been received or are reasonably expected to be received, in each case during the Collection Period in which such date of determination occurs.

“Collateral Management Agreement”: The Management Agreement, dated as of the Closing Date, as amended from time to time, between the Issuer and the Collateral Manager.

“Collateral Manager”: Jefferies Capital Management, Inc. and its permitted successors and assigns and replacements.

“Collateral Obligation”: Each of the obligations satisfying the Collateral Obligation Eligibility Criteria that are included in the Collateral.

“Collateral Obligation Eligibility Criteria”: The criteria described in *“Security for the Notes—Collateral Obligations.”*

“Collateral Principal Amount”: As of any date of determination, the sum of (a) the Aggregate Principal Balance of the Collateral Obligations (other than (i) Defaulted Obligations and (ii) Deferring PIK Obligations), (b) without duplication, the amounts on deposit in the Collection Account and the Ramp-Up Account (including Eligible Investments therein) representing Principal Proceeds and (c) the lesser of the (i) S&P Collateral Value of all Defaulted Obligations and all Deferring PIK Obligations and (ii) Moody’s Collateral Value of all Defaulted Obligations and all Deferring PIK Obligations.

“Collection Account”: The collection account established under the Indenture.

“Collection Period”: (i) For the first Payment Date, the period from and including the Closing Date to and including the Determination Date related to such Payment Date and (ii) for each Payment Date thereafter, the period from but excluding the Determination Date related to the prior Payment Date to and including the Determination Date related to such Payment Date; *provided* that the final Collection Period shall end on and include the Business Day immediately prior to the Maturity Date (or, if applicable, the Optional Redemption Date).