

that have been held for more than 36 months after the date on which they became Defaulted Obligations shall be zero;

(ii) the Principal Balance of Collateral Obligations representing the Caa/CCC Excess will be the Caa/CCC Excess Market Value;

(iii) the Principal Balance of any Discount Obligation (other than any Discount Obligation that comprises all or a portion of the Caa Excess Amount) will be its purchase price;

(iv) any PIK Security that has a Moody's Rating of "Baa3" or higher will be treated as a Defaulted Obligation if it has not resumed the payment of interest in cash and/or the payment of all deferred amounts of interest within the shorter of one year or two payment periods;

(v) any PIK Security that has a Moody's Rating of lower than "Baa3" will be treated as a Defaulted Obligation if it has not resumed the payment of interest in cash and/or the payment of all deferred amounts of interest within the shorter of six months or one payment period; and

(vi) the Principal Balance of any Current Pay Obligation that has a Market Value determined based on the S&P Recovery Rate will be its Market Value and, to the extent the aggregate principal balance of Current Pay Obligations exceeds 7.5% of the Portfolio Principal Balance, each Current Pay Obligation representing such excess (in order of ascending Market Value, starting with Current Pay Obligations with the lowest Market Value) will be treated as a Defaulted Obligation;

*provided*, that for purposes of determinations of the Principal Balance of any Collateral Obligation pursuant to this clause (d), if more than one subclause would apply, the Principal Balance of such Collateral Obligation will be the lowest value determined under such applicable subclauses;

(e) the Principal Balance of a Credit Facility will be its Commitment Amount;

(f) the Principal Balance of any Defaulted Loaned Collateral Obligation will be the outstanding principal amount of the related Securities Lending Collateral; and

(g) for purposes of calculating the Event of Default Par Ratio and determining whether the Effective Date Target Par has been met, the Principal Balance of any Defaulted Obligation will be as calculated under clause (d)(i).

"Principal Collection Account": The account established pursuant to Section 10.1(b) and described in Section 10.2.

"Principal Payment Sequence": The meaning specified in Section 11.1(b).

"Principal Proceeds": The sum of the following amounts (without duplication):