

SECURITY FOR THE NOTES

The "Collateral" for the Notes pledged by the Issuer to the Trustee under the Indenture will consist of Collateral Obligations; Eligible Investments; any securities or assets issued in exchange for Collateral Obligations that do not themselves constitute Collateral Obligations; certain accounts of the Issuer; the rights of the Issuer under any Hedge Agreements, the Investment Management Agreement, the Collateral Administration Agreement, the Account Agreement, the Administration Agreement, the Registered Office Agreement, the Fiscal Agency Agreement and any Securities Lending Agreements; and the proceeds of each of the foregoing.

Collateral Obligations

Collateral Obligations will consist primarily of Leveraged Loans. The Issuer may also invest on a limited basis in certain Senior Secured Notes. Collateral Obligations may include a limited amount of Credit Facilities that require future payments by the Issuer *provided* that the Issuer maintains reserves to the extent required to meet any Unfunded Amount of Credit Facilities.

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

Collateral Obligations are eligible for purchase by the Issuer in accordance with the requirements set forth in the Indenture, as summarized below. A "Collateral Obligation" is an obligation that:

- (a) at the time of the Issuer's commitment to purchase is:
 - (i) a Senior Secured Note; or
 - (ii) an assignment of a Senior Secured Loan or Second Lien Loan; or
 - (iii) a Participation in a Senior Secured Loan or Second Lien Loan; and
- (b) at the time of the Issuer's commitment to purchase:
 - (i) provides for periodic payments in cash no less frequently than semi-annually (*provided* that it may provide that such periodic payments be deferred and capitalized);
 - (ii) is an obligation of (A) an obligor organized in a Recovery Approved Country or (B) an Excepted Company;
 - (iii) provides for payment of a fixed amount of principal in cash or final cash payment by the maturity or scheduled expiration thereof;
 - (iv) does not require future advances to be made to the obligor in accordance with its Underlying Instrument unless it is a Credit Facility;
 - (v) is eligible to be sold, assigned or participated to the Issuer and pledged to the Trustee;
 - (vi) is not a Defaulted Obligation or a Credit Risk Obligation (as described in clause (a) of the definition thereof);
 - (vii) is Registered and has payments (other than commitment and similar fees or Pre-Funded Letter of Credit fees) that are not subject to U.S. or non-U.S. withholding tax unless the obligor thereof is required to make "gross-up" payments that cover the full amount of any such withholding tax;