

most senior class of additional securities being issued on the same terms offered to investors generally;

- the holders of the Subordinated Securities are notified in writing 30 days prior to such issuance and are afforded an opportunity to purchase the most junior class of additional securities on the same terms offered to investors generally;
- an opinion of counsel is delivered to the effect that none of the Issuer, Co-Issuer or the pool of Collateral will be required to register under the Investment Company Act as a result of such issuances; and
- an opinion of counsel is delivered to the effect that, for U.S. federal income tax purposes: (i) such issuance will not adversely affect the tax characterization as debt of any Outstanding Class of Notes that was characterized as debt at the time of issuance and (ii) such issuance will not result in the Issuer being treated as engaged in a trade or business within the United States.

At any time, the Issuer may, with the consent of the Investment Manager and a Majority of the Subordinated Securities, issue additional Subordinated Securities without issuing additional Notes (an "Additional Equity Issuance"); *provided* that (x) the Issuer shall comply with the conditions set forth in the Indenture; (y) the purchase price is paid in cash and (z) the holders and beneficial owners of the Subordinated Securities are notified in writing 30 days prior to such issuance and are afforded an opportunity to purchase additional Subordinated Securities. The proceeds of an Additional Equity Issuance will be treated as Interest Proceeds and/or Principal Proceeds at the discretion of the Investment Manager (on behalf of the Issuer). Subordinated Notes issued in connection with an Additional Equity Issuance will be issued pursuant to a supplemental indenture.

The Co-Issuers may issue Replacement Notes in connection with a Refinancing.

#### **Surrendered Notes**

Notes may be tendered without payment by a holder to the Issuer or Trustee. Surrendered Notes will be submitted to the Trustee for cancellation. For purposes of the Overcollateralization Ratio and the Event of Default Par Ratio, any such Surrendered Notes will be deemed to (i) remain Outstanding and thus will not affect the calculation of the Overcollateralization Tests or the Event of Default Par Ratio, until all Notes of the applicable Class and each Higher Ranking Class have been retired or redeemed and (ii) have an Aggregate Outstanding Amount equal to the Aggregate Outstanding Amount as of the date of surrender, reduced proportionately with, and to the extent of, any payments of principal on Notes of the same Class thereafter.

#### **Optional Redemption**

Subject to the satisfaction of conditions described herein, at the direction of the Required Redemption Percentage to the Issuer (with a copy to the Trustee), the Issuer will redeem the Notes (other than the Subordinated Notes) at their respective Redemption Prices on any (i) Distribution Date after the end of the Non-Call Period or (ii) Distribution Date during or after the end of the Non-Call Period upon the occurrence and during the continuance of a Tax Event. The redemption direction may specify a "Refinancing," which will be a redemption of one or more specified Classes of Rated Notes with Refinancing Proceeds or, if a Refinancing is not specified, the Issuer will redeem each Class of Rated Notes (in whole but not in part) (a "Rated Notes Redemption"). On any Distribution Date on or after the Rated Notes have been redeemed or paid in full, the Subordinated Securities will be redeemed (in whole but not in part) (an "Equity Redemption") at the direction of a Majority of the Subordinated Securities to the Issuer (with a copy to the Trustee). Each such Rated Notes Redemption, Equity Redemption and Refinancing is referred to as an "Optional Redemption."

Within five Business Days after receipt by the Trustee and the Issuer of notice from any holder of Subordinated Securities holding less than the Required Redemption Percentage that it wishes to direct an Optional Redemption, the Trustee shall notify the other holders of Subordinated Securities that any such holder may join in directing an Optional Redemption by notifying the Issuer and the Trustee by the date specified therein (but in no case less than five Business Days after the date of such Trustee's notice).