

With respect to Cayman Islands taxation, see the discussion below in “— Cayman Islands Tax Considerations.”

*Withholding and Gross Income Taxes.* Although the Issuer does not intend to be subject to U.S. federal income tax with respect to its net income, income derived by the Issuer may be subject to withholding or gross income taxes imposed by the United States or other countries, and the imposition of such taxes could materially affect its financial ability to make payments on the Securities. In this regard and subject to certain exceptions, the Issuer may generally only acquire a particular Collateral Obligation if, at the time of commitment to purchase, either the interest payments thereon are not subject to withholding tax or the issuer of the Collateral Obligation is required to make “gross-up” payments. Similarly, the Issuer may generally only enter into a Securities Lending Agreement in respect of any Collateral Obligations if the substitute interest payments received thereunder are not subject to withholding tax or the counterparty is required to make “gross-up” payments. The Issuer may, however, be subject to withholding or gross income taxes in respect of (i) commitment fees, letter of credit fees, securities lending fees, facility fees, and other similar fees, dividend or substitute dividend payments and (ii) interest and disposition proceeds in respect of U.S. Collateral Obligations not outstanding prior to March 19, 2012 (as discussed in more detail below), and such withholding or gross income taxes may not be grossed up. In addition, there can be no assurance that income derived by the Issuer will not become subject to withholding or gross income taxes as a result of changes in law, contrary conclusions by the IRS, or other causes. In that event, such withholding or gross income taxes could be applied retroactively to fees or other income previously received by the Issuer. To the extent that withholding or gross income taxes are imposed and not paid through withholding, the Issuer may be directly liable to the taxing authority to pay such taxes.

*Issuance of Notes.* For U.S. federal income tax purposes, the Issuer, and not the Co-Issuer, will be treated as the issuer of the Senior Notes.

#### **Tax Treatment of U.S. Holders of Rated Notes**

*Status of, and Interest on, the Class A Notes.* The Class A Notes will be treated as debt for U.S. federal income tax purposes. U.S. holders of Class A Notes will treat stated interest on the Class A Notes as ordinary income when paid or accrued, in accordance with their tax method of accounting.

*Status of, and Interest and Discount on, the Class B Notes, the Class C Notes and the Class D Notes.* The Class B Notes and the Class C Notes will be treated as debt for U.S. federal income tax purposes. The Class D Notes (together with the Class B Notes and the Class C Notes, the “Deferred Interest Notes”) should be treated as debt for U.S. federal income tax purposes. In general, the characterization of an instrument for such purposes as debt or equity by its issuer as of the time of issuance is binding on a holder but not the IRS, unless the holder takes an inconsistent position and discloses such position in its tax return. Because payments of stated interest on the Deferred Interest Notes are contingent on available funds and subject to deferral, the Deferred Interest Notes will be treated for U.S. federal income tax purposes as having original issue discount (“OID”). The total amount of such discount with respect to a Deferred Interest Note will equal the sum of all payments to be received under such Deferred Interest Note less its issue price (the first price at which a substantial amount of Deferred Interest Notes of the same Class were sold to investors). A U.S. holder of Deferred Interest Notes will be required to include OID in income as it accrues. The amount of OID accruing in any Interest Period will generally equal the stated interest accruing in that period (whether or not currently due) plus any additional amount representing the accrual under a constant yield method of any additional OID represented by the excess of the principal amount of the Deferred Interest Notes over their issue price. Accruals of any such additional OID will be based on the projected weighted average life of the Deferred Interest Notes rather than their stated maturity. In the case of Deferred Interest Notes, accruals of OID should be calculated by assuming that interest will be paid over the life of the Deferred Interest Note based on the value of LIBOR used in setting interest for the first Interest Period, and then adjusting the income for each subsequent Interest Period for any difference between the actual value of LIBOR used in setting interest for that subsequent Interest Period and the assumed rate.

*Sale and Retirement of the Rated Notes.* In general, a U.S. holder of a Rated Note will have a basis in such Rated Note equal to the cost of such Rated Note to such holder, increased by any amount includible in income by such holder as OID and reduced by any payments thereon other than, in the case of the Class A Notes only, payments of stated interest. Upon a sale or exchange of the Rated Note, a U.S. holder will generally recognize gain or loss equal to the difference between the amount realized (less any accrued interest, which would be taxable as such) and the holder’s tax basis in such Rated Note. Such gain or loss will be long-term capital gain or loss if the U.S. holder has