

Notes would be materially different from that summarized above. In general, holders would be required to accrue income on the Subordinated Notes based on the Issuer's normal cost of funds, subject to later adjustment to reflect differences between the accrued and actual income amounts, and all income from the Subordinated Notes (including gains on sale) would be ordinary interest income. Potential U.S. holders of the Subordinated Notes should, in consultation with their tax advisers, carefully consider the potential U.S. income tax characterization of the Subordinated Notes and the potential consequences thereof.

Tax Treatment of Tax-Exempt U.S. Holders of the Securities

In general, a tax-exempt U.S. holder of Securities will not be subject to tax on unrelated business taxable income ("UBTI") with respect to the income from the Securities regardless of whether they are treated as equity or debt for U.S. federal income tax purposes, except to the extent that the Securities are considered debt-financed property (as defined in the Code) of that entity. A tax-exempt U.S. holder that owns more than 50% of the outstanding Subordinated Securities and also owns other Classes of Notes should consider the possible application of the special UBTI rules for amounts received from controlled entities.

A tax-exempt entity may not make a QEF election if the tax-exempt entity would not otherwise be subject to tax on income from the Subordinated Securities.

Tax Treatment of Non-U.S. Holders of the Securities

Assuming that the Issuer is not treated as engaged in a trade or business within the United States, as discussed above under "— Tax Treatment of the Issuer — United States Federal Income Taxes," payments on the Securities to a non-U.S. holder, or gain realized on a sale, exchange, or redemption of such Securities by such holder, will not be subject to U.S. federal income or withholding tax, as the case may be, unless (i) such income is effectively connected with a trade or business conducted by such non-U.S. holder within the United States; (ii) such non-U.S. holder is subject to backup withholding tax, described below under "— Information Reporting and Backup Withholding," as a result of failing to comply with applicable certification procedures to establish that it is not a U.S. holder; or (iii) in the case of gain, such holder is a nonresident alien individual who holds the Securities as a capital asset and who is present in the United States more than 182 days in the taxable year of the sale, exchange, or redemption and certain other conditions are met. A non-U.S. holder will not be considered to be engaged in a trade or business within the United States solely by reason of holding Securities. If the Issuer were determined to be engaged in a trade or business within the United States, and had income effectively connected therewith, then interest paid on the Securities to a non-U.S. holder could be subject to a 30% United States withholding tax.

Information Reporting and Backup Withholding

Information reporting to the IRS generally will be required with respect to payments on the Securities and proceeds of the sale of the Securities to holders other than corporations or other exempt recipients. A "backup" withholding tax will apply to those payments if such holder fails to provide certain identifying information (such as such holder's taxpayer identification number) to the Trustee or other paying agent. Non-U.S. holders generally will be required to comply with applicable certification procedures to establish that they are not U.S. holders in order to avoid the application of such information reporting requirements and backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding collected from a payment will be allowed as a credit against the recipient's U.S. federal income tax liability and may entitle the recipient to a refund, so long as the required information is properly furnished to the IRS. U.S. holders should consult their own tax advisers about any additional reporting requirements that may arise as a result of their purchasing, holding or disposing of Securities.

Reporting Requirements

Treasury regulations require reporting for certain transfers of property (including cash) to a foreign corporation by U.S. persons. In general, U.S. holders who acquire Subordinated Securities will be required to file a Form 926 with the IRS and to supply certain information to the IRS. If a U.S. holder fails to comply with the reporting requirements, the U.S. holder may be subject to a penalty equal to 10% of the gross amount paid for the Subordinated Securities, subject to a maximum penalty of \$100,000 (except in cases involving intentional