

“Aggregate Outstanding Amount”: With respect to any (i) Rated Notes, the aggregate principal amount of such Outstanding Notes (including any Deferred Interest previously added to the principal amount of such Notes and which remains unpaid); (ii) Subordinated Notes, the initial aggregate principal amount of such Outstanding Subordinated Notes; and (iii) Preferred Shares, the notional amount represented by such Outstanding Preferred Shares, assuming a notional amount of \$1,000 per share.

“Aggregate Principal Balance”: When used with respect to any Collateral Obligations and Eligible Investments, the sum of the Principal Balances of such Collateral Obligations and Eligible Investments.

“Applicable Break-Even Default Rate”: At any time, the break-even default rate that the Current Portfolio or the Proposed Portfolio, as applicable, can sustain that, after giving effect to the S&P assumptions on recoveries, interest rates and timing of defaults and recoveries and to the Priority of Payments, will correspond to the break-even percentile for the rating confirmed on the Effective Date by S&P to the applicable Class of Notes.

“Applicable Default Differential”: At any time, the rate calculated by subtracting the Applicable Scenario Default Rate at such time from the Applicable Break-Even Default Rate at such time.

“Applicable Notes”: The Classes of Notes specified in the definition of the applicable Overcollateralization Test, Interest Coverage Test or as the context otherwise requires.

“Applicable Scenario Default Rate”: At any time, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with the rating assigned on the Closing Date by S&P to the applicable Class of Notes, determined by application of the S&P CDO Monitor.

“Appreciated Criteria”: Criteria that are satisfied with respect to any Collateral Obligation if any of the following is satisfied: on any date of determination, (a) the positive difference between its market price (expressed as a percentage of par value) on such date and its purchase price is greater than 1.0%; or (b) the percentage change in its market price during the period from the date on which it was acquired by the Issuer to the date of determination either is more positive, or less negative, as the case may be, than the percentage change in an Eligible Loan Index over the same period by 0.25%; or (c) the percentage change in its market price during the period from the date on which it was acquired by the Issuer to the date of determination either is more positive, or less negative, as the case may be, than the percentage change in a nationally recognized loan index (other than an Eligible Loan Index) over the same period by 0.50%; or (d) it has been placed under review for upgrade or has been upgraded by Moody’s or it has been upgraded or placed by S&P on a credit watch list with potential of developing positive credit implications or improvement in its rating; or (e) the Controlling Party has consented to its treatment as an Appreciated Obligation.

“Appreciated Obligation”: Any Collateral Obligation that (a) in the Investment Manager’s reasonable business judgment, has improved in credit quality since its acquisition by the Issuer; and (b) if the Restricted Trading Condition applies, satisfies at least one of the Appreciated Criteria.

“Bankruptcy Code”: The United States bankruptcy code, as set forth in Title 11 of the United States Code §§101 *et seq.*, as amended.

“Bridge Loan”: Any Loan or other obligation that (i) is incurred in connection with a merger, acquisition, consolidation, sale of all or substantially all of the assets of a Person, restructuring, recapitalization or similar transaction, (ii) by its terms, is required to be repaid within one year of the incurrence thereof with proceeds from additional borrowings or other refinancings (other than any additional borrowing or refinancing for which one or more financial institutions have provided the underlying obligor of such debt obligation with a binding written commitment to provide the same), and (iii) has a rating by Moody’s and S&P.

“Business Day”: A day on which commercial banks and foreign exchange markets settle payments in New York, New York and any other city in which the corporate trust office of the Trustee is located (which initially will be Houston, Texas); with respect to any payment to be made by a paying agent, the city in which such paying agent is located; and, with respect to the final payment on any Security, the place of presentation and surrender of such Security.