

representing such excess (in order of ascending Market Value, starting with Current Pay Obligations with the lowest Market Value) will be treated as a Defaulted Obligation;

*provided*, that for purposes of determinations of the Principal Balance of any Collateral Obligation pursuant to this clause (d), if more than one subclause would apply, the Principal Balance of such Collateral Obligation will be the lowest value determined under such applicable subclauses;

(e) the Principal Balance of a Credit Facility will be its Commitment Amount;

(f) the Principal Balance of any Defaulted Loaned Collateral Obligation will be the outstanding principal amount of the related Securities Lending Collateral; and

(g) for purposes of calculating the Event of Default Par Ratio and determining whether the Effective Date Target Par has been met, the Principal Balance of any Defaulted Obligation will be as calculated under clause (d)(i).

"Principal Proceeds": The sum of the following amounts (without duplication):

(a) the following amounts received during any Due Period, excluding with respect to any Distribution Date, amounts (x) received during any Due Period other than the related Due Period or (y) that have been invested (or designated for investment by the Investment Manager in the next Due Period), including as part of such investment amounts, funds deposited or to be deposited in the Credit Facility Reserve Account:

(i) all payments or recoveries of principal (including prepayments) on the Collateral Obligations and Eligible Principal Investments;

(ii) all payments that would otherwise be included in Interest Proceeds under clauses (a)(i) or (a)(ii) of the definition thereof in an amount determined by the Investment Manager, in its sole discretion, not greater than (A) the aggregate amount of accrued interest purchased by the Issuer with net proceeds at closing *minus* (B) the aggregate amount previously designated as Principal Proceeds pursuant to this clause (a)(ii);

(iii) all uninvested proceeds from the issuance of Securities on the Closing Date (other than such proceeds designated by the Investment Manager as Interest Proceeds pursuant to clause (d) of the definition of Interest Proceeds), any portion of the Closing Date Interest Deposit designated by the Investment Manager as Principal Proceeds and any Designated Proceeds;

(iv) all Sale Proceeds;

(v) any amounts in the expense reserve account designated by the Investment Manager as Principal Proceeds;

(vi) (A) all fees (other than amendment and waiver fees relating to an extension of maturity, a deferral of principal payments or a default waiver), premiums and commissions of the type enumerated in clause (a)(iv) of the definition of Interest Proceeds that are designated by the Investment Manager as Principal Proceeds on or before the Determination Date with respect to such Distribution Date and (B) all amendment and waiver fees relating to an extension of maturity, a deferral of principal payments or a default waiver;

(vii) all payments received by the Issuer in respect of a Defaulted Obligation or a Defaulted Loaned Collateral Obligation until the payments received by the Issuer (including Securities Lending Collateral, in the case of a Defaulted Loaned Collateral Obligation) and treated as Principal Proceeds equal the outstanding principal balance of such Defaulted Obligation or Defaulted Loaned Collateral Obligation; and