

Income Notes and Subordinated Note Classes Represent Leveraged Investments. The Income Notes and each Class of Senior Notes may not be paid in full and may be subject to up to 100% loss. The Income Notes in particular, and each Class of Notes except the Class A-1 Notes, represent a highly leveraged investment in the Collateral. Therefore, the market value of the Income Notes and such other Classes of Notes would be anticipated to be significantly affected by, among other things, changes in the market value of the Collateral, changes in the distributions on the Collateral, defaults and recoveries on the Collateral, capital gains and losses on the Collateral, prepayments on Collateral and the availability, prices and interest rates of Collateral and other risks associated with the Collateral as described in “*Nature of Collateral*” below. Furthermore, the leveraged nature of each Class of Notes other than the Class A-1 Notes may magnify the adverse impact on each such Class of changes in the market value of the Collateral, changes in the distributions on the Collateral, defaults and recoveries on the Collateral, capital gains and losses on the Collateral, prepayments on Collateral and availability, prices and interest rates of the Collateral.

Redemption of Notes. If the Coverage Tests with respect to any Class or Classes of Senior Notes are not met in respect of a Payment Date to which the Coverage Tests apply, Interest Proceeds and in some cases Principal Proceeds that otherwise would have been paid or distributed to the Holders of the Notes of each Class (other than the Class A Notes) that is subordinated to such Class or Classes will instead be used to redeem the Notes beginning with the most senior Class or Classes then Outstanding (other than in limited circumstances when the Class D Coverage Test is not satisfied, in which case amounts will be used to redeem the Class D Notes even if more senior Notes are Outstanding) to the extent necessary to satisfy the applicable Coverage Tests as described under “*Description of the Notes—Priority of Payments—Interest Priority of Payments.*” This could result in an elimination, deferral or reduction in the payments of Interest Proceeds or Principal Proceeds to the Holders of the Class B Notes, the Class C Notes, the Class D Notes and/or the Income Notes, as the case may be. See “*Description of the Notes—Priority of Payments.*”

The Collateral Manager (with the consent of a Majority of the Income Notes) or a Majority of the Income Notes may cause the Notes to be redeemed, as described under “*Description of the Notes—Optional Redemption,*” on any Payment Date after the expiration of the Non-Call Period or on any Payment Date in the case of a Tax Event. In the event of an early redemption, the Holders of the Notes will be repaid prior to the respective Maturity Dates of such Notes. There can be no assurance that, upon any such redemption, the Sale Proceeds realized and other available funds would permit any distribution on the Income Notes after all required payments are made to the Holders of the Senior Notes. In addition, an Optional Redemption of the Notes could require the Collateral Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the Collateral Obligations sold.

Payments will be made in accordance with the Principal Priority of Payments and the Senior Notes may be redeemed as a Special Redemption during the Reinvestment Period if the Collateral Manager notifies the Trustee that it has been unable, for a period of 20 consecutive Business Days, to identify additional Collateral Obligations, which it deems appropriate in its discretion and which would meet the reinvestment criteria described herein, in such sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Collection Account.

Such redemption of the Senior Notes may shorten the expected lives of the Senior Notes. See “*Description of the Notes—Special Redemption.*”

Maturity Date, Average Life and Prepayment Considerations. The average life of each Class of Notes is expected to be shorter than the number of years until the Maturity Date. Each such average life may vary due to various factors affecting the early retirement of Collateral Obligations, the timing and amount of sales of such Collateral Obligations, the ability of the Collateral Manager to invest collections and proceeds in additional Collateral Obligations, and the occurrence of any mandatory redemption, Optional Redemption or Special Redemption. Retirement of the Collateral Obligations securing the Notes prior to their respective final maturities will depend, among other things, on the financial condition of the issuers of the underlying Collateral Obligations and the respective characteristics of such Collateral Obligations, including the existence and frequency of exercise of any optional redemption, mandatory redemption or sinking fund features, the prevailing level of interest rates, the redemption prices, the actual default rates and the actual amount collected on any defaulted obligations and the frequency of tender or exchange offers for such Collateral Obligations. In particular, loans are generally prepayable at par, and a high proportion of loans could be prepaid. Prospective purchasers of the Notes may, prior to the