

Section 1.2. Assumptions as to Collateral Obligations, Etc.

(a) In connection with all calculations required to be made pursuant to this Indenture with respect to Scheduled Distributions on any Pledged Obligation, or any payments on any other assets included in the Collateral, and with respect to the income that can be earned on Scheduled Distributions on such Pledged Obligations and on any other amounts that may be received for deposit in the Collection Account and with respect to the calculation of the Coverage Tests, the provisions set forth in this Section 1.2 shall be applied.

(i) All calculations with respect to Scheduled Distributions on the Pledged Obligations shall be made on the basis of information as to the terms of each such Pledged Obligation and upon report of payments, if any, received on such Pledged Obligation that are furnished by or on behalf of the obligor of such Pledged Obligation and, to the extent they are not manifestly in error, such information or report may be conclusively relied upon in making such calculations.

(ii) For purposes of calculating the Coverage Tests and the Class A-1 Reinvestment Test, except as otherwise specified therein, there shall be excluded all future scheduled payments of interest or principal on, or commitment or facility fees with respect to, Defaulted Obligations or other payments, including payment of any amounts under the Hedge Agreements, as to which the Investment Manager or the Issuer has actual knowledge that such payments will not be made. For purposes of calculating the Interest Coverage Ratio:

(A) the expected interest income on Pledged Collateral Obligations and Eligible Investments and the expected net amount to be received by the Issuer under any Hedge Agreements, if any (assuming for this purpose that the notional amount of any such Hedge Agreements has not changed since the applicable Measurement Date), and the expected interest payable on the Floating Rate Notes will be calculated using the interest rates applicable thereto on the applicable Measurement Date; and

(B) it will be assumed that after the applicable Measurement Date, or with respect to a Measurement Date that occurs on a Determination Date, the applicable Distribution Date, no principal payments or payments of Deferred Interest are made on the Notes, no Pledged Collateral Obligations are disposed of or mature, no Collateral Obligations are acquired and no unscheduled principal payments are received on the Pledged Collateral Obligations.

(iii) For each Due Period, the Scheduled Distribution on any Pledged Obligation (other than a Defaulted Obligation, which, except for amounts actually received on or prior to the applicable date of determination or as otherwise provided in this Indenture, shall be assumed to have a Scheduled Distribution of zero) shall be the sum of (i) the total amount of payments and collections in respect of such Pledged Obligation (including the proceeds of the sale of such Pledged Obligation received during the Due Period and not reinvested in Collateral Obligations or retained in the Collection Account for subsequent reinvestment pursuant to Section 12.1) that, if paid as scheduled,