

**Impact of Uninvested Cash Balances; Unpaid Accrued Interest on Collateral.** To the extent the Investment Manager (on behalf of the Issuer) maintains cash balances invested in short-term investments instead of higher yielding obligations, portfolio income will be reduced which will result in reduced amounts available for distributions on the Securities, in particular the Subordinated Securities. On the Closing Date, the Issuer is expected to have significant uninvested proceeds. This will likely reduce the amount of Interest Proceeds that would otherwise be available to distribute to the holders of the Subordinated Securities, particularly on the first Distribution Date. If the Issuer issues additional securities after the Closing Date, the Issuer would likely have significant uninvested proceeds of the offering, pending investment in Collateral Obligations. The extent to which cash balances remain uninvested will be subject to a variety of factors, including future market conditions and is difficult to predict.

In addition, there will be a mismatch between the payment dates of the Collateral Obligations and the Distribution Dates with respect to the Securities. Accordingly, interest that has accrued on Collateral Obligations during a Due Period may not be received by the Issuer during such Due Period, which may adversely affect the Issuer's ability to make payments and distributions on the Securities, particularly the Subordinated Securities, on any particular Distribution Date.

**Calculation of Overcollateralization Tests.** If any Coverage Test is not satisfied as of any Determination Date, cash flows otherwise payable to Lower Ranking Classes of Securities will be diverted to the payment of principal of Higher Ranking Classes of Rated Notes as set forth in the Priority of Payments. Calculation of the Principal Balance of Collateral Obligations for purposes of the Overcollateralization Tests applies certain reductions to the par amount of Collateral Obligations as set forth in the definition of Principal Balance. For example, for purposes of this calculation, a Defaulted Obligation will have a Principal Balance that is the lesser of its Market Value or Recovery Rate and the excess of Collateral Obligations with an S&P Rating of "CCC+" or lower or a Moody's Obligation Rating of "Caa1" or lower exceed certain levels will have a Principal Balance equal to their Market Value. See clause (d) of the definition of Principal Balance. Such reductions may increase the likelihood that one or more Overcollateralization Tests is not satisfied and cash flows otherwise payable to Lower Ranking Classes of Securities will be diverted to the payment of principal of Higher Ranking Classes of Rated Notes.

**Valuation Information; Limited Information.** Neither the Issuer nor any other party will be required to provide periodic pricing or valuation information to investors. Investors will receive limited information with regard to the Collateral Obligations and none of the Co-Issuers, Trustee, or Investment Manager will be required to provide any information other than what is required in the Indenture. Furthermore, if any information is provided to the holders (including required reports under the Indenture), such information may not be audited. Finally, the Investment Manager may be in possession of material, non-public information with regard to the Collateral Obligations and will not be required to disclose such information to the holders.

**Control of Remedies.** The Controlling Party will have the right to direct certain actions and control certain decisions, including if an Event of Default occurs and is continuing with respect to remedies and acceleration of maturity on the Notes, providing consent to certain amendments of the Indenture, and directing or consenting to certain actions under the Investment Management Agreement with respect to removal for cause of the Investment Manager and appointment of a successor manager. The remedies and other actions pursued by the Controlling Party could be adverse to the interests of holders of other Classes of Securities. For example, the Controlling Party could vote to direct the Trustee to liquidate the Collateral to facilitate payment of amounts due in respect of the Notes of the Controlling Class even if a delay in the exercise of such remedy might permit the value of the Collateral to increase to the benefit of the holders of other Classes of Notes.

**Amendments to the Indenture.** The Indenture may be amended, and in many cases may be amended without the consent of holders of Notes. Such amendments could be adverse to certain owners of Notes. See "The Indenture and the Fiscal Agency Agreement—Amendments of the Indenture."

**Average Life and Prepayment Considerations.** The average life of the Rated Notes is expected to be shorter than the number of years remaining to the Stated Maturity. The average life of the Rated Notes will be affected by a number of factors, including any Optional Redemption, any Special Redemption or acceleration described herein, the amount and frequency of principal payments as a result of the failure of Coverage Tests or a Continuing Effective Date Ratings Confirmation Failure, the financial condition of the obligors of the underlying Collateral Obligations and the characteristics of such obligations, including the stated maturity, existence and frequency of