

discharges its debt at a discount. A holder that makes a qualified electing fund election will be required to include in current income its pro rata share of such earnings, income or amounts whether or not the Issuer actually makes any payments to such holder.

Considerations Relating to the Investment Manager; Dependence on Key Personnel. Because the composition of the Collateral Obligations will vary over time, the performance of the portfolio depends heavily on the skills of the Investment Manager and certain key personnel of the Investment Manager in analyzing, selecting and managing the Collateral Obligations. As a result, the Issuer will be highly dependent on the financial and managerial experience of certain individuals associated with the Investment Manager. Employment or other contractual arrangements between such individuals and the Investment Manager may exist, but the Issuer is not a direct beneficiary of such arrangements, which arrangements are in any event subject to change without the consent of the Issuer. The loss of one or more of such individuals could have a material adverse effect on the performance of the Issuer.

Potential for Unsolicited Ratings. In compliance with Rule 17g-5 under the Exchange Act, the Issuer has and will cause to be posted on a password-protected internet website, at or before the time that such information is provided to a Rating Agency, all information the Issuer provides to such Rating Agency for the purposes of determining its initial credit rating of the Notes or undertaking credit rating surveillance of the Notes. Nationally recognized statistical rating organizations ("NRSROs") providing the requisite certification will have access to all information posted on such website. As a result, an NRSRO other than the Rating Agencies may issue ratings on the Notes ("Unsolicited Ratings"), which may be lower, and could be significantly lower, than the ratings assigned by the Rating Agencies. Unsolicited Ratings may be issued prior to or after the Closing Date. Issuance of an Unsolicited Rating will not affect or delay the issuance of the Notes. Issuance of an Unsolicited Rating lower than the ratings assigned by the Rating Agencies on the Notes could adversely affect the value and liquidity of the Notes and, for certain investors, could affect the status of the Notes as a legal investment or the capital treatment of the Notes. Investors in the Notes should monitor whether an Unsolicited Rating has been issued and should consult with their legal counsel regarding the effect of the issuance of an Unsolicited Rating that is lower than the expected ratings set forth in this Offering Memorandum. In addition, if the Issuer does not comply with Rule 17g-5 (by not providing required information to non-hired NRSROs through the website or otherwise), a Rating Agency could withdraw its ratings on the Notes, which could adversely affect the market value of the Notes or limit the ability of a holder to sell its Notes.

Risk Factors Relating to the Collateral

Recent Developments in the Leveraged Loan Market. Significant risks may exist for the Issuer and investors in Securities as a result of the uncertain general economic conditions. These risks include, among others, (i) the possibility that, on or after the Closing Date, the price at which assets can be sold by the Issuer will have deteriorated from their effective purchase price and (ii) the illiquidity of the Securities, as there may be no secondary trading in the Securities. These risks may affect the returns on the Securities to investors and the ability of investors to realize their investment in the Securities prior to their stated maturity, if at all. In addition, the primary market for a number of financial products including leveraged loans may be volatile, and the level of new issuances may be uncertain and may vary based on a number of factors, including general economic conditions. As well as reducing opportunities for the Issuer to purchase assets in the primary market, this may increase reinvestment or refinancing risk in respect of maturing Collateral Obligations. These additional risks may affect the returns on the Securities to investors and could further slow, delay or reverse an economic recovery and cause a further deterioration in loan performance generally. Limitations on the amount of available credit in the market may have an adverse impact on general economic conditions that affect the performance of the Collateral. The slowdown in growth or commencement of a recession would be expected to have an adverse effect on the ability of businesses to repay or refinance their existing debt. Adverse macroeconomic conditions may adversely affect the rating, performance and the realization value of the Collateral. It is possible that the Collateral will experience higher default rates than anticipated and that performance will suffer. In recent years, some leading global financial institutions have been forced into mergers with other financial institutions, have been partially or fully nationalized or have become bankrupt or insolvent. The bankruptcy or insolvency of a major financial institution may have an adverse effect on the Issuer, particularly if such financial institution is the administrative agent of a leveraged loan or is a Selling Institution with respect to a Participation. In addition, the bankruptcy, insolvency or financial distress of one or more additional financial institutions, or one or more sovereigns, may trigger additional crises in the global credit