

If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of a Collateral Obligation, such as a trustee in bankruptcy, were to find that the issuer did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such Collateral Obligation and, after giving effect to such indebtedness, the issuer (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness (or the grant of any security therefor) as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the issuer or to recover amounts previously paid by the issuer in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. Generally, an issuer would be considered insolvent at a particular time if the sum of its debts were then greater than all of its property at a fair valuation or if the present fair salable value of its assets were then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether the issuer was "insolvent" after giving effect to the incurrence of the indebtedness constituting the Collateral Obligations or that, regardless of the method of valuation, a court would not determine that the issuer was "insolvent" upon giving effect to such incurrence. In addition, in the event of the insolvency of an issuer of a Collateral Obligation, payments made on such Collateral Obligations could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year under U.S. federal bankruptcy law or even longer under state laws) before insolvency.

In general, if payments on Collateral Obligations are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as the Issuer) or from subsequent transferees of such payments (such as the Holders of the Notes). To the extent that any such payments are recaptured from the Issuer, the resulting loss will be borne by the Holders of the Notes in inverse order of seniority as described under "*—Subordination of the Senior Notes*" above. However, a court in a bankruptcy or insolvency proceeding would be able to direct the recapture of any such payment from a Holder of Notes only to the extent that such court has jurisdiction over such Holder or its assets. Moreover, it is likely that avoidable payments could not be recaptured directly from a Holder that has given value in exchange for its Note, in good faith and without knowledge that the payments were avoidable. Nevertheless, since there is no judicial precedent relating to a structured transaction such as the Notes, there can be no assurance that a Holder of Notes will be able to avoid recapture on this or any other basis.

Interest Rate Risk. The Senior Notes will bear interest at floating rates based on LIBOR, as determined on each LIBOR Determination Date. The funds that the Co-Issuers will use to make interest payments on the Senior Notes will consist of income from Collateral Obligations and Eligible Investments and amounts on deposit in the Trust Accounts. Although the Collateral Obligations and Eligible Investments are expected to be comprised primarily of floating rate obligations or provide for floating rate payments with payment dates, maturities or interest rate resets occurring at least quarterly, some Collateral Obligations or Eligible Investments may bear interest at fixed rates or at floating rates based on indices other than LIBOR, or if LIBOR is applicable, LIBOR for the instrument may reset on dates other than the reset dates for the Senior Notes. Consequently, there may be a mismatch between the interest payment obligations of the Co-Issuers under the Senior Notes, on the one hand, and the cash flows paid to the Issuer under the Collateral Obligations and Eligible Investments in the Collateral, on the other hand. As a result of such a mismatch, an increase or decrease in LIBOR (or other relevant floating rate) for the relevant maturity could adversely affect the ability of the Issuer to make payments on the Senior Notes. The Issuer will not be permitted to enter into any hedging arrangements to manage interest rate risk.

Credit Ratings. Credit ratings of obligors and Collateral Obligations represent the opinions of the rating agencies regarding the likelihood of payment of certain obligations when due and the ultimate payment of other obligations (such as principal payments) of the obligors, but are not a guarantee of the creditworthiness of such obligors. While the market imposes a certain amount of discipline on the rating agencies' rating processes, the rating agencies themselves do not assume responsibility for their rating actions in any legally cognizable sense, and investors cannot expect to have recourse to rating agencies for ratings actions taken or not taken. While rating methodologies generally attempt to evaluate all risks capable of rational analysis, not all risks are susceptible to analysis and certain market risks are explicitly excluded from rating analyses. Therefore, the ratings assigned to an obligor or its Collateral Obligations by a rating agency may not fully reflect the true risks of purchasing a Collateral Obligation. In addition, rating agencies may fail to make timely changes in credit ratings in response to subsequent