WINDMILL CLO I LIMITED

(438406)

$200,000,000 Class A-1R Senior Secured Revolving Floating Rate Notes due 2029
$165,000,000 Class A-1T Senior Secured Floating Rate Notes due 2029
$45,000,000 Class A-2A Senior Secured Floating Rate Notes due 2029
$15,000,000 Class A-2B Senior Secured Fixed Rate Notes due 2029
$55,000,000 Class B Senior Secured Deferrable Floating Rate Notes due 2029
$21,000,000 Class D Senior Secured Deferrable Floating Rate Notes due 2029
$15,000,000 Class E Senior Secured Deferrable Floating Rate Notes due 2029
$52,000,000 Subordinated Notes due 2029
$1,000,000 Class P Combination Notes due 2029

Secured by a portfolio consisting primarily of secured senior loans, second lien loans, mezzanine obligations and Principal Protected Equity Obligations managed by Mizuho Investment Management (UK) Ltd.

1 The aggregate commitment to advance amounts under the Class A-1R Notes may be increased or decreased from time to time as further described herein.

2 Each Combination Note referred to above consists of "Components". The Components of the Class P Combination Notes correspond to the Class C Notes and the Class E Notes. The full details of the Class P Combination Notes and their Components are set out in the "Summary" below and in the "Terms and Conditions of the Notes" below. The initial principal amounts of each of the Class C Notes and the Class E Notes shown above include initial principal amounts of such Notes of €400,000 and €600,000 respectively, that correspond to Components of which Class P Combination Notes are comprised. The rating of the Class P Combination Notes will not address optional calls.

Windmill CLO I Limited (the "Issuer") will issue the Class A-1R Notes, the Class A-1T Notes, the Class A-2A Notes, Class A-2B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Subordinated Notes and the Class P Combination Notes (each as defined herein). Initial Issue Price of each Class of Notes: 100 per cent.

The Class A-1R Senior Secured Revolving Floating Rate Notes due 2029 are referred to herein as the "Class A-1R Notes". The Class A-1T Senior Secured Floating Rate Notes due 2029 are referred to herein as the "Class A-1T Notes". The Class A-2A Senior Secured Floating Rate Notes due 2029 are referred to herein as the "Class A-2A Notes". The Class A-2B Senior Secured Fixed Rate Notes due 2029 are referred to herein as the "Class A-2B Notes". The Class C Notes, the Class D Notes and the Class E Notes are collectively referred to herein as the "Rated Notes". The Subordinated Notes due 2029 are referred to herein as the "Subordinated Notes". The Class P Combination Notes due 2029 are referred to herein as the "Class P Combination Notes" and the Class P Combination Notes are collectively referred to herein as the "Notes". The Notes will be issued and secured pursuant to a trust deed (the "Trust Deed") dated on or about 16 October 2007 (the "Closing Date") made between (amongst others) the Issuer and BNY Corporate Trustee Services Limited, in its capacity as trustee (the "Trustee", which expression shall include all persons for the time being the trustee under the Trust Deed).

Interest on the Notes (other than the Class A-1R Notes, which shall accrue interest from the Class A-1R Advance Date (as defined below)) will accrue from the Closing Date and will be paid semi-annually in arrear on 16 June and 16 December (or, if such day is not a Business Day (as defined herein), then on the next succeeding Business Day). The Notes are secured by a portfolio of senior and senior secured loans, second lien loans, mezzanine obligations and Principal Protected Equity Obligations managed and administered by Mizuho Investment Management (UK) Ltd. The rated notes are secured by a portfolio consisting primarily of secured senior loans, second lien loans, mezzanine obligations and Principal Protected Equity Obligations managed by Mizuho Investment Management (UK) Ltd. Any foreign text within the document is for convenience purposes only and does not form part of this Prospectus.

The Initial Purchaser may offer the Notes at other prices as may be negotiated at the time of sale.

Application has been made to the Irish Financial Services Regulatory Authority (the "Financial Regulator"), as competent authority under Directive 2003/71/EC, for this Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list (the "Official List") of the Irish Stock Exchange Limited (the "Irish Stock Exchange") and trading on its regulated market. It is anticipated that listing will take place on or about 16 October 2007. There can be no assurance that such listing or admission to trading will be granted. Copies of this Prospectus have been filed with and approved by the Financial Regulator as required by the Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). Upon approval of this Prospectus by the Financial Regulator, the Prospectus will be filed with the Irish Companies Registration Office in accordance with Prospectus Regulation 38(1)(b) of the Prospectus Regulations.

This document constitutes a Prospectus for the purposes of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the "Prospectus Directive"). Any foreign text within the document is for convenience purposes only and does not form part of this Prospectus.

It is a condition of the issue and sale of the Notes that the Notes (except for the Subordinated Notes) be issued with at least the following ratings from Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. ("S&P"), and Moody's Investors Service, Inc. ("Moody's") and, together with S&P, the "Rating Agencies", and each, a "Rating Agency"; the Class A-1R Notes: "AAA" from S&P, and "Aa1" from Moody's; the Class A-1T Notes: "AAA" from S&P, and "Aa1" from Moody's; the Class A-2A Notes: "AAA" from S&P, and "Aa1" from Moody's; the Class A-2B Notes: "AAA" from S&P, and "Aa1" from Moody's; the Class C Notes: "A-" from S&P, and "A2" from Moody's; the Class D Notes: Not Rated from S&P and "Baa2" from Moody's; and the Class E Notes: "BBB-" from S&P, and "Ba3" from Moody's; the Class P Combination Notes: "Ba2" from Moody's. The Subordinated Notes will not be rated.

The rating assigned to the Class A Notes by S&P addresses the timely payment of interest and the ultimate payment of principal by the Maturity Date. The ratings assigned by S&P to the Class B Notes, the Class C Notes and the Class E Notes address the ultimate payment of principal and interest. The Moody's rating of the Rated Notes addresses the expected loss posed to investors by the Maturity Date.

The rating assigned by Moody's to the Class P Notes addresses the ultimate repayment of the "Rated Balance" (as defined herein) on or before the Maturity Date.

The Notes are being offered by the Issuer through Merrill Lynch International (in its capacity as initial purchaser of the offering of the Notes, the "Initial Purchaser") subject to prior sale, when, as and if delivered to and accepted by the Initial Purchaser, and to certain conditions. It is expected that delivery of the Notes will be made to purchasers on or about 16 October 2007.

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Financial Regulator. The Issuer is not regulated by the Financial Regulator by virtue of the issue of the Notes.

MERRILL LYNCH INTERNATIONAL

The date of this Prospectus is 18 October 2007

M-4378409-1
PRIORITIES OF NOTES

The Class A-1 Notes will rank pari passu and rateably without preference among themselves for all purposes and in priority to the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes. The Class A-2 Notes will rank pari passu and rateably without preference among themselves for all purposes and in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes. The Class B Notes will rank pari passu and rateably without any preference among themselves for all purposes and in priority to the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes. The Class C Notes will rank pari passu and rateably without any preference among themselves for all purposes and in priority to the Class D Notes, the Class E Notes and the Subordinated Notes. The Class D Notes will rank pari passu and rateably without any preference among themselves for all purposes and in priority to the Class E Notes and the Subordinated Notes. The Class E Notes will rank pari passu and rateably without any preference among themselves for all purposes and in priority to the Subordinated Notes. The Subordinated Notes will rank pari passu and rateably without any preference among themselves for all purposes but subordinate to the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. For the purposes of priority and subordination, any Class P Combination Notes will not be treated as a separate Class but will have the respective levels of priority and subordination accorded to the respective Components thereof.

LIMITED RECOourse AND NON-PETITION

The Notes are limited recourse obligations of the Issuer which are payable solely out of amounts received by or on behalf of the Issuer in respect of the Collateral. The net proceeds of the realisation of the security over the Collateral following an Event of Default or the aggregate proceeds of liquidation of the Collateral may be insufficient to pay all amounts due to the Noteholders after making payments to other creditors of the Issuer ranking prior thereto or pari passu therewith. In the event of a shortfall in such proceeds, the Issuer will not be obliged to pay, and the other assets of the Issuer will not be available for payment of, such shortfall and all claims in respect of the Notes shall be extinguished. See Condition 4 (Security).

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this document (save for the information contained in the sections of this document headed "The Portfolio Manager", "Description of the Collateral Administrator, the Calculation Agent and the Class A-1R Note Agent" and "Description of the Liquidity Facility Provider"). To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the importance of the information. The delivery of this Prospectus at any time does not imply that the information herein is correct at any time subsequent to the date of this Prospectus. The Portfolio Manager accepts responsibility for the information contained in the section of this document headed "The Portfolio Manager". To the best of the knowledge and belief of the Portfolio Manager (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Collateral Administrator, the Calculation Agent and the Class A-1R Note Agent accept responsibility for the information contained in the sections of this document headed "Description of the Collateral Administrator, the Calculation Agent and the Class A-1R Note Agent". To the best of the knowledge and belief of the Collateral Administrator, the Calculation Agent and the Class A-1R Note Agent (which have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the importance of such information. The Liquidity Facility Provider accepts responsibility for the information contained in the section of this document headed "Description of the Liquidity Facility Provider". To the best of the knowledge of the Liquidity Facility Provider (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the importance of such information. Except for the sections of this document headed "The Portfolio Manager", "Description of the Collateral Administrator, the Calculation Agent and the Class A-1R Note Agent" and "Description of the Liquidity Facility Provider" only, the Initial Purchaser, the Trustee, the Portfolio Manager (save in respect of the section headed "The Portfolio Manager"), the Collateral Administrator (save in respect of the section headed "Description of the Collateral Administrator, the Calculation Agent and the Class A-1R Note Agent"), the Liquidity Facility Provider (save in respect of the section headed "Description of the Liquidity Facility Provider"), the Calculation Agent (save in respect of the section headed "Description of the Collateral Administrator,"
Calculation Agent and Class A-1R Note Agent"), the Class A-1R Note Agent (save in respect of the section headed "Description of the Collateral Administrator, Calculation Agent and Class A-1R Note Agent"), any other Agent, any Asset Swap Counterparty, any Interest Rate Hedge Counterparty or any other party has separately verified the information contained in this Prospectus and, accordingly, none of the Issuer (with respect to the sections of this document headed "The Portfolio Manager", "Description of the Collateral Administrator, the Calculation Agent and the Class A-1R Note Agent" and "Description of the Liquidity Facility Provider" only), the Initial Purchaser, the Trustee, the Portfolio Manager (save as specified above), the Collateral Administrator (save as specified above), the Liquidity Facility Provider (save as specified above), the Calculation Agent (save as specified above), the Class A-1R Note Agent (save as specified above), any other Agent, any Asset Swap Counterparty, any Interest Rate Hedge Counterparty or any other party (save for the Issuer as specified above in relation to the acceptance of responsibility) makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained in this Prospectus or in any further notice or other document which may at any time be supplied in connection with the Notes or their distribution or accepts any responsibility or liability therefor. None of the Initial Purchaser, the Trustee, the Portfolio Manager, the Liquidity Facility Provider, the Collateral Administrator, any Agent, any Asset Swap Counterparty, any Interest Rate Hedge Counterparty or any other party undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the aforementioned parties which is not included in this Prospectus.

OFFER/INVITATION/DISTRIBUTION RESTRICTIONS

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF THE ISSUER, THE INITIAL PURCHASER OR ANY OF THEIR AFFILIATES, THE PORTFOLIO MANAGER, THE COLLATERAL ADMINISTRATOR OR ANY OTHER PERSON TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES. THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS INTO WHOM POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER AND THE INITIAL PURCHASER TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. IN PARTICULAR, THE COMMUNICATION CONSTITUTED BY THIS PROSPECTUS IS DIRECTED ONLY AT PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM AND ARE OFFERED AND ACCEPT THIS PROSPECTUS IN COMPLIANCE WITH SUCH RESTRICTIONS OR (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2001 OR WHO OTHERWISE FALL WITHIN AN EXEMPTION SET FORTH IN SUCH ORDER SO THAT SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 DOES NOT APPLY TO THE ISSUER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS COMMUNICATION MUST NOT BE DISTRIBUTED TO, ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. FOR A DESCRIPTION OF CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF NOTES AND DISTRIBUTION OF THIS PROSPECTUS, SEE "PLAN OF DISTRIBUTION" AND "TRANSFER RESTRICTIONS".

UNAUTHORISED INFORMATION

IN CONNECTION WITH THE ISSUE AND SALE OF THE NOTES, NO PERSON IS AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY OR ON BEHALF OF THE ISSUER, THE TRUSTEE, THE PORTFOLIO MANAGER, THE INITIAL PURCHASER OR THE COLLATERAL ADMINISTRATOR. THE DELIVERY OF THIS PROSPECTUS AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION CONTAINED IN IT IS CORRECT AS AT ANY TIME SUBSEQUENT TO ITS DATE.

GENERAL NOTICE

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION AT ANY TIME AT WHICH IT PURCHASES, OFFERS OR SELLS SUCH NOTES OR POSSESSES OR DISTRIBUTES THIS PROSPECTUS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF SUCH NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER, THE INITIAL PURCHASER (OR ANY OF ITS AFFILIATES), THE PORTFOLIO MANAGER, THE TRUSTEE OR THE COLLATERAL ADMINISTRATOR SPECIFIED HEREIN SHALL HAVE ANY RESPONSIBILITY THEREFOR.
THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER APPLICABLE UNITED STATES FEDERAL AND STATE SECURITIES LAWS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, EACH OFFERE (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF SUCH OFFERE) MAY DISCLOSE TO ANY AND ALL OTHER PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE TRANSACTIONS DESCRIBED HEREIN (INCLUDING THE OWNERSHIP AND DISPOSITION OF THE NOTES) AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE OFFERE RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE. HOWEVER, ANY SUCH INFORMATION RELATING TO THE TAX TREATMENT OR TAX STRUCTURE IS REQUIRED TO BE KEPT CONFIDENTIAL TO THE EXTENT REASONABLY NECESSARY TO COMPLY WITH APPLICABLE FEDERAL OR STATE SECURITIES LAWS. FOR PURPOSES OF THIS PARAGRAPH, THE TERMS "TAX TREATMENT" AND "TAX STRUCTURE" HAVE THE MEANING GIVEN TO SUCH TERMS UNDER UNITED STATES TREASURY REGULATION SECTION 1.6011-4(c) AND APPLICABLE U.S. STATE OR LOCAL TAX LAW.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (THE "RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

INFORMATION AS TO PLACEMENT WITHIN THE UNITED STATES

FOR A DISCUSSION OF CERTAIN FACTORS REGARDING THE ISSUER AND THE NOTES THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE NOTES, SEE "RISK FACTORS".

SEE "PLAN OF DISTRIBUTION" AND "TRANSFER RESTRICTIONS" FOR CERTAIN TERMS AND CONDITIONS OF THE OFFERING OF THE NOTES HEREUNDER.

THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT. EACH PURCHASER OF AN INTEREST IN THE NOTES (OTHER THAN A NON-U.S. PERSON) WILL BE DEEMED TO HAVE MADE THE REPRESENTATIONS SET OUT IN "TRANSFER RESTRICTIONS" HEREIN. THE PURCHASER OF ANY NOTE, BY SUCH PURCHASE, AGREES THAT SUCH NOTE IS BEING ACQUIRED FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTION AND MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER (UPON REDEMPTION THEREOF OR OTHERWISE), OR (2) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S, IN EACH CASE, IN COMPLIANCE WITH THE TRUST DEED AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE NOTES AND THE OFFERING THEREOF DESCRIBED HEREIN, INCLUDING THE MERITS AND RISKS INVOLVED.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH, OR APPROVED BY, ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

THIS PROSPECTUS HAS BEEN PREPARED BY THE ISSUER SOLELY FOR USE IN CONNECTION WITH THE OFFERING OF THE NOTES DESCRIBED HEREIN (THE "OFFERING"). EACH OF THE ISSUER AND THE INITIAL PURCHASER RESERVES THE RIGHT TO REJECT ANY OFFER TO PURCHASE THE NOTES IN WHOLE OR IN PART FOR ANY REASON, OR TO SELL LESS THAN THE STATED INITIAL PRINCIPAL AMOUNT OF ANY CLASS OF NOTES OFFERED HEREBY, THIS PROSPECTUS IS PERSONAL TO EACH OFFEREES TO WHOM IT HAS BEEN DELIVERED BY THE ISSUER, THE INITIAL PURCHASER, OR ANY AFFILIATE THEREOF AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON OR TO THE PUBLIC GENERALLY TO SUBSCRIBE FOR OR OTHERWISE ACQUIRE THE NOTES. DISTRIBUTION OF THIS PROSPECTUS TO ANY PERSONS OTHER THAN THE OFFEREES AND THOSE PERSONS, IF ANY, RETAINED TO ADVISE SUCH OFFEREES WITH RESPECT THERETO IS UNAUTHORISED AND ANY DISCLOSURE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER, IS PROHIBITED.

NOTICE TO RESIDENTS OF THE UNITED STATES

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER APPLICABLE UNITED STATES FEDERAL AND STATE SECURITIES LAWS.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

THE INITIAL PURCHASER HAS REPRESENTED, WARRANTED AND AGREED THAT:

(1) IT HAS ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA")) IN CONNECTION WITH THE ISSUE OR SALE OF ANY NOTES IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE ISSUER; AND

(2) IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE NOTES IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

NOTICE TO RESIDENTS OF GERMANY

PURSUANT TO THE SUBSCRIPTION AGREEMENT, THE INITIAL PURCHASER HAS AGREED THAT IT SHALL NOT OFFER OR SELL THE NOTES IN THE FEDERAL REPUBLIC OF GERMANY OTHER THAN IN COMPLIANCE WITH THE RESTRICTIONS CONTAINED IN THE GERMAN SECURITIES
PROSPECTUS ACT (WERTPAPIERPROSPEKTGESETZ) AND THE GERMAN INVESTMENT ACT (INVESTMENTGESETZ), RESPECTIVELY, AND ANY OTHER LAWS AND REGULATIONS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY GOVERNING THE ISSUE, THE OFFERING AND THE SALE OF SECURITIES.

THE NOTES MAY NEITHER BE, NOR BE INTENDED TO BE, DISTRIBUTED BY WAY OF PUBLIC OFFERING, PUBLIC ADVERTISEMENT OR IN A SIMILAR MANNER WITHIN THE MEANING OF THE GERMAN SECURITIES PROSPECTUS ACT AND THE GERMAN INVESTMENT ACT NOR SHALL THE DISTRIBUTION OF THIS PROSPECTUS OR ANY OTHER DOCUMENT RELATING TO THE NOTES CONSTITUTE SUCH PUBLIC OFFER. IN ADDITION, THE INITIAL PURCHASER HAS AGREED THAT IT HAS OFFERED, SOLD OR ADVERTISED AND THAT IT WILL OFFER, SELL OR ADVERTISE THE NOTES ONLY TO PERMITTED INSTITUTIONAL INVESTORS ("INSTITUTIONAL INVESTORS") WITHIN THE MEANING OF THE LEAFLET OF THE GERMAN FEDERAL FINANCIAL SUPERVISORY AGENCY (BUNDESANSTALT FÜR FINANZDIENSTLEISTUNGSAUFSICHT – BAFIN) DATED APRIL 2005 IN THE FEDERAL REPUBLIC OF GERMANY AND THIS PROSPECTUS MAY NOT BE PASSED ON TO ANY OTHER PERSON OR ENTITY IN THE FEDERAL REPUBLIC OF GERMANY. FURTHERMORE, EACH SUBSEQUENT TRANSFEREE/PURCHASER OF THE NOTES WILL BE DEEMED TO REPRESENT THAT IF IT IS A PERSON OR ENTITY IN THE FEDERAL REPUBLIC OF GERMANY IT IS AN INSTITUTIONAL INVESTOR AND TO AGREE NOT TO OFFER, SELL OR ADVERTISE THE NOTES TO ANY PERSON OR ENTITY IN THE FEDERAL REPUBLIC OF GERMANY WHO IS NOT AN INSTITUTIONAL INVESTOR.

THE DISTRIBUTION OF THE NOTES HAS NOT BEEN NOTIFIED AND THE NOTES ARE NOT REGISTERED OR AUTHORISED FOR PUBLIC DISTRIBUTION IN THE FEDERAL REPUBLIC OF GERMANY UNDER THE GERMAN INVESTMENT ACT. THIS PROSPECTUS HAS NOT BEEN FILED OR DEPOSITED WITH THE GERMAN FEDERAL FINANCIAL SUPERVISORY AGENCY.

PROSPECTIVE GERMAN INVESTORS IN THE NOTES ARE URGED TO SEEK INDEPENDENT TAX ADVICE AND TO CONSULT THEIR PROFESSIONAL ADVISORS AS TO THE LEGAL AND TAX CONSEQUENCES THAT MAY ARISE FROM THE APPLICATION OF THE GERMAN INVESTMENT TAX ACT TO THE NOTES AND NEITHER THE ISSUER NOR THE INITIAL PURCHASER ACCEPTS ANY RESPONSIBILITY IN RESPECT OF THE GERMAN TAX POSITION OF THE NOTES.

ANMERKUNG FÜR EINWOHNER VON DEUTSCHLAND

DER ERSTKÄUFER HAT SICH GEMÄSS ZEICHNUNGSVERTRAG DAMIT EINVERSTANDEN ERKLÄRT, DASS ER DIE SCHULDVERSCHREIBUNGEN NUR UNTER BEACHTUNG DER VORSCHRIFTEN DES WERTPAPIERPROSPEKTGESETZES, DES INVESTMENTGESETZES UND ALLER ANDEREN, IN DER BUNDESPREUßEN DEUTSCHLAND ANWENDBAREN GESETZE UND VERORDNUNGEN ÜBER EMISSION, ANGEBOT UND VERKAUF VON WERTPAPIEREN ANBIETET ODER VERKAUFT.

DIE SCHULDVERSCHREIBUNGEN DÜRFEN WEDER TATSÄCHLICH, NOCH DARF BEABSICHTIGT WERDEN, DASS SIE IM WEGE DES ÖFFENTLICHEN ANBIETENS, DER ÖFFENTLICHEN WERBUNG ODER IN ÄHNLICHER WEISE IM SINNE DES WERTPAPIERPROSPEKTGESETZES UND DES INVESTMENTGESETZES VERTRIEBEN WERDEN, NOCH SOLL DIE AUSHÄNDIGUNG DIESES VERKAUFSPROSPEKTES ODER EINES ANDEREN, MIT DEN SCHULDVERSCHREIBUNGEN IN VERBINDUNG STEHENDEN DOKUMENTS EIN SOLCHES ÖFFENTLICHES ANGEBOT BZW. ÖFFENTLICHEN VERTRIEB DARSTELLEN. DER ERSTKÄUFER HAT SICH AUßERDEM DAMIT EINVERSTANDEN ERKLÄRT, DASS ER DIE SCHULDVERSCHREIBUNGEN NUR INSTITUTIONELLLEN INVESTOREN ("INSTITUTIONELLE ANLEGER") IM SINNE DES MERKBLATTES DER BUNDESANSTALT FÜR FINANZDIENSTLEISTUNGSAUFSICHT (BAFIN) VOM APRIL 2005 IN DER BUNDESPREUßEN DEUTSCHLAND ANGEBOTEN, AN DIESE VERKAUFT ODER BEI IHNEN UM DEN KAUF DER SCHULDVERSCHREIBUNGEN GEWORBEN HAT, BZW. ANBieten, AN DIESE VERKAUFEN ODER BEI IHNEN UM DEN KAUF DER SCHULDVERSCHREIBUNGEN WERBEN WIRD. DIESER VERKAUFSPROSPEKT DARF NICHT AN ANDERE PERSONEN ODER RECHTSPERSONEN IN DER BUNDESPREUßEN DEUTSCHLAND ANGEBOTEN WERDEN, DIESER VERKAUFSPROSPEKT DARF NICHT AN ANDERE PERSONEN ODER RECHTSPERSONEN IN DER BUNDESPREUßEN DEUTSCHLAND ANGEBOTEN WERDEN. DES WEITEREN SICHERT JEDER NACHFOLGENDE VERKAUFnehmer ODER KÄUFER DER SCHULDVERSCHREIBUNGEN, DER EINE PERSON ODER RECHTSPERSON IN DER BUNDESPREUßEN DEUTSCHLAND IST, ZU, DASS EIN INSTITUTIONELLER INVESTER UND ERKLÄRT SICH DAMIT EINVERSTANDEN, DIE SCHULDVERSCHREIBUNGEN NUR PERSONEN ODER RECHTSPERSONEN IN DER BUNDESPREUßEN ANZUBieten, AN DIESE ZU VERKAUFEN ODER BEI IHNEN UM DEN KAUF DER SCHULDVERSCHREIBUNGEN WERBEN, DIESCH SORCHE INSTITUTIONELLLEN INVESTOREN SIND.

DER VERTRIEB DER SCHULDVERSCHREIBUNGEN WURDE NICHT ANGEZEIGT UND DIE SCHULDVERSCHREIBUNGEN SIND AUCH NICHT REGISTRIERT ODER ZUM ÖFFENTLICHEN VERTRIEB IN DER BUNDESPREUßEN DEUTSCHLAND IM SINNE DES INVESTMENTGESETZES
ZUGELASSEN. DER VERKAUFSPROspekt IST NICHT BEI DER BUNDESANSTALT FÜR FINANZDIENSTLEISTUNGSaufSICHT EINGEREICHT ODER HINTERLEGT WORDEN.

POTENTIELLEN DEUTSCHEN INVESTOREN WIRD DRINGEND EMPFOHLEN, UNABHÄNGIGEN STEuERRAT EINZUHOLEN UND IHRE BERATER ZU DEN RECHTLICHEN UND STEuERLICHEN FOGLen ZU Befragen, DIE SICH AUS EINER ANwENDuNG DES DEUTSCHEN INVEstMENTstEuERgesetzes AUF DIE SChULDVERSCHreibuNGEN ERGEBEN KÖNNEN. WEDER DER EMITTENT (NOCH DER ERSTKÄuFER) ÜBERnimMT IRgEnDEINE HAFTuNG HINSICHTLICH DER DEUTSCHEN STEuERLICHEN BEHANdLUuNG DER SChULDVERSCHreibuNGEN.

NOTICE TO RESIDENTS OF IRELAND

THE INITIAL PURCHASER HAS AGREED THAT:


(B) IT WILL NOT UNDERWRITE THE ISSUE OF, OR PLACE, THE NOTES, OTHERWISE THAN IN CONFORMITY WITH THE PROVISIONS OF THE IRISH CENTRAL BANK ACTS 1942 TO 2004 (AS AMENDED) AND ANY CODES OF CONDUCT RULES MADE UNDER SECTION 117(1) THEREOF;

(C) IT WILL NOT UNDERWRITE THE ISSUE OF, OR PLACE, OR DO ANYTHING IN IRELAND IN RESPECT OF THE NOTES OTHERWISE THAN IN CONFORMITY WITH THE PROVISIONS OF THE IRISH PROSPECTUS (DIRECTIVE 2003/71/EC) REGULATIONS 2005 AND ANY RULES ISSUED UNDER SECTION 51 OF THE IRISH INVESTMENT FUNDS, COMPANIES AND MISCELLANEOUS PROVISIONS ACT 2005, BY THE FINANCIAL REGULATOR; AND

(D) IT WILL NOT UNDERWRITE THE ISSUE OF, PLACE OR OTHERWISE ACT IN IRELAND IN RESPECT OF THE NOTES, OTHERWISE THAN IN CONFORMITY WITH THE PROVISIONS OF THE IRISH MARKET ABUSE (DIRECTIVE 2003/6/EC) REGULATIONS 2005 AND ANY RULES ISSUED UNDER SECTION 34 OF THE IRISH INVESTMENT FUNDS, COMPANIES AND MISCELLANEOUS PROVISIONS ACT 2005 BY THE FINANCIAL REGULATOR.

NOTICE TO RESIDENTS OF AUSTRIA

THE NOTES MAY ONLY BE OFFERED IN THE REPUBLIC OF AUSTRIA IN COMPLIANCE WITH THE PROVISIONS OF THE AUSTRIAN CAPITAL MARKET ACT AND OTHER LAWS APPLICABLE IN THE REPUBLIC OF AUSTRIA GOVERNING THE OFFER AND SALE OF THE NOTES IN THE REPUBLIC OF AUSTRIA. THE NOTES ARE NOT REGISTERED OR OTHERWISE AUTHORISED FOR PUBLIC OFFER EITHER UNDER THE CAPITAL MARKET ACT OR THE INVESTMENT FUND ACT. THE RECIPIENTS OF THE PROSPECTUS AND OTHER SELLING MATERIAL WITH RESPECT TO THE NOTES HAVE BEEN INDIVIDUALLY SELECTED AND ARE TARGETED EXCLUSIVELY ON THE BASIS OF A PRIVATE PLACEMENT. ACCORDINGLY, THE NOTES MAY NOT BE, AND ARE NOT BEING, OFFERED OR ADVERTISED PUBLICLY OR OFFERED SIMILARLY UNDER EITHER THE CAPITAL MARKET ACT OR THE INVESTMENT FUND ACT. NO OFFER WILL BE MADE TO ANY PERSONS OTHER THAN THE RECIPIENTS TO WHOM THE PROSPECTUS IS PERSONALLY ADDRESSED. THE SECURITIES ARE NOT REGISTERED IN AUSTRIA AND MAY NOT BENEFIT FROM TAX ADVANTAGES APPLICABLE TO REGISTERED SECURITIES. ALL PROSPECTIVE INVESTORS ARE URGED TO SEEK INDEPENDENT TAX ADVICE. THE INITIAL PURCHASER AND ITS AFFILIATES DO NOT GIVE TAX ADVICE.

ANMERKUNG FÜR EINWOHNER VON ÖSTERREICH

DIESER PROSPEKT IST IN ÖSTERREICH NUR ZU DEM ZWECK HERAUSGEGEBEN, UM EINER BESCHRÄNKTEn ANZaHL VON PROFESSIONellen MARKTTEILNEHMERN IN ÖSTERREICH INFORMATIONEN ÜBER DIE ANGEBOTENEN WERTPAPIERE ZU GEBEN. DIESER PROSPEKT WIRD UNTER DER BEDINGUNG ZUR VERFÜGUNG GESTELLT, DASS DIESER PROSPEKT AUSCHLIESSLICH VOM EMPfÄNGER ALS EINEM PROFESSIONellen UND INDIVIDUELL AUSGESUCHTEN INVESTOR VERWENDET, NICHT AN IRGENDWELCHEanderEN PERSONEN WEITERGELEITET ODER TEILWEISE ODER VÖLLIG REPRODUZIERT WERDEN DARF. DIESER PROSPEKT STELLT KEIN ÖFFENTLICHES ANGEBOT IN ÖSTERREICH DAR, UND ER DARF AUCH NICHT IM ZUSAMMENHANG MIT EINEM ÖFFENTLICHEN ANGEBOT IN ÖSTERREICH VERWENDET
WERDEN. DIE BESTIMMUNGEN DES INVESTMENTFONDSGESETZES 1993 FINDEN DAHER KEINE ANWENDUNG. FOLGLICH DÜRFEN IN ÖSTERREICH KEINE ÖFFENTLICHEN ANGEBOTE ODER VERKÄUFE DER ANGEBOTENEN WERTPAPIERE GEMACHT WERDEN. DIE ANGEBOTENEN WERTPAPIERE SIND NICHT IN ÖSTERREICH ZUM ÖFFENTLICHEN ANGEBOT ZUGELASSEN UND ZIEHEN KEINEN NUTZEN AUS VORTEILHAFTEN STEUERREGELN, DIE AUF REGISTRIERTE WERTPAPIERE ANWENDBAR SIND. ALLE POTENTIELLEN INVESTOREN WERDEN DAHER DRINGEND AUFGEFORDERT, UNABHÄNGIGE STEUERBERATUNG EINZUHOLEN. DIE ERSTKÄUFER UND DIE MIT IHREN VERBUNDENEN UNTERNEHMEN GEBEN KEINEN STEUERLICHEN RAT.

NOTICE TO RESIDENTS OF AUSTRALIA

NO PROSPECTUS OR OTHER DISCLOSURE DOCUMENT IN RELATION TO THE NOTES HAS BEEN OR WILL BE LODGED WITH THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION ("ASIC") OR THE AUSTRALIAN STOCK EXCHANGE. THE INITIAL PURCHASER HAS REPRESENTED, WARRANTED AND AGREED THAT IT:

(A) HAS NOT MADE OR INVITED, AND WILL NOT MAKE OR INVITE, AN OFFER OF THE NOTES FOR ISSUE OR SALE IN AUSTRALIA (INCLUDING AN OFFER OR INVITATION WHICH IS RECEIVED BY A PERSON IN AUSTRALIA); AND

(B) HAS NOT DISTRIBUTED OR PUBLISHED AND WILL NOT DISTRIBUTE OR PUBLISH, THIS PROSPECTUS OR ANY OTHER OFFERING MATERIAL OR ADVERTISEMENT RELATING TO ANY NOTES IN AUSTRALIA,

UNLESS:

(A) THE MINIMUM AGGREGATE CONSIDERATION PAYABLE BY EACH OFFEREER IS AT LEAST AU$500,000 (OR ITS EQUIVALENT IN AN ALTERNATE CURRENCY) (DISREGARDING MONEYS LENT BY THE OFFEROR OR ITS ASSOCIATES) OR THE OFFER DOES NOT OTHERWISE REQUIRE DISCLOSURE TO INVESTORS UNDER PART 6D.2 OF THE CORPORATIONS ACT 2001 OF AUSTRALIA; AND

(B) THE OFFER DOES NOT CONSTITUTE AN OFFER TO A "RETAIL CLIENT" FOR THE PURPOSES OF CHAPTER 7 OF THE CORPORATIONS ACT 2001 OF AUSTRALIA; AND

(C) THE OFFER DOES NOT CONSTITUTE AN OFFER OR INVITATION TO THE PUBLIC FOR THE PURPOSES OF SECTION 82 OF THE CORPORATIONS ACT 2001 OF AUSTRALIA; AND

(D) SUCH ACTION COMPLIES WITH APPLICABLE LAWS, AND DIRECTIVES AND DOES NOT REQUIRE ANY DOCUMENT TO BE LODGED WITH ASIC.

NOTICE TO RESIDENTS OF BAHRAIN

PURCHASE OF THE NOTES IS BY INVITATION ONLY AND NO OFFER WILL BE MADE IN BAHRAIN TO THE PUBLIC TO PURCHASE THE SAME. THIS PROSPECTUS IS PROVIDED TO EACH PROSPECTIVE INVESTOR TO WHOM THE ISSUER OR THE INITIAL PURCHASER, AS APPLICABLE, HAS DIRECTLY PROVIDED THIS PROSPECTUS AND NO OTHER PERSON OR ENTITY IS ENTITLED TO OBTAIN OR REVIEW IT.

NOTICE TO RESIDENTS OF BELGIUM

THE INITIAL PURCHASER AGREED AND ACKNOWLEDGED THAT THE OFFER OF NOTES HAS NOT BEEN NOTIFIED TO THE BELGIAN BANKING, FINANCE AND INSURANCE COMMISSION (COMMISSION BANCAIRE, FINANCIÈRE ET DES ASSURANCES) PURSUANT TO ARTICLES 32 AND 52 OF THE BELGIAN LAW OF 16 JUNE 2006 ON THE PUBLIC OFFERING OF FINANCIAL INSTRUMENTS AND THE ADMISSIONS OF FINANCIAL INSTRUMENTS TO TRADING ON REGULATED MARKETS (THE "LAW ON PUBLIC OFFERINGS") NOR BY THE COMPETENT AUTHORITY OF THE HOME MEMBER STATE OF THE ISSUER PURSUANT TO ARTICLE 38 OF THE LAW ON PUBLIC OFFERINGS. ACCORDINGLY, NO OFFER OF THE NOTES MAY BE ADVERTISED AND THE NOTES MAY NOT BE OFFERED OR SOLD, AND NEITHER THIS PROSPECTUS NOR ANY OTHER INFORMATION DOCUMENT, BROCHURE OR SIMILAR DOCUMENT MAY BE DISTRIBUTED, DIRECTLY OR INDIRECTLY, TO ANY PERSON IN BELGIUM OTHER THAN (A) ELIGIBLE QUALIFIED INVESTORS REFERRED TO IN ARTICLE 3.2(A) OF THE LAW ON PUBLIC OFFERINGS, ACTING FOR THEIR OWN ACCOUNT OR (B) INVESTORS WISHING TO ACQUIRE A TOTAL CONSIDERATION OF AT LEAST €50,000 NOTES (OR ITS EQUIVALENT IN FOREIGN CURRENCIES) PER TRANSACTION, AS SPECIFIED IN ARTICLE 3.2(C) OF THE LAW ON PUBLIC OFFERINGS.
NOTICE TO RESIDENTS OF DENMARK

THIS PROSPECTUS HAS NOT BEEN FILED WITH OR APPROVED BY THE DANISH SECURITIES COUNCIL OR ANY OTHER REGULATORY AUTHORITY IN THE KINGDOM OF DENMARK.

THE NOTES HAVE NOT BEEN OFFERED OR SOLD AND MAY NOT BE OFFERED, SOLD OR DELIVERED DIRECTLY OR INDIRECTLY IN DENMARK, UNLESS IN COMPLIANCE WITH CHAPTERS 6 OR 12 OF THE DANISH ACT ON TRADING IN SECURITIES AND EXECUTIVE ORDERS ISSUED PURSUANT HERETO AS AMENDED FROM TIME TO TIME. ACCORDINGLY, THIS PROSPECTUS MAY NOT BE MADE AVAILABLE NOR MAY NOTES OTHERWISE BE MARKETED AND OFFERED FOR SALE IN DENMARK OTHER THAN IN CIRCUMSTANCES WHICH ARE DEEMED NOT TO BE A MARKETING OR AN OFFER TO THE PUBLIC IN DENMARK.

NOTICE TO RESIDENTS OF FRANCE

THE INITIAL PURCHASER REPRESENTS AND AGREES THAT NO PROSPECTUS (INCLUDING ANY AMENDMENT, SUPPLEMENT OR REPLACEMENT THERETO) HAS BEEN PREPARED IN CONNECTION WITH THE OFFERING OF THE NOTES THAT HAS BEEN APPROVED BY THE AUTORITÉ DES MARCHÉS FINANCIERS OR BY THE COMPETENT AUTHORITY OF ANOTHER STATE THAT IS A CONTRACTING PARTY TO THE AGREEMENT ON THE EUROPEAN ECONOMIC AREA THAT HAS BEEN RECOGNISED IN FRANCE; NO NOTES HAVE BEEN OFFERED OR SOLD OR WILL BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, TO THE PUBLIC IN FRANCE. THE NOTES WILL ONLY BE OFFERED OR SOLD IN FRANCE PERMITTED INVESTORS CONSISTING OF (1) PERSONS LICENCED TO PERFORM THE INVESTMENT SERVICE OF ASSET MANAGEMENT ON BEHALF OF THIRD PARTIES (GESTION DE PORTEFEUILLE POUR COMPTE DE TIERS), (2) QUALIFIED INVESTORS (INVESTISSEURS QUALIFIÉS) ACTING ON THEIR OWN ACCOUNT AND/OR (3) CORPORATE INVESTORS MEETING ONE OF THE FOUR CRITERIA PROVIDED IN ARTICLE D. 341-1 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER AND BELONGING TO A LIMITED CIRCLE OF LESS THAN 100 INVESTORS, EACH ACTING FOR THEIR OWN ACCOUNT. THE DIRECT OR INDIRECT RESALE OF THE NOTES ACQUIRED BY ANY PERMITTED INVESTORS TO THE PUBLIC IN FRANCE MAY BE MADE ONLY AS PROVIDED BY ARTICLES L. 411-1, L.411-2, L.412-1 AND L. 621-8 TO L. 621-8-3 OF THE FRENCH CODE MONÉTAIRE ET FINANCIER AND APPLICABLE REGULATIONS THEREUNDER.

NOTICE TO RESIDENTS OF ITALY

THE INITIAL PURCHASER ACKNOWLEDGES AND AGREES THAT THE OFFER OF THE NOTES HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE ITALIAN SECURITIES MARKET LAW AND THE NOTES WILL NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN ITALY OR TO, FOR THE BENEFIT OF, ANY RESIDENT OF ITALY.

NOTICE TO RESIDENTS OF JAPAN

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN ("FIEA") AND EACH OF THE INITIAL PURCHASER AND THE ISSUER HAS REPRESENTED, WARRANTED AND AGREED THAT IT HAS NOT, DIRECTLY OR INDIRECTLY, OFFERED OR SOLD AND WILL NOT, DIRECTLY OR INDIRECTLY, OFFER OR SELL ANY OF THE NOTES, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (WHICH TERM AS USED HEREIN MEANS ANY PERSON RESIDENT IN JAPAN, INCLUDING ANY CORPORATION OR OTHER ENTITY ORGANISED UNDER THE LAWS OF JAPAN) OR TO OTHERS FOR REOFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, A RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

IN THE CASE OF PRIVATE PLACEMENT BY THE INITIAL PURCHASER TO RESIDENTS OF JAPAN, THE NOTES MAY BE OFFERED ONLY TO A SMALL NUMBER OF INVESTORS (I.E. UP TO 49) PURSUANT TO ARTICLE 2, PARAGRAPH 4, ITEM 1 OF THE FIEA, EXCEPT IN THE CASE THE AMOUNT OF THE SALE OF THE NOTES IN JAPAN IS JPY 100,000,000 (OR ITS EQUIVALENT) OR LESS OR THE OFFERING SATISFIES CERTAIN OTHER REQUIREMENTS PROVIDED IN ARTICLE 14-16, PARAGRAPH 2 OF THE MINISTERIAL ORDINANCE CONCERNING THE DISCLOSURE OF THE COMPANIES, ETC. OF JAPAN. IN THE CASE OF THE OFFERING TO A SMALL NUMBER OF INVESTORS, THE SOLICITATION OF AN OFFER TO ACQUIRE THE NOTES IS MADE ON THE CONDITION THAT THE INVESTOR OF SUCH NOTES AGREES NOT TO RE-TRANSFER THE NOTES TO ANYONE OTHER THAN NON-RESIDENTS OF JAPAN (AS DEFINED IN ARTICLE 6, PARAGRAPH 1, ITEM 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE LAW OF JAPAN) EXCEPT IN THE CASE
IT RE-TRANSFERS TO ONE PERSON BY ONE TRANSACTION OF ALL THE NOTES IT ACQUIRED BY THE INVESTOR.

NOTICE TO RESIDENTS OF KUWAIT

THIS PROSPECTUS IS BEING PROVIDED UPON THE REQUEST OF THE RECIPIENT AND FOR HIS CONVENIENCE. RECEIPT OF THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL THE NOTES REFERRED TO HEREIN IN KUWAIT. NO PRIVATE OR PUBLIC OFFERING OF THE NOTES IS BEING MADE IN KUWAIT, AND NO AGREEMENT RELATING TO THE SALE OF THE NOTES WILL BE CONCLUDED IN KUWAIT. NO MASS-MEDIA MEANS OF CONTACT ARE BEING USED TO MARKET THE NOTES. THE NOTES ARE BEING OFFERED FOR SALE ONLY TO QUALIFIED INSTITUTIONAL INVESTORS AND SOPHISTICATED, HIGH-NET-WORTH INDIVIDUALS. NEITHER THE NOTES NOR THE PRIVATE OFFERING HAVE BEEN LICENSED BY THE MINISTRY OF COMMERCE OR ANY OTHER RELEVANT KUWAITI GOVERNMENT AGENCY. NEither THE INITIAL PURCHASER NOR ANY OTHER PARTY INVOLVED IN THIS OFFERING IS LICENSED IN THE STATE OF KUWAIT.

NOTICE TO RESIDENTS OF LUXEMBOURG

THE NOTES SHALL NOT BE OFFERED OR SOLD TO THE PUBLIC IN OR FROM THE GRAND DUCHY OF LUXEMBOURG, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY FORM OF APPLICATION, ADVERTISEMENT OR OTHER MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN THE GRAND-DUCHY OF LUXEMBOURG, UNLESS THE REQUIREMENTS OF LUXEMBOURG LAW CONCERNING PUBLIC OFFERING OF SECURITIES HAVE FIRST BEEN MET.

NOTICE TO RESIDENTS OF NEW ZEALAND

THE INITIAL PURCHASER ACKNOWLEDGES AND AGREES THAT THE NOTES HAVE NOT BEEN AND SHALL NOT BE OFFERED FOR SALE OR SUBSCRIPTION TO THE PUBLIC IN NEW ZEALAND IN TERMS OF THE SECURITIES ACT 1978 OR THE SECURITIES REGULATIONS 1983 OF NEW ZEALAND. IN PARTICULAR, BUT WITHOUT LIMITATION, THE NOTES MAY ONLY BE OFFERED OR TRANSFERRED EITHER (A) TO A PERSON WHOSE PRINCIPAL BUSINESS IS THE INVESTMENT OF MONEY, OR (B) TO A PERSON WHO, IN THE COURSE OF AND FOR THE PURPOSES OF ITS BUSINESS, HABITUALLY INVESTS MONEY, OR (C) TO A PERSON REQUIRED TO PAY A MINIMUM SUBSCRIPTION PRICE OF AT LEAST NZ$500,000 FOR THE NOTES BEFORE THE ALLOTMENT OF THOSE NOTES (DISREGARDING ANY AMOUNTS PAYABLE, OR PAID, OUT OF MONEY LENT BY THE ISSUER OR ANY ASSOCIATED PERSON OF THE ISSUER), OR (D) TO A PERSON WHO CAN PROPERLY BE REGARDED AS HAVING BEEN SELECTED AS OFFEREE OR TRANSFEREE OF THE NOTES OTHERWISE THAN AS A MEMBER OF THE PUBLIC IN NEW ZEALAND, IN TERMS OF THE SECURITIES ACT 1978.

NOTICE TO RESIDENTS OF PORTUGAL

THE NOTES HAVE NOT BEEN OFFERED, ADVERTISED, SOLD OR DELIVERED AND WILL NOT BE DIRECTLY OR INDIRECTLY OFFERED, ADVERTISED, SOLD, RE SOLD, RE OFFERED OR DELIVERED IN CIRCUMSTANCES WHICH COULD QUALIFY AS A PUBLIC OFFER PURSUANT TO THE CÓDIGO DOS VALORES MOBILIÁRIOS OR IN CIRCUMSTANCES WHICH COULD QUALIFY THE ISSUE OF THE NOTES AS AN ISSUE IN THE PORTUGUESE MARKET. THE NOTES HAVE NOT BEEN DIRECTLY OR INDIRECTLY DISTRIBUTED AND THIS PROSPECTUS, ANY OTHER DOCUMENT, CIRCULAR, ADVERTISEMENT OR ANY OFFERING MATERIAL WILL NOT BE DIRECTLY OR INDIRECTLY DISTRIBUTED EXCEPT IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

NOTICE TO RESIDENTS OF SAUDI ARABIA

THE INITIAL PURCHASER HAS REPRESENTED, WARRANTED AND AGREED WITH THE ISSUER THAT IT HAS NOT OFFERED AND WILL NOT OFFER ANY NOTES IN THE KINGDOM OF SAUDI ARABIA OTHERWISE THAN BY WAY OF A "PRIVATE PLACEMENT" OR AN "EXEMPT OFFER", EACH WITHIN THE MEANING OF, AND IN ACCORDANCE WITH, THE OFFERS OF SECURITIES REGULATIONS AND OTHER APPLICABLE RULES AND REGULATIONS OF THE KINGDOM OF SAUDI ARABIA.

NOTICE TO RESIDENTS OF SPAIN

24/1988 OF 28 JULY OF THE SECURITIES MARKETS AND ANY OTHER APPLICABLE SPANISH LAWS AND REGULATIONS GOVERNING THE OFFERING OR SALE OF SECURITIES IN SPAIN.


THE OFFERING OR SALE OF THE NOTES CONTEMPLATED IN THIS PROSPECTUS, OR THE DISTRIBUTION OF THIS PROSPECTUS OR ANY OTHER DOCUMENT RELATING TO THE NOTES IN SPAIN SHALL NOT CONSTITUTE, PURSUANT TO THE SAID ARTICLE 30 BIS 1 OF LAW 24/1988 OF 28 JULY OF THE SECURITIES MARKETS (AS AMENDED BY ROYAL DECREE LAW 5/2005 OF 11 MARCH), A PUBLIC OFFERING OF SECURITIES IN SPAIN. AS A CONSEQUENCE, THIS PROSPECTUS (AND NO OTHER OFFERING CIRCULAR OR PROSPECTUS RELATING TO THE NOTES) HAS NOT BEEN AND IS NOT ENVISAGED TO BE APPROVED BY, REGISTERED OR FILED WITH, OR NOTIFIED TO THE COMISION NACIONAL DEL MERCADO DE VALORES OR ANY OTHER REGULATORY AUTHORITY IN SPAIN, AND DOES NOT CONSTITUTE A PROSPECTUS FOR THE PUBLIC OFFERING OF SECURITIES IN SPAIN.

NOTICE TO RESIDENTS OF SWEDEN

THIS PROSPECTUS IS FOR THE RECIPIENT ONLY AND MAY NOT IN ANY WAY BE FORWARDED TO ANY OTHER PERSON OR TO THE PUBLIC IN SWEDEN.

THIS DOCUMENT HAS NOT AND WILL NOT BE REGISTERED WITH THE SWEDISH FINANCIAL SUPERVISORY AUTHORITY. ACCORDINGLY, THIS DOCUMENT MAY NOT BE MADE AVAILABLE, NOR MAY THE NOTES OTHERWISE BE MARKETED AND OFFERED FOR SALE IN SWEDEN, OTHER THAN IN CIRCUMSTANCES WHICH ARE DEEMED NOT TO BE AN OFFER TO THE PUBLIC IN SWEDEN UNDER THE FINANCIAL INSTRUMENTS TRADING ACT (1991:980).

NOTICE TO RESIDENTS OF SWITZERLAND

THIS PROSPECTUS DOES NOT CONSTITUTE A PROSPECTUS PURSUANT TO ARTICLE 1156 OF THE SWISS CODE OF OBLIGATIONS AND THE ISSUER HAS NOT AND WILL NOT REGISTER WITH THE SWISS FEDERAL BANKING COMMISSION AS A FOREIGN INVESTMENT FUND. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED TO THE PUBLIC IN OR FROM SWITZERLAND IN TERMS OF THE SWISS INVESTMENT FUND REGULATIONS AND THE CIRCULAR NOTS OF THE SWISS FEDERAL BANKING COMMISSION DATED 28 MAY 2003, IN ITS LAST VERSION DATED JANUARY 25/26, 2006 (THE "SWISS REGULATIONS"). THEY MAY ONLY BE OFFERED TO A SELECTED AND LIMITED CIRCLE OF INVESTORS WHO DO NOT ACQUIRE THE NOTES WITH A VIEW TO DISTRIBUTE THEM TO THE PUBLIC IN OR FROM SWITZERLAND IN ACCORDANCE WITH THE SWISS REGULATIONS.

THIS PROSPECTUS IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON. IT MAY ONLY BE USED BY THOSE PERSONS TO WHOM IT HAS BEEN HANDED OUT IN CONNECTION WITH THE ISSUE OF THE NOTES DESCRIBED HEREIN AND MAY NEITHER DIRECTLY NOR INDIRECTLY BE DISTRIBUTED OR MADE AVAILABLE TO OTHER PERSONS WITHOUT THE EXPRESS CONSENT OF THE ISSUER.

NOTICE TO RESIDENTS OF TAIWAN

CURRENCIES

In this document, unless otherwise specified or the context otherwise requires, all references to "Euro" and "EUR" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time, references to "U.S. Dollars" and "$" are to the lawful currency of the United States and references to "£" and "Sterling" are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

STABILISATION

In connection with this issue, Merrill Lynch International or any person acting for it (the "Stabilising Agent") may over-allot Notes (provided that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Agent will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Agent in accordance with all applicable laws and rules. For a description of these activities, see "Plan of Distribution".
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUMMARY</td>
<td>1</td>
</tr>
<tr>
<td>Issuer</td>
<td>1</td>
</tr>
<tr>
<td>Portfolio Manager</td>
<td>1</td>
</tr>
<tr>
<td>Trustee</td>
<td>1</td>
</tr>
<tr>
<td>Collateral Administrator</td>
<td>1</td>
</tr>
<tr>
<td>Custodian</td>
<td>1</td>
</tr>
<tr>
<td>Principal Paying Agent</td>
<td>1</td>
</tr>
<tr>
<td>Account Bank</td>
<td>1</td>
</tr>
<tr>
<td>Calculation Agent</td>
<td>1</td>
</tr>
<tr>
<td>Registrar and Transfer Agent</td>
<td>1</td>
</tr>
<tr>
<td>Class A-1R Note Agent</td>
<td>2</td>
</tr>
<tr>
<td>Initial Purchaser</td>
<td>2</td>
</tr>
<tr>
<td>Independent Accountants to the Issuer</td>
<td>2</td>
</tr>
<tr>
<td>Class P Combination Notes</td>
<td>2</td>
</tr>
<tr>
<td>Distributions on the Notes</td>
<td>2</td>
</tr>
<tr>
<td>Optional Redemption</td>
<td>4</td>
</tr>
<tr>
<td>General Terms of the Class A Notes</td>
<td>5</td>
</tr>
<tr>
<td>Interest on Class A-1R Notes</td>
<td>8</td>
</tr>
<tr>
<td>Class A-1R Commitment Fee</td>
<td>8</td>
</tr>
<tr>
<td>Repayments and Prepayments of Class A-1R Notes</td>
<td>9</td>
</tr>
<tr>
<td>Mandatory Reductions of the Aggregate Class A-1R Commitment</td>
<td>9</td>
</tr>
<tr>
<td>Liquidity Facility</td>
<td>10</td>
</tr>
<tr>
<td>Priorities of Payments</td>
<td>10</td>
</tr>
<tr>
<td>Security for the Notes</td>
<td>10</td>
</tr>
<tr>
<td>Portfolio Manager</td>
<td>11</td>
</tr>
<tr>
<td>Portfolio Management Fee</td>
<td>11</td>
</tr>
<tr>
<td>Purchase of Collateral Obligations</td>
<td>15</td>
</tr>
<tr>
<td>Coverage Tests</td>
<td>16</td>
</tr>
<tr>
<td>Governing Law</td>
<td>16</td>
</tr>
<tr>
<td>Listing</td>
<td>16</td>
</tr>
<tr>
<td>Withholding Tax</td>
<td>16</td>
</tr>
<tr>
<td>Ratings of Class P Combination Notes</td>
<td>17</td>
</tr>
<tr>
<td>Securities Lending</td>
<td>17</td>
</tr>
<tr>
<td>RISK FACTORS</td>
<td>18</td>
</tr>
<tr>
<td>1. General</td>
<td>18</td>
</tr>
<tr>
<td>2. Relating to the Notes</td>
<td>18</td>
</tr>
<tr>
<td>3. Relating to the Collateral</td>
<td>24</td>
</tr>
<tr>
<td>4. Taxation of the Issuer</td>
<td>38</td>
</tr>
<tr>
<td>5. Portfolio Manager</td>
<td>38</td>
</tr>
<tr>
<td>6. Projections, Forecasts and Estimates</td>
<td>39</td>
</tr>
<tr>
<td>7. Security; Fixed Charge</td>
<td>39</td>
</tr>
<tr>
<td>8. Certain Conflicts of Interest</td>
<td>40</td>
</tr>
<tr>
<td>9. Investment Company Act</td>
<td>42</td>
</tr>
<tr>
<td>10. Forced Transfer</td>
<td>42</td>
</tr>
<tr>
<td>11. Commitments Under the Class A-1R Notes</td>
<td>43</td>
</tr>
<tr>
<td>12. German Banking Act and German Investment Act</td>
<td>43</td>
</tr>
<tr>
<td>13. Preferred Creditors Under Irish Law and Floating Charges</td>
<td>43</td>
</tr>
<tr>
<td>14. Not a Bank Deposit</td>
<td>44</td>
</tr>
<tr>
<td>TERMS AND CONDITIONS OF THE NOTES</td>
<td>45</td>
</tr>
<tr>
<td>1. Definitions</td>
<td>47</td>
</tr>
<tr>
<td>2. Form and Denomination, Title and Transfer</td>
<td>95</td>
</tr>
<tr>
<td>3. Status</td>
<td>98</td>
</tr>
<tr>
<td>4. Security</td>
<td>121</td>
</tr>
<tr>
<td>5. Covenants of and Restrictions on the Issuer</td>
<td>125</td>
</tr>
<tr>
<td>6. Interest</td>
<td>128</td>
</tr>
<tr>
<td>7. Redemption</td>
<td>134</td>
</tr>
<tr>
<td>8. Payments</td>
<td>140</td>
</tr>
<tr>
<td>9. Taxation</td>
<td>141</td>
</tr>
<tr>
<td>10. Events of Default</td>
<td>141</td>
</tr>
<tr>
<td>11. Enforcement</td>
<td>144</td>
</tr>
</tbody>
</table>

xii
<table>
<thead>
<tr>
<th>Section Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. No Significant or Material Change</td>
<td>254</td>
</tr>
<tr>
<td>5. No Litigation</td>
<td>254</td>
</tr>
<tr>
<td>6. Accounts</td>
<td>254</td>
</tr>
<tr>
<td>7. Documents Available</td>
<td>254</td>
</tr>
<tr>
<td>8. Enforceability of Judgments</td>
<td>255</td>
</tr>
<tr>
<td>9. Expenses</td>
<td>255</td>
</tr>
<tr>
<td>INDEX OF DEFINED TERMS</td>
<td>256</td>
</tr>
</tbody>
</table>
SUMMARY

The following summary does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus and related documents referred to herein. Capitalised terms not specifically defined in this Summary have the meanings set out in Condition 1 (Definitions) under "Terms and Conditions of the Notes" below or are defined elsewhere in this Prospectus. An index of defined terms appears at the back of this Prospectus. References to a "Condition" or "Conditions" are to the specified Condition or Conditions in the "Terms and Conditions of the Notes" below. For a discussion of certain risk factors to be considered in connection with an investment in the Notes, see "Risk Factors".

Issuer
Windmill CLO I Limited, a private company with limited liability incorporated under the laws of Ireland and registered under the number 434806.

Portfolio Manager
Mizuho Investment Management (UK) Ltd. (the "Portfolio Manager") will perform certain portfolio management services with respect to the Portfolio in accordance with a portfolio management agreement to be dated as of the Closing Date between, among others, the Issuer and the Portfolio Manager (the "Portfolio Management Agreement").

Notes

<table>
<thead>
<tr>
<th>Class of Notes</th>
<th>Principal Amount</th>
<th>Stated Interest Rate(4)</th>
<th>S&amp;P Rating(2)</th>
<th>Moody's Rating(2)</th>
<th>Stated Maturity</th>
<th>Initial Offer Price(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A-1R</td>
<td>€200,000,000</td>
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<td>Notes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Class of Notes</th>
<th>Principal Amount</th>
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<th>Moody's Rating(2)</th>
<th>Stated Maturity</th>
<th>Initial Offer Price(3)</th>
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<tbody>
<tr>
<td>Class P Combination Notes</td>
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<td>0.25%</td>
<td>Baa2</td>
<td>2029</td>
<td>100%</td>
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</tbody>
</table>

(1) Subject to available Interest Proceeds. See Condition 6(a)(ii) (Subordinated Notes).

(2) The rating assigned to the Class A Notes by S&P address the timely payment of interest and the ultimate payment of principal by the Maturity Date. The ratings assigned by S&P to the Class B Notes, the Class C Notes and the Class E Notes address the ultimate payment of principal and interest. The Moody's ratings of the Rated Notes address the expected loss posed to investors by the Maturity Date. The Rating assigned by Moody's to the Class P Combination Notes addresses the ultimate repayment of the Rated Balance on or before the Maturity Date.

(3) The Initial Purchaser may offer the Notes at other prices as may be negotiated at the time of sale.

(4) The rate of interest on the Notes of each Class of Floating Rate Notes for the period from, and including, the Closing Date to, but excluding, the first Payment Date will be determined by reference to the linear interpolation of 6 month EURIBOR and 9 month EURIBOR.

(5) For Class A-1R Advances made other than on a Payment Date, EURIBOR will be calculated by reference to a linear interpolation, as more fully set out in Condition 6(g) (Interest on the Class A-1R Notes). Interest will be payable on the Maximum Class A-1R Commitment minus the Class A-1R Undrawn Amount. In addition the aggregate commitment to advance amounts under the Class A-1R Notes may be increased or decreased from time to time as further described herein.

Trustee
BNY Corporate Trustee Services Limited.

Collateral Administrator
The Bank of New York.

Custodian
The Bank of New York.

Principal Paying Agent
The Bank of New York.

Account Bank
The Bank of New York.

Calculation Agent
The Bank of New York.

Registrar and Transfer Agent
The Bank of New York (Luxembourg) S.A.
Class A-1R Note Agent
The Bank of New York

Initial Purchaser
Merrill Lynch International.

Independent Accountants to the Issuer
A firm of independent accountants of international reputation will perform certain procedures relating to the Collateral Obligations comprising the Portfolio as required by the relevant Transaction Documents on the Effective Date and any other date specified.

Class P Combination Notes
Each Class P Combination Note consists of two Components, a Component representing an interest in the Class C Notes (the "Class C Component") and a Component representing an interest in the Class E Notes (the "Class E Component"). The principal amount of the Class C Component of the Class P Combination Notes as at the Closing Date shall be €400,000. The principal amount of the Class E Component of the Class P Combination Notes as at the Closing Date shall be €600,000.

See the initial paragraphs of "Terms and Conditions of the Notes" for a more detailed explanation of the terms applicable to the Class P Combination Notes.

Distributions on the Notes
16 June and 16 December in each year, commencing on 16 June 2008 (subject to adjustment for non-Business Days in accordance with the Conditions).

Stated Note Interest
Interest in respect of the Notes of each Class will be payable semi-annually in arrear on each Payment Date in accordance with the Interest Proceeds Priority of Payments.

Subordinated Notes: Interest on the Subordinated Notes is payable on an available funds basis out of Interest Proceeds and Principal Proceeds, subject to prior payment in accordance with the Priority of Payments of certain fees and expenses, interest payable on the Rated Notes and certain other amounts.

Deferral of Interest
Failure on the part of the Issuer to pay the Interest Amounts due and payable on any Class of Notes pursuant to Condition 6 (Interest) and the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments shall not be an Event of Default:

(a) unless and until such failure continues for a period of at least five consecutive Business Days (or in the case of an administrative error, as certified by the Issuer (or the Portfolio Manager on the Issuer's behalf) to the Trustee such failure to pay continues for a period of at least ten Business Days in accordance with Condition 10(a)(i) (Non-payment of interest)) ;

(b) unless and until in respect of the Class B Notes, Class C Notes, the Class D Notes and the Class E Notes:

(i) in the case of non-payment of interest due and payable on the Class B Notes, the Class A Notes have been redeemed in full;

(ii) in the case of non-payment of interest due and payable on the Class C Notes, the Class B Notes have been redeemed in full;

(iii) in the case of non-payment of interest due and payable on the Class D Notes, the Class C Notes have been redeemed in full; and

(iv) in the case of non-payment of interest due on the Class E Notes, the Class D Notes have been redeemed in full; and
such failure is not the result of any deduction therefrom or the imposition of any withholding thereon as set out in Condition 9 (Taxation). To the extent that interest payments on the Class B Notes and/or the Class C Notes and/or the Class D Notes and/or the Class E Notes are not made on the relevant Payment Date, an amount of interest equal to any shortfall in payment of the relevant interest amount will be added to the principal amount of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as applicable, and thereafter will accrue interest at the relevant rate of interest applicable to such Notes until paid. See Condition 6(c) (Deferral of Interest).

Non-payments of amounts due and payable on the Subordinated Notes as a result of the insufficiency of available Interest Proceeds will not constitute an Event of Default.

**Principal Payments on the Notes**

Principal payments on the Notes may be made in the following circumstances:

(a) on the Maturity Date;

(b) on any Payment Date following the breach of any of the Par Value Tests and after the Effective Date, following a breach of any of the Coverage Tests;

(c) on the Payment Date following the occurrence of an Effective Date Rating Event;

(d) on any Payment Date on or after the expiry of the Non-Call Period at the option of the Subordinated Noteholders (as further described in “Optional Redemption After Non-Call Period” below);

(e) on any Payment Date following the occurrence of a Note Tax Event at the option of each of the Senior Outstanding Class and the Subordinated Noteholders;

(f) on any Payment Date following the occurrence of a Collateral Tax Event at the option of the Subordinated Noteholders;

(g) after the Reinvestment Period, on each Payment Date;

(h) on any Payment Date during the Reinvestment Period at the discretion of the Portfolio Manager (acting on behalf of the Issuer) following written notification by the Portfolio Manager to the Trustee that it has been unable, for a period of 180 consecutive Business Days, to identify a sufficient quantity of additional or Substitute Collateral Obligations in which to invest or reinvest Principal Proceeds;

(i) on any Payment Date during the Reinvestment Period and following a breach of the Additional Reinvestment Test in accordance with the provisions of paragraph (X) of the Interest Proceeds Priority of Payments;

(j) in the case of Class A-1R Advances, on any Business Day at the discretion of the Portfolio Manager (acting on behalf of the Issuer) in accordance with the provisions of Condition 7(k) (Repayment of Class A-1R Advances and Reduction of the Class A-1R Commitment); and

(k) in respect of the Class P Combination Notes, on any Payment Date on which principal payments are made on such Class P Combination Notes in accordance with Condition 7(h) (Redemption of Class P Combination Notes).
Optional Redemption

Non-Call Period

During the period from and including the Closing Date up to, but excluding, the Payment Date falling in 16 December 2012 (the "Non-Call Period") the Notes are not subject to redemption at the option of the Noteholders (save for upon a Withholding Tax Event, see "Withholding Tax" below). See Condition 7(b) (Redemption at the Option of the Noteholders).

Optional Redemption After Non-Call Period

Subject to the provisions of Condition 7(b) (Redemption at the Option of the Noteholders), the Notes of each Class are redeemable by the Issuer, in whole but not in part, at the applicable Redemption Prices (see below), from the proceeds of liquidation or realisation of the Collateral, on any Payment Date falling on or after expiry of the Non-Call Period, at the direction of an Extraordinary Resolution of the Subordinated Noteholders.

The Notes shall not be redeemed at the option of the Noteholders unless the Issuer, based on the certification of the Portfolio Manager, shall have certified to the Trustee (and the Trustee shall be entitled to rely on such certificate without further enquiry and without incurring any liability in relation thereto) within the time periods set forth in Condition 7(b)(iii) (Terms and Conditions of Redemption at the Option of the Noteholders) that the Expected Net Proceeds (as defined herein) from the liquidation proceeds of the Portfolio (calculated as provided in such Condition) which are expected to be received by the Issuer (including, for the avoidance of doubt, as a consequence of one or more binding agreements to sell the Collateral Obligations having been entered into by the Issuer) in immediately available funds not later than the Business Day immediately prior to the scheduled Redemption Date will equal or exceed the applicable Redemption Threshold Amount (as defined herein). See Condition 7(b) (Redemption at the Option of the Noteholders).

The Issuer will be required to redeem the Notes on any Payment Date at the direction of an Extraordinary Resolution of each of the Senior Outstanding Class and the Subordinated Notes, subject to the conditions referred to in Condition 7(b) (Redemption at the Option of the Noteholders), in whole but not in part, if a Note Tax Event has occurred.

The Notes are also subject to redemption on any Payment Date at the direction of the Subordinated Noteholders, acting by Extraordinary Resolution, upon the occurrence of a Collateral Tax Event, subject to, and in accordance with, the terms of Condition 7(b) (Redemption at the Option of the Noteholders).

Redemption Prices

The Redemption Price of any Class A-1T Note, any Class A-2A Note, any Class B Note, any Class C Note, any Class D Note and any Class E Note will be (a) 100 per cent. of the Principal Amount Outstanding of the Notes to be redeemed as at such date plus (b) accrued and unpaid interest thereon to the day of redemption.

The Redemption Price of each Class A-1R Note will be (a) 100 per cent. of the Principal Amount Outstanding of the Class A-1R Note to be redeemed plus (b) accrued and unpaid interest thereon to the Business Day on which such Class A-1R Note is redeemed plus (c) accrued and unpaid Class A-1R Commitment Fees applicable to such Class A-1R Note. Class A-1R Make Whole Amount will also be payable if a Class A-1R Advance is prepaid on a Business Day other than a Payment Date.
The Redemption Price of any Class A-2B Note will be (a) 100 per cent. of the Principal Amount Outstanding of the Notes to be redeemed as at such date, plus (b) accrued and unpaid interest thereon to the day of redemption, plus (c) in the case of redemption pursuant to Condition 7(b) (Redemption at the Option of the Noteholders) the Class A-2B Redemption Premium.

The Redemption Price for each Subordinated Note will be its pro rata share (calculated in accordance with paragraph (X) of the Principal Proceeds Priority of Payments) of the aggregate proceeds of liquidation of the Collateral, or realisation of the security thereover in such circumstances, remaining following application thereof in accordance with the Priorities of Payments.

The Redemption Price of any Class P Combination Note shall be equal to the sum of the Redemption Prices payable in respect of the Class C Component and the Class E Component.

General Terms of the Class A Notes

Class A-1R Notes:

Increase in Aggregate Class A-1R Commitment

The Aggregate Class A-1R Commitment may be increased in multiples of €50,000,000 at any time during the Reinvestment Period (up to a maximum Aggregate Class A-1R Commitment of €200,000,000) by the Portfolio Manager, acting on behalf of the Issuer, subject to five Business Days prior written notice to the Class A-1R Note Agent in accordance with the Class A-1R Note Purchase Agreement, subject to satisfaction of the following conditions:

(a) each of the Leverage Scenario Tests (save for the Additional Reinvestment Test) specified in the Leverage Scenario Grid for the proposed increased Aggregate Class A-1R Commitment Amount being satisfied; and

(b) no Event of Default having occurred which is continuing, after such increase.

Decrease in Aggregate Class A-1R Commitment

The Aggregate Class A-1R Commitment may be decreased in multiples of €50,000,000 at any time during the Reinvestment Period by the Portfolio Manager, acting on behalf of the Issuer, subject to five Business Days prior written notice to the Class A-1R Note Agent in accordance with the Class A-1R Note Purchase Agreement to an amount equal to the amount specified in the Leverage Scenario Grid selected by the Portfolio Manager, subject to satisfaction of the following conditions:

(a) each of the Leverage Scenario Tests (save for the Additional Reinvestment Test) specified in the Leverage Scenario Grid for the proposed decreased Aggregate Class A-1R Commitment Amount being satisfied;

(b) no Event of Default having occurred which is continuing; and

(c) the Aggregate Class A-1R Commitment specified in the Leverage Scenario Grid so selected is not less than the sum of the Class A-1R Drawn Amount and the Class A-1R Allocated Commitments and the amount of any Class A-1R Advance requested in any Class A-1R Advance Request that has not yet been funded,

after such decrease.
In the event of any increase or decrease in the Aggregate Class A-1R Commitment, the Class A-1R Commitment applicable to each Class A-1R Noteholder shall be correspondingly increased or decreased by a percentage equal to the percentage which the Class A-1R Commitment of such Class A-1R Noteholder immediately prior to such increase or decrease represents of the Aggregate Class A-1R Commitment at such time.

Class A-1R Notes and Class A-1R Commitments:
The Class A-1R Notes will be a revolving Class of Notes with a maximum Aggregate Class A-1R Commitment of €200,000,000, as reduced from time to time as described below (the "Aggregate Class A-1R Commitment"), may be drawn, repaid and redrawn prior to the Commitment Termination Date, subject to the conditions specified in Condition 7(k) (Repayment of Class A-1R Advances and Reduction of the Class A-1R Commitment). Class A-1R Advances may be drawn in Euro only.

Pursuant to the Class A-1R Note Purchase Agreement, each Class A-1R Noteholder will be obligated (subject to certain conditions) to make Class A-1R Advances to the Issuer upon request by the Portfolio Manager (acting on behalf of the Issuer) in an aggregate principal amount at any one time up to the full amount of its Class A-1R Commitment (provided that any Class A-1R Allocated Commitment may only be drawn for the purposes described below).

The Class A-1R Notes shall be used only for funding the purchase by the Issuer of additional and substitute Collateral Obligations during the Reinvestment Period and during and after the Reinvestment Period to fund any amount drawn down by or payable to any Obligor under a Delayed Drawdown Collateral Obligation, a Revolving Obligation or a Synthetic Security purchased during the Reinvestment Period in accordance with the Class A-1R Note Purchase Agreement.

The portion of a Class A-1R Drawn Amount applicable to each Class A-1R Note shall be the pro rata share of the Aggregate Class A-1R Commitment represented by such Class A-1R Note. See "Description of the Class A-1R Notes - Class A-1R Notes".

Class A-1R Allocated Commitment and Revolving Collateral Obligations, Delayed Drawdown Obligations and Unfunded Synthetic Securities

In the event that the Portfolio Manager (acting on behalf of the Issuer) acquires any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation at any time it shall procure that either:

(a) an amount equal to the Unfunded Amounts of such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation is paid into the Revolving Reserve Account; and/or

(b) in the case of any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation, an amount of the Class A-1R Undrawn Amount (which is not already allocated as a Class A-1R Allocated Commitment) is reserved for allocation, towards payment of such Unfunded Amounts in the future,

so that, in the case of any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation, the aggregate of the Balance standing to the credit of the Revolving Reserve Account and the aggregate Class A-1R Allocated Commitment allocated for Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations at least equals the aggregate of all Unfunded Amounts in respect of all Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations.

In the event that the Portfolio Manager (acting on behalf of the Issuer) acquires any Unfunded Synthetic Security at any time it shall procure that either:
(a) an amount equal to the Unfunded Amounts in respect of such Unfunded Synthetic Security is paid into the Synthetic Collateral Account; and/or

(b) in the case of any Unfunded Synthetic Security, an amount of the Class A-1R Undrawn Amount (which is not already allocated as a Class A-1R Allocated Commitment) is reserved for allocation towards payment of such Unfunded Amounts in the future,

so that, in the case of any Unfunded Synthetic Securities the aggregate of the Balance standing to the credit of the Synthetic Collateral Account and the aggregate Class A-1R Allocated Commitment allocated to Unfunded Synthetic Securities at least equals the aggregate of all Unfunded Amounts in respect of all Unfunded Synthetic Securities.

In the event that any of the Class A-1R Commitment is allocated as a reserve to fund payment of such Unfunded Amounts, the Class A-1R Commitment available for all other purposes will be reduced accordingly. See "Description of the Class A-1R Notes - Class A-1R Allocated Commitment". The Class A-1R Allocated Commitment may only be allocated (with such allocation to take place on the purchase date of the relevant Revolving Collateral Obligation, Delayed Drawdown Collateral Obligation or Unfunded Synthetic Security) to fund payments of the Unfunded Amounts in respect of a Revolving Collateral Obligation, Delayed Drawdown Collateral Obligation or Unfunded Synthetic Security:

(a) if the Base Currency of such Revolving Collateral Obligation, Delayed Drawdown Collateral Obligation or Unfunded Synthetic Security is Euro;

(b) in the case of a Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation, if the minimum notice period for drawings in respect of such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation is equal to or exceeds the applicable Class A-1R Notes Draw Period;

(c) if such Class A-1R Allocated Commitment together with (a) any other Class A-1R Allocation Request that has not been allocated or drawn on such date and (b) the Class A-1R Drawn Amount (in each case, immediately prior to and taking into account any Class A-1R Advances scheduled to be repaid and scheduled reduction of the Class A-1R Allocated Commitments on or prior to the date of such allocation) of the Class A-1R Notes will not exceed the Aggregate Class A-1R Commitment;

(d) if the Class A-1R Note Agent shall have received a Class A-1R Allocation Request, and each Class A-1R Noteholder shall have received a copy of such Class A-1R Advance Request, which shall include the information required to be provided by, and be given in accordance with, the Class A-1R Note Purchase Agreement;

(e) if each of the Class A-1R Note Purchase Agreement, the Trust Deed and the Class A-1R Notes is in full force and effect;

(f) if the representations and warranties of the Issuer made pursuant to the Class A-1R Note Purchase Agreement being true and correct as of the relevant Class A-1R Advance Request Date;

(g) if no Event of Default has occurred and is continuing; and
(h) if the Coverage Tests are satisfied immediately after making the Class A-1R Allocated Commitment.

**Class A-1R Advances**

Subject to compliance with the conditions set out in the Class A-1R Note Purchase Agreement, during the Reinvestment Period, the proceeds of each Class A-1R Advance will be applied by the Portfolio Manager (acting on behalf of the Issuer):

(a) in payment into the Principal Account (or during the Initial Investment Period, the Unused Proceeds Account) for the acquisition of additional Collateral Obligations in accordance with the Portfolio Management Agreement; and/or

(b) to reduce the aggregate Class A-1R Allocated Commitment by payment of amounts into the Revolving Reserve Account in respect of Unfunded Amounts under Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations in respect of which the aggregate Class A-1R Allocated Commitment was previously allocated; and/or

(c) to reduce the aggregate Class A-1R Allocated Commitment by payment of amounts into the Synthetic Collateral Account in respect of Unfunded Amounts under Unfunded Synthetic Securities in respect of which the aggregate Class A-1R Allocated Commitment was previously allocated; and/or

(d) in payment into the Revolving Reserve Account for application in the funding of Unfunded Amounts of any Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations when required pursuant to any such obligation in respect of which Class A-1R Allocated Commitments have been designated; and/or

(e) in payment into the Synthetic Collateral Account for application in the funding of Unfunded Amounts of any Unfunded Synthetic Security when required pursuant to any such obligation in respect of which Class A-1R Allocated Commitments have been designated.

Class A-1R Advances may be applied in the purchase of Collateral Obligations denominated in a Qualifying Currency, but where the Qualifying Currency is a Non-Euro Qualifying Currency, the relevant Collateral Debt Obligation shall be either an Unhedged Collateral Debt Obligation or the subject of an Asset Swap Transaction. See "Description of the Class A-1R Notes – Class A-1R Notes".

**Interest on Class A-1R Notes**

Interest on each Class A-1R Advance for each Class A-1R Accrual Period will accrue at the rate per annum determined by the Class A-1R Note Agent to be EURIBOR for such period plus 0.42 per cent. per annum. Interest on Class A-1R Advances will be computed on the basis of a 360-day year and the actual number of days elapsed, all as more fully set out in Condition 6(g) (Interest on the Class A-1R Notes).

A Class A-1R Accrual Period for a Class A-1R Advance shall not extend beyond the Maturity Date, and shall start on the Class A-1R Advance Date relating to such Class A-1R Advance. See "Description of the Class A-1R Notes – Class A-1R Notes".

**Class A-1R Commitment Fee**

The Class A-1R Commitment Fee will accrue on the Maximum Class A-1R Commitment minus the Class A-1 Drawn Amount (or in respect of each Payment Date from and including the end of the Reinvestment Period, on the Class A-1R Average Allocated Commitment only) for each Accrual Period at a rate per annum equal to 0.29 per cent, during such Accrual Period on the basis of a 360-day year and the actual number of days elapsed. The Class A-1R Commitment Fee will be payable by the Issuer to the Class A-1R Noteholders in Euro in arrear on each Payment Date up to (and including) the Commitment Termination.
Date (save that the Class A-1R Committee Fee will continue to be payable in respect of any Class A-1R Average Allocated Commitment after the expiry of the Reinvestment Period). See "Description of the Class A-1R Notes - Class A-1R Committee Fee".

Repayments and Prepayments of Class A-1R Notes
Principal in respect of any Class A-1R Advance shall be repaid on each Payment Date as may be required in accordance with and subject to the Priorities of Payments and may be prepaid on any Business Day (at the option of the Portfolio Manager (acting on behalf of the Issuer)) (see Condition 3(c) (Priorities of Payments), Condition 7(k) (Repayment of Class A-1R Advances and Reduction of the Class A-1R Commitment) and Condition 11 (Enforcement)).

If a Class A-1R Advance is prepaid on a Business Day other than a Payment Date, the Issuer shall pay to the Class A-1R Note Agent (for disbursement to the Class A-1R Noteholders in proportion to their respective entitlements thereto) the Class A-1R Make Whole Amount on the next following Payment Date, as more fully described in Condition 7(k) (Repayment of Class A-1R Advances and Reduction of the Class A-1R Commitment).

Upon any redemption of the Notes pursuant to Condition 7(b) (Redemption at the Option of the Subordinated Noteholders) the Class A-1R Commitments shall be reduced to zero on the applicable Redemption Date.

Mandatory Reductions of the Aggregate Class A-1R Commitment
Upon any redemption of the Class A-1R Notes pursuant to Condition 7(c) (Redemption upon Breach of Coverage Tests), Condition 7(d) (Special Redemption) or Condition 7(e) (Redemption upon Effective Date Rating Event) the available proceeds for redemption of Class A-1R Notes (up to a maximum amount equal to the Class A-1R Commitment) will be applied firstly to the repayment of the Class A-1R Drawn Amount; and secondly to the reduction of the Class A-1R Allocated Commitment by depositing amounts into the Revolving Reserve Account (the amount so applied, the "Class A-1R Redemption Amount").

On the last day of the Reinvestment Period, the Aggregate Class A-1R Commitment shall be reduced to an amount equal to the sum of the Class A-1R Drawn Amount and the Class A-1R Allocated Commitment as of such day with effect on and from such date and with the Class A-1R Commitment of each Class A-1R Noteholder being proportionately cancelled on the last day of the Reinvestment Period in an amount equal to such Class A-1R Noteholder's pro rata share of the amount by which the Aggregate Class A-1R Commitment was reduced as set out above.

Termination of Class A-1R Commitment
The aggregate Class A-1R Unallocated Commitments will expire automatically, and the Class A-1R Noteholders will not be obliged to make any further Class A-1R Advances, on the Commitment Termination Date (save for transfers to the Revolving Reserve Account and/or Synthetic Collateral Account in respect of the Class A-1R Allocated Commitment, which shall reduce the Class A-1R Allocated Commitment by a commensurate amount).

Class A-1R Noteholders
At all times prior to the later of the Commitment Termination Date or the date on which no Class A-1R Allocated Commitment is outstanding, each Class A-1R Noteholder and transferee of a Class A-1R Note will be required to satisfy the Class A-1R Rating Criteria.

If any Class A-1R Noteholder fails to satisfy the Class A-1R Rating Criteria prior to the Commitment Termination Date, it shall take any such action as required by the Class A-1R Note Purchase Agreement as described in "Description of the Class A-1R Notes - Class A-1R Noteholders".
Liquidity Facility

Pursuant to the Liquidity Facility Agreement, the Liquidity Facility Provider will make available to the Issuer the Liquidity Facility.

The maximum amount of the Liquidity Facility at any time shall be an amount equal to the lesser of:

(a) €9,000,000;
(b) 1.5 per cent. of the Aggregate Collateral Balance at such time; and
(c) Accrued Collateral Debt Obligation Interest to the extent not scheduled to be paid during the Due Period in which the relevant Measurement Date occurs,

minus (i) any such Accrued Collateral Debt Obligation Interest to the extent that a Liquidity Drawing has already been made in respect thereof to the extent not repaid in full; and (ii) the sum of (x) amounts credited to the Interest Account pursuant to paragraph (5) of Condition 3(k)(iii) (Unused Proceeds Account) and paragraph (2) of Condition 3(k)(i) (Principal Account) minus (y) the sum of amounts withdrawn from the Interest Account pursuant to paragraph (2) of Condition 3(k)(ii) (Interest Account).

Priorities of Payments

Interest Proceeds, Principal Proceeds and Collateral Enhancement Obligation Proceeds will be applied on each Payment Date in accordance with the Priorities of Payments specified in Condition 3(c) (Priorities of Payments).

Security for the Notes

General

Under the Trust Deed, the Notes will be secured in favour of the Trustee for the benefit of itself and the other Secured Parties by security over a portfolio of Collateral Obligations predominantly consisting of Euro and non-Euro denominated Secured Senior Loans, Unsecured Senior Loans, Second Lien Loans, Mezzanine Obligations, High Yield Bonds, Structured Finance Securities and Principal Protected Equity Obligations of various issuers and borrowers in Qualifying Countries. The Notes will also be secured by an assignment by way of security of various of the Issuer's other rights, including its rights under certain of the agreements described herein. See Condition 4 (Security). Subject to the paragraphs below, the Class P Combination Notes will be secured solely to the extent to which the Classes of the Notes corresponding to each of the Components of which the Class P Combination Notes are comprised are secured.

Currency Hedging

Subject to the Eligibility Criteria, the Issuer may purchase any Collateral Debt Obligation that is denominated in a Non-Euro Qualifying Currency (each, a "Non-Euro Obligation") provided that an Asset Swap Transaction is entered into in respect of each such Non-Euro Obligation with one or more Asset Swap Counterparties either (a) if the Non-Euro Obligation was denominated in Sterling or U.S. Dollars, was a Primary Market Collateral Debt Obligation when acquired by the Issuer and the Par Value Tests were satisfied immediately following the acquisition thereof by the Issuer, upon such Non-Euro Obligation ceasing to be a Primary Market Collateral Debt Obligation or (b) if the Non-Euro Obligation was not denominated in Sterling or U.S. Dollars or was not a Primary Market Collateral Debt Obligation when acquired by the Issuer or the Par Value Tests were not satisfied immediately following the acquisition thereof, not later than on or around the settlement date of the acquisition thereof. The Portfolio Manager (acting on behalf of the Issuer) must as soon as reasonably practicable sell any Non-Euro Obligation in respect of which an Asset Swap Transaction has not been entered into within the time limits described in (a) and (b) above.
Under each Asset Swap Transaction, the currency risk arising from the receipt of certain cash flows from the relevant Non-Euro Obligation, including interest and principal payments thereon, will be hedged. The Asset Swap Transaction shall terminate on the maturity date of the Non-Euro Obligation and in the other circumstances specified therein. See "The Portfolio -Non-Euro Obligations" and "Hedging Arrangements" below.

**Offsetting Credit Default Swaps**

The Portfolio Manager may from time to time arrange for the Issuer to enter into credit default swap transactions (as protection buyer) with one or more financial institutions (as protection seller), the Reference Obligation (as defined below) of which is a Collateral Debt Obligation owned by the Issuer. The Portfolio Manager, acting on behalf of the Issuer, may only enter into an Offsetting Credit Default Swap if the related Collateral Debt Obligation is a Credit Impaired Obligation at the time of such entry into the Offsetting Credit Default Swap. See "The Portfolio – Offsetting Credit Default Swaps".

**Credit Short Obligations**

The Portfolio Manager may from time to time, subject to certain conditions, arrange for the Issuer to enter into Credit Short Obligations which are credit default swaps pursuant to which the Issuer buys protection in respect of a specified Reference Entity (including where the Issuer has no exposure to such Reference Entity), and in consideration for which the Issuer shall pay an up-front premium thereunder to the applicable Credit Short Obligation Counterparty. See "The Portfolio – Credit Short Obligations".

**Interest Rate Hedging**

The Portfolio Manager may from time to time arrange for the Issuer to enter into Interest Rate Hedge Transactions with one or more Interest Rate Hedge Counterparties satisfying the Rating Requirement in order to hedge against floating/fixed rate or reference index basis mismatches between the Portfolio and the Issuer's payment obligations under the Notes. See "Hedging Arrangements".

**Portfolio Manager**

Certain portfolio management functions with respect to the Portfolio will be performed by the Portfolio Manager. See "Description of the Portfolio" and "The Portfolio Manager". The Portfolio Manager will receive certain fees for such portfolio management functions including a Senior Portfolio Management Fee and a Subordinated Portfolio Management Fee in accordance with the Priorities of Payments.

**Portfolio Management Fees**

**Senior Portfolio Management Fee**

The fee payable to the Portfolio Manager in respect of the portfolio management functions it provides to the Issuer in arrear on each Payment Date in respect of the immediately preceding Due Period equal to 0.10 per cent. per annum of the Average Aggregate Collateral Balance. See "Description of the Portfolio Management Agreement - Fees".

**Subordinated Portfolio Management Fee**

The fee payable to the Portfolio Manager in respect of the portfolio management functions it provides to the Issuer in arrear on each Payment Date in respect of the immediately preceding Due Period equal to the sum of 19.50 per cent. of all amounts payable in respect of any Interest Proceeds, Principal Proceeds and Collateral Enhancement Proceeds remaining on each Payment Date. See "Description of the Portfolio Management Agreement- Fees".

**Purchase of Collateral Obligations**

During the period from, and including, the Closing Date to, but excluding, the earlier of:
(a) the date designated for such purpose by the Portfolio Manager by written notice to the Trustee, the Issuer and the Collateral Administrator pursuant to the Portfolio Management Agreement, subject to the Effective Date Requirements having been satisfied, such requirements being satisfaction of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests and the Issuer having acquired or entered into binding commitments to acquire Collateral Obligations, the Aggregate Principal Balance of which equals or exceeds the Target Par Amount by such date (provided that, for the purposes of determining the Aggregate Principal Balance as provided above, any repayments or prepayments of any Collateral Debt Obligations subsequent to the date of acquisition thereof and not subsequently reinvested shall be treated as if they had not been repaid or prepaid); and

(b) the 360th day from (but excluding) the Closing Date, or if such day is not a Business Day, the immediately following Business Day, (such earlier date, the "Effective Date" and, such period, the "Initial Investment Period").

Principal Protected Equity Obligations

A Principal Protected Equity Obligation will consist of two components:

(i) an Equity OAT Strip Component with a face value equal to the Principal Balance of such Principal Protected Equity Obligation; and

(ii) an Equity Obligation Component the face value of which is determined in accordance with the following formula:

\[ A = B \times (100\% - C) \]

where:

A = the purchase price of the Equity Obligation Component;  
B = the Principal Balance of the related Principal Protected Equity Obligation; and  
C = the related Equity OAT Strip Purchase Price.

Reinvestment in Collateral Obligations

Subject to the limits described in the Priorities of Payments, Principal Proceeds shall and, if the Additional Reinvestment Test is not satisfied on the related Determination Date, an amount up to 50 per cent. of remaining Interest Proceeds in accordance with paragraph (X) of the Interest Proceeds Priority of Payments may be used by the Issuer to purchase Substitute Collateral Obligations meeting the Eligibility Criteria and the Reinvestment Criteria during the period (the "Reinvestment Period") from, and including, the Closing Date up to, and including the earliest of:

(a) the Payment Date falling in 16 December 2014; and

(b) the date of the acceleration of the Notes pursuant to Condition 10(b) (Acceleration).

Subject to compliance with the Portfolio Management Agreement, following the expiry of the Reinvestment Period, Unscheduled Principal Proceeds, and the Sale Proceeds from the sale of Credit Improved Obligations and the amounts received in respect of Principal Protected Equity Obligations that are credited to the Principal Account in accordance with paragraphs (B) and (C) of Condition 3(k)(i) (Principal Account) in excess of the Principal Protected Equity Obligation Ledger Required Balance only, may be reinvested by the Portfolio Manager (acting on behalf of the Issuer) in one or more Substitute Collateral Obligations satisfying the Eligibility Criteria, in each case provided that
immediately after each such purchase or immediately after the
cancellation of any Offsetting Credit Default Swap without an associated
sale of the underlying Reference Obligation, the criteria set out below is
satisfied:

(a) to the Portfolio Manager's knowledge, no Event of Default has
occurred that is continuing at the time of such reinvestment;

(b) the Aggregate Principal Balance of all Collateral Obligations
will be at least maintained, taking only into account the sale
and purchase, or if the Par Preservation Test is not maintained
or increased, the Principal Balance of the related Substitute
Collateral Debt Obligation is no less than the principal amount
of the Collateral Obligation redeemed or sold;

(c) the Coverage Tests, the Collateral Quality Tests and the
Portfolio Profile Tests (except the CDO Monitor Test and the
Moody's Minimum Diversity Test) are satisfied (both
immediately before and immediately after such reinvestment);

(d) neither of the following has occurred and is continuing:

(i) the ratings by Moody's of any of the Class A Notes or
Class B Notes have been reduced by Moody's by one
sub-category or more from the Initial Ratings or are
withdrawn by Moody's; or

(ii) the ratings by Moody's of any of the Class C Notes, the
Class D Notes or the Class E Notes have been reduced
by Moody's by two sub-categories or more from the
Initial Ratings or are withdrawn by Moody's;

(e) such Substitute Collateral Obligation(s) have the same or a
higher S&P Rating and the same or a shorter Stated Maturity
as the Collateral Obligation sold or prepaid;

(f) the concentration of "CCC" Rated Collateral Debt Obligations
is lower than or equal to 7.5 per cent. of the Aggregate
Collateral Balance; and

(g) the Class E Par Value Ratio is equal to or above the percentage
specified in the Leverage Scenario Grid from time to time
before and after such reinvestment.

Subject to no Event of Default having occurred which is continuing and
subject to the provisions of the Portfolio Management Agreement, the
Portfolio Manager, acting on behalf of the Issuer may sell any Equity
OAT Strips at any time if the Principal Protected Equity Obligation
Ledger Deficiency is zero immediately following such sale.

The Portfolio Manager may also sell Equity Obligations at any time
providing that no Event of Default has occurred and is continuing.

Subject to compliance with the Portfolio Management Agreement, the
Portfolio Manager (acting on behalf of the Issuer) may during the
Reinvestment Period subject to satisfaction of the Reinvestment Criteria
apply the Sale Proceeds of Principal Protected Equity Obligations and
their related Equity OAT Strip Component and Equity Obligation
Component in the purchase of Substitute Collateral Obligations.

Subject to Compliance with the Portfolio Management Agreement,
Principal Proceeds shall be applied:
(a) at any time in the acquisition of Equity Obligations which are not Equity Obligation Components of Principal Protected Equity Obligations to the extent of Principal Protected Equity Obligation Principal Proceeds provided that at such time the sum of (a) the Equity OAT Strips Market Value plus (b) the Principal Protected Equity Obligations Principal Proceeds, minus (c) the Principal Proceeds applied by the Issuer in the purchase of the related Equity OAT Strips immediately following such acquisition is not less than zero;

(b) at the discretion of the Portfolio Manager during the Reinvestment Period in the purchase of Equity Obligation Components provided that, immediately following such purchase the Class A Coverage Tests are satisfied;

(c) at the discretion of the Portfolio Manager at any time in payment to (i) the Interest Account and/or (ii) in the purchase of Equity Obligations, in an amount which in aggregate shall not exceed the amount (if any) by which the Equity OAT Strips Market Value exceeds the Principal Protected Equity Obligation Ledger Required Balance.

See "The Portfolio – Management of the Portfolio" and "Reinvestment Criteria".

Special Situation Investments

The Portfolio Manager may (acting within the mandate granted to it under the Portfolio Management Agreement) from time to time during the Reinvestment Period direct that moneys on deposit in the Interest Account or the Principal Account (or any combination of such Accounts) be used for the purpose of providing additional capital to Obligors of Collateral Debt Obligations previously acquired by the Issuer provided that:

(i) in the event the Portfolio Manager so directs the use of amounts from the Interest Account, the Interest Coverage Tests and the Par Value Tests will be satisfied immediately following such application;

(ii) in the event the Portfolio Manager so directs the use of amounts from the Principal Account, the Collateral Quality Tests and the Par Preservation Test applicable to such Leverage Scenario will be satisfied immediately following such application;

(iii) in the reasonable business judgement of the Portfolio Manager (which shall not be called into question as a result of any subsequent event) such additional lending will result in an improved financial condition for such Obligors;

(iv) the consideration for such additional lending will be evidenced in the form of a Special Situation Investment Obligation of equal or prior ranking to the corresponding Collateral Debt Obligation;

(v) as soon as a Special Situation Investment Obligation satisfies the Eligibility Criteria it will be deemed to be a Collateral Debt Obligation for all purposes and shall no longer be classified as a Special Situation Investment Obligation; and

(vi) prior to being classified as a Collateral Debt Obligation, all cash and non-cash distributions on such Special Situation Investment Obligations shall be treated in the same manner as distributions on Collateral Debt Obligations.
Eligibility Criteria
In order to qualify as a Collateral Obligation, an obligation must satisfy certain specified Eligibility Criteria. See "The Portfolio - Eligibility Criteria".

Collateral Quality Tests, Portfolio Profile Tests, and Coverage Tests
The Collateral Quality Tests, Portfolio Profile Tests and Coverage Tests must be satisfied as of the Effective Date. The Collateral Quality Tests, Portfolio Profile Tests and Coverage Tests must also be satisfied after giving effect to the purchase of any Substitute Collateral Obligation after the Effective Date or if not satisfied prior to such purchase, the relevant thresholds and amounts calculated pursuant thereto must be maintained or improved after giving effect to such purchase during the Reinvestment Period only. See "The Portfolio – Portfolio Profile Tests and Collateral Quality Tests". For reinvestment after the end of the Reinvestment Period, the Coverage Tests and the Collateral Quality Tests (except the CDO Monitor Test and the Moody's Minimum Diversity Test) must be satisfied (both immediately before and immediately after such reinvestment). See "The Portfolio – Reinvestment Criteria".

Coverage Tests
The Coverage Tests will consist of a Par Value Test and an Interest Coverage Test for the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. The Coverage Tests will be used primarily to determine whether, following the Effective Date, interest may be paid on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes and whether Principal Proceeds may be reinvested in Substitute Collateral Obligations or Special Situation Investment Obligations, or whether Interest Proceeds and, to the extent needed, Principal Proceeds must be used to repay principal of the Class A-1 Notes and, after redemption in full thereof, the Class A-2 Notes, in the event of failure to satisfy the Class A Coverage Tests or, in the event of failure to satisfy the Class B Coverage Tests, to repay principal of the Class A-1 Notes and, after redemption in full thereof, principal of the Class A-2 Notes and, after redemption in full thereof, principal of the Class B Notes and, after redemption in full thereof, principal of the Class C Notes or, in the event of failure to satisfy the Class D Coverage Tests, to repay principal of the Class A-1 Notes and, after redemption in full thereof, principal of the Class A-2 Notes and, after redemption in full thereof, principal of the Class B Notes and, after redemption in full thereof, principal of the Class C Notes and, after redemption in full thereof, principal of the Class D Notes and, after redemption in full thereof, principal of the Class E Notes, in each case to the extent necessary to cause the Coverage Tests relating to the relevant Class of Notes to be met.

Additional Reinvestment Test
During the Reinvestment Period, if the Additional Reinvestment Test is not satisfied up to 50 per cent of the Interest Proceeds that would otherwise have been applied towards payment of certain Issuer expenses and interest on the Subordinated Notes will instead be (i) used to purchase Substitute Collateral Obligations, (ii) deposited in the Principal Account pending reinvestment in Substitute Collateral Obligations or (iii) used to redeem the Notes in accordance with Condition 7(d) (Special Redemption), in each case to the extent necessary to cause the Additional Reinvestment Test to be met if calculated following such purchase or payment.
Minimum Denominations  The Regulation S Notes of each Class will be issued in minimum denominations of €50,000 and, except for the Subordinated Notes and the Class P Combination Notes, in integral multiples of €1,000 in excess thereof. The Subordinated Notes and the Class P Combination Notes will be issued in integral multiples of €1 in excess thereof.

The Offering:  The Regulation S Notes of each Class will be offered outside of the United States to non-U.S. Persons in “offshore transactions” in reliance on Regulation S.

Form, Registration and Transfer of the Notes:  The Regulation S Notes of each Class (other than the Class A-1R Notes) sold outside the United States to non-U.S. Persons in reliance on Regulation S under the Securities Act (which will be deposited on or about the Closing Date with and registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee for The Bank of New York as common depository for Euroclear and Clearstream, Luxembourg) will each be represented on issue by beneficial interests in one or more permanent global certificates of such Class in fully registered form, without interest coupons or principal receipts (each, a "Regulation S Global Certificate" and together, the "Regulation S Global Certificates"). U.S. Persons may not hold an interest in a Regulation S Global Certificate at any time. See "Form of the Notes" and "Book-Entry Clearance Procedures" and "Transfer Restrictions" below.

The Global Certificates will bear a legend, and such Global Certificates or any interest therein, may not be transferred except in compliance with the transfer restrictions set out in such legend. See "Transfer Restrictions" below.

The Class A-1R Notes will be offered outside the United States to non-U.S. Persons in reliance on Regulation S under the Securities Act only and will be issued in definitive fully registered certificated form, registered in the name of the holder (or a nominee thereof).

Governing Law  The Notes, the Trust Deed, the Portfolio Management Agreement, the Agency Agreement and all other Transaction Documents will be governed by English law, except for the Corporate Services Agreement, which will be governed by Irish law and the Euroclear Pledge Agreement, which will be governed by Belgian law.

Listing  Application has been made to the Financial Regulator, as competent authority under Directive 2003/71/EC, for the Prospectus to be approved. Application will be made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. See "General Information".

Tax Status  See "Tax Considerations".

Withholding Tax  All payments of principal and interest in respect of the Notes will be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Ireland or any other jurisdiction, unless such withholding or deduction is required by law. The Issuer is not required to gross-up any payments made to the Noteholders and shall withhold or deduct from any such payments any amounts on account of tax where so required by law or any relevant taxing authority. See Condition 9 (Taxation).
The Notes are subject to redemption at the option of the Subordinated Noteholders acting by Extraordinary Resolution upon the occurrence of a Collateral Tax Event and are subject to redemption at the option of the Noteholders of the Senior Outstanding Class and the Subordinated Noteholders each acting by Extraordinary Resolution upon the occurrence of a Note Tax Event, all subject to, and in accordance with, the terms of Condition 7(b) (Redemption at the Option of the Noteholders).

**Ratings of Class P Combination Notes**

The Class P Combination Note will be rated Baa2 by Moody's. The rating assigned by Moody's to the Class P Combination Notes addresses the ultimate repayment of the Rated Balance on or before the Maturity Date. The rating assigned by Moody's to the Class P Combination Notes does not address the likelihood of the Class P Combination Notes being called.

**Securities Lending**

The Issuer may lend Collateral Debt Obligations pursuant to securities lending agreements, provided that at such time the Portfolio Manager has all the relevant consents and authorities and subject to: (i) the prior approval of the Senior Outstanding Class of Noteholders acting by Ordinary Resolution; (ii) receipt of Rating Agency Confirmation in respect of securities lending; (iii) the percentage of the Aggregate Collateral Balance of Collateral Obligations the subject of securities lending agreements not exceeding the aggregate percentage set forth in the Bivariate Risk Table; (iv) the Portfolio Profile Tests being satisfied; and (v) the Issuer executing and doing all such acts and things as the Trustee may require or consider desirable in connection with such securities lending including, but not limited to, the provision of security over the benefit of any securities lending agreement and any collateral received pursuant thereto.
RISK FACTORS

An investment in the Notes of any Class involves certain risks, including risks relating to the Collateral securing such Notes and risks relating to the structure and rights of such Notes and the related arrangements. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this Prospectus, prior to investing in any Notes. Terms not defined in this section and not otherwise defined above have the meanings set out in Condition 1 (Definitions) of the "Terms and Conditions of the Notes".

1. General

1.1 General

It is intended that the Issuer will invest in Collateral Obligations with certain risk characteristics as described below and subject to the investment policies, restrictions and guidelines described in "The Portfolio" below. There can be no assurance that the Issuer's investments will be successful, that its investment objectives will be achieved, that the Noteholders will receive the full amounts payable by the Issuer under the Notes or that they will receive any return on their investment in the Notes. Prospective investors are therefore advised to review this entire Prospectus carefully and should consider, among other things, the risk factors set out in this section before deciding whether to invest in the Notes. Except as is otherwise stated below, such risk factors are generally applicable to all Classes of Notes, although the degree of risk associated with each Class of Notes will vary in accordance with the position of such Class of Notes in the Priorities of Payments. See Condition 3(c) (Priorities of Payments). In particular, payments in respect of the Class A-1 Notes are higher in the Priorities of Payments than those in respect of the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes. Neither the Initial Purchaser nor the Collateral Administrator nor the Trustee undertakes to review the financial condition or affairs of the Issuer or the Portfolio Manager during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Initial Purchaser or the Trustee which is not included in this Prospectus.

1.2 Suitability

Prospective purchasers of the Notes of any Class should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition.

1.3 Class P Combination Notes

Each of the Risk Factors herein applies to the Class P Combination Notes to the extent that the Components of any Combination Note correspond to any Classes of Notes to which such Risk Factor applies. The Class P Combination Notes while having the economic substance of a combination note are, technically fixed rate notes. The ratings on the Class P Combination Notes are limited in scope. See below at 2.8 "Future Ratings of the Rated Notes and the Class P Combination Notes Not Assured and Limited in Scope".

2. Relating to the Notes

2.1 Limited Liquidity and Restrictions on Transfer

Although there is currently a market for notes representing collateralised debt obligations similar to the Notes (other than the Subordinated Notes and the Class P Combination Notes), there is currently no market for the Notes themselves and the market for notes representing collateralised debt obligations similar to the Notes is currently very limited. The Initial Purchaser may make a market for the Notes but is not obliged to do so, and any such market-making may be discontinued at any time without notice. There can be no assurance that any secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of such Notes. Consequently, a purchaser must be prepared to hold such Notes for an indefinite period of time or until the Maturity Date. In addition, no sale, assignment, participation, pledge or transfer of the Notes may be effected if, among other things, it would require any of the Issuer or any of their officers or directors to register under, or otherwise be subject to the provisions of, the Investment Company Act or any other similar legislation or regulatory action. Furthermore, the Notes will not be registered under the Securities Act or any U.S. state securities laws, and the Issuer has no plans, and is under no obligation, to register the Notes under the Securities Act. The Notes are subject to certain transfer restrictions and can be transferred only to certain transferees. See "Plan of Distribution" and "Transfer Restrictions". Such restrictions on the transfer of the Notes may further limit their liquidity.

A form of liquidity for the Subordinated Notes is the optional redemption provision set out in Condition 7(b)(i) (Redemption at the Option of the Subordinated Noteholders) which allows for such redemption after the Non-Call Period. There can be no assurance, however, that such optional redemption provision will be capable of exercise.
in accordance with the conditions set out in Condition 7(b)(iii) (Terms and Conditions of Redemption at the Option of the Noteholders). An optional redemption of the Notes could require the Portfolio Manager to liquidate the Collateral Obligations more rapidly than would otherwise be desirable, which could adversely affect the realised value of such Collateral Debt Obligations. The market value of the Collateral Obligations may fluctuate with, among other things, changes in prevailing interest rates, foreign exchange rates, general economic conditions, the conditions of financial markets (particularly the markets for senior and mezzanine loans), European and international political events, events in the home countries of the Obligors under the Collateral Obligations or the Reference Entities under the Synthetic Securities or the countries in which their assets and operations are based, developments or trends in any particular industry and the financial condition of such Obligors. The secondary market for senior and mezzanine loans is still limited. A decrease in the market value of the Portfolio would adversely affect the amount of proceeds which could be realised upon liquidation of the Portfolio and ultimately the ability of the Issuer to redeem the Subordinated Notes pursuant to the right of optional redemption set out in Condition 7(b)(i) (Redemption at the Option of the Subordinated Noteholders) due to the threshold requirements set out therein. There can be no assurance that, upon any such redemption, the proceeds realised would permit any payment on the Subordinated Notes after required payments are made in respect of the Rated Notes and to the other creditors of the Issuer which rank in priority to the Subordinated Noteholders pursuant to the Priorities of Payments.

2.2 Limited Recourse Obligations

The Notes are limited recourse obligations of the Issuer and are payable solely from amounts received in respect of the Collateral securing the Notes. Payments on the Notes both prior to and following enforcement of the security over the Collateral or the aggregate proceeds of liquidation of the Collateral are subordinated to the prior payment of certain fees and expenses of, or payable by, the Issuer and to payment of principal and interest on prior ranking Classes of Notes. See Condition 4(c) (Limited Recourse). None of the Portfolio Manager, the Noteholders of any Class, the Initial Purchaser, the Trustee, the Liquidity Facility Provider, the Collateral Administrator, the Custodian, any Agent or any Affiliates of any of the foregoing or any other person or entity (other than the Issuer) will be obliged to make payments on the Notes of any Class. Consequently, Noteholders must rely solely on distributions on the Collateral Obligations and amounts received under the Asset Swap Transactions, the Interest Rate Hedge Transactions and any other Collateral securing the Notes for the payment of principal and interest thereon. There can be no assurance that the distributions on the Collateral Obligations and amounts received under the Asset Swap Transactions, the Interest Rate Hedge Transactions and any other Collateral securing the Notes will be sufficient to make payments on any Class of Notes after making payments on more senior Classes of Notes and any other required amounts payable to other creditors ranking senior to or pari passu with such Class pursuant to the Priorities of Payments. If distributions on the Collateral are insufficient to make payments on the Notes, no other assets (and, in particular, no assets of the Portfolio Manager, the Noteholders, the Initial Purchaser, the Trustee, the Liquidity Facility Provider, the Collateral Administrator, the Custodian, any Agent or any Affiliates of any of the foregoing) will be available for payment of the deficiency and following realisation of the Collateral and the application of the proceeds thereof in accordance with the Priorities of Payments, the obligations of the Issuer to pay such deficiency shall be extinguished. Such shortfall will be borne by (a) first, the Subordinated Noteholders, (b) thereafter, the Class E Noteholders, (c) thereafter, the Class D Noteholders, (d) thereafter, the Class C Noteholders, (e) thereafter, the Class B Noteholders, (f) thereafter, the Class A-2 Noteholders, and finally (g) the Class A-1 Noteholders, in accordance with the Priorities of Payments. Any shortfall on the Components of any class of Class P Combination Notes will affect such class of Class P Combination Notes to the corresponding extent.

In addition, at any time while the Notes are Outstanding, none of the Noteholders, the Trustee nor any other Secured Party (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, its officers or directors or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, winding-up, examinership or liquidation proceedings or any proceedings for the appointment of a liquidator, an examiner or administrator or a similar official, or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes, the Trust Deed or otherwise owed to the Noteholders, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer or shall any of them have a claim arising in respect of the issued share capital of the Issuer.

2.3 Subordination of the Class A-2 Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Subordinated Notes

Except as described below, the Class A-2 Notes are fully subordinated to the Class A-1 Notes, the Class B Notes are fully subordinated to the Class A Notes, the Class C Notes are fully subordinated to the Class A Notes and the Class B Notes, the Class D Notes are fully subordinated to the Class A Notes, the Class B Notes and the Class C Notes, the Class E Notes are fully subordinated to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, and the Subordinated Notes are fully subordinated to the Rated Notes.

No payments of interest will be made on the Class A-2 Notes on any Payment Date until interest on the Class A-1 Notes has been paid. No payments of interest will be made on the Class B Notes on any Payment Date until
interest on the Class A Notes has been paid. No payments of interest will be made on the Class C Notes on any Payment Date until interest on the Class A Notes and the Class B Notes has been paid. No payments of interest will be made on the Class D Notes on any Payment Date until interest on the Class A Notes, the Class B Notes and the Class C Notes has been paid. No payments of interest will be made on the Class E Notes on any Payment Date until interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes has been paid.

Payments on the Subordinated Notes will be made by the Issuer to the extent of available funds and no payments thereon will be made until the payment of certain fees and expenses and other amounts payable in priority thereto pursuant to the Priorities of Payments have been made and until interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes has been paid and, subject always to the right of the Portfolio Manager (on behalf of the Issuer) to transfer amounts which would have been payable on the Subordinated Notes to (i) the Principal Account (pending reinvestment in Substitute Collateral Obligations) or for the acquisition of Substitute Collateral Obligations if the Additional Reinvestment Test has not been met, (ii) the Collateral Enhancement Account to be applied in the acquisition or exercise of rights under Collateral Enhancement Obligations and (iii) the Interest Reserve Account.

No payment of principal on the Class A-2 Notes will be made until the Class A-1 Notes have been paid in full. No payment of principal on the Class B Notes will be made until the Class A Notes have been paid in full. No payment of principal on the Class C Notes will be made until the Class A Notes and the Class B Notes have been paid in full. No payment of principal on the Class D Notes will be made until the Class A Notes, the Class B Notes and the Class C Notes have been paid in full. No payment of principal on the Class E Notes will be made until the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been paid in full. No payment out of Principal Proceeds will be made on the Subordinated Notes until the Rated Notes have been paid in full. Payments of principal and interest on each Class of Notes are also subordinated to the payment of certain other amounts payable by the Issuer in priority thereto pursuant to the Priorities of Payments.

The risk of delays in payments or ultimate non-payment of principal and/or interest will be borne disproportionately by the holders of the Subordinated Notes as compared to the Rated Notes and, as among the holders of the Rated Notes will be borne disproportionately by the holders of the more junior Classes of Notes as compared to the more senior Classes of Notes. In addition, as described herein, payments of interest on each of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes may be deferred and an amount of interest equal to any shortfall in payment of the relevant interest amount added to the principal amount of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as applicable, to the extent that that the required interest payment is not made on the relevant Payment Date and the more senior Classes of Notes have not been redeemed in full. Any such deferral of interest will increase the effect of the subordination of the Subordinated Notes and of the Classes of Notes in respect of which payment was deferred.

In the event of any redemption in full pursuant to Condition 7(b) (Redemption at the Option of the Noteholders) or acceleration of the Class A-1 Notes, then the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes will also be subject to automatic redemption/acceleration and the Collateral will, in either case, be liquidated. Liquidation of the Collateral at such time or remedies pursued by the Trustee upon enforcement of the security over the Collateral in such circumstances could be adverse to the interests of the Class A-2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders or the holders of Subordinated Notes, as the case may be. To the extent that any losses are incurred by the Issuer in respect of any Collateral, such losses will be borne first by holders of the Subordinated Notes, then by the Class E Noteholders, then by the Class D Noteholders, then by the Class C Noteholders, then by the Class B Noteholders, then by the Class A-2 Noteholders and, finally, by the Class A-1 Noteholders. Remedies pursued by the Trustee at the direction of the holders of the Senior Outstanding Class at any time could be adverse to the interests of the other Classes of Notes. The Subordinated Noteholders will not be able to exercise any remedies following an Event of Default unless the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes have been redeemed and paid in full, nor will they receive any distribution until the Rated Notes and certain other amounts have been paid. For the purposes of subordination, the Class P Combination Notes shall not be treated as a separate Class but the Components of each class of Class P Combination Notes will be treated as Notes of the Classes to which such Components relate.

Subject to the Conditions, the Trust Deed provides that in the event of any conflict of interest between the Class A-1 Noteholders, the Class A-2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders, the interests of the Senior Outstanding Class will always prevail. If the holders of the Senior Outstanding Class do not have an interest in the outcome of the conflict, the Trustee shall give priority to the interests of:

(i) the Class A-1 Noteholders over the Class A-2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders;

(ii) the Class A-2 Noteholders over the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders;
(iii) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders;

(iv) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders;

(v) the Class D Noteholders over the Class E Noteholders and the Subordinated Noteholders; and

(vi) the Class E Noteholders over the Subordinated Noteholders.

If the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the Senior Outstanding Class (or another Class given priority as described in this paragraph), each representing less than the majority by principal amount of the Senior Outstanding Class (or other Class so given priority) the Trustee shall give priority to the group which holds the greater amount of Notes Outstanding of such Class. The Trust Deed provides further that the Trustee will act upon the directions of the holders of the Senior Outstanding Class (or other Class given priority as described in this paragraph) in such circumstances, and shall not be obliged to consider the interests of the holders of any other Class of Notes. See Condition 14(f) (Entitlement of the Trustee and Conflicts of Interest). For the purposes of conflicts of interest, the Class P Combination Notes shall not be treated as a separate Class but where the Components of each class of Class P Combination Notes are made up of Notes of a different Class, they will be treated as Notes of the Classes to which such Components relate.

2.4 Volatility of the Subordinated Notes

The Subordinated Notes represent a highly leveraged investment in the underlying Collateral Obligations. Accordingly, it is expected that changes in the market value of the Subordinated Notes will be greater than changes in the market value of the underlying Collateral Obligations, which themselves are subject to credit, liquidity, interest rate and other risks. Utilisation of leverage is a speculative investment technique and involves certain risks to investors and will generally magnify the Subordinated Noteholders’ opportunities for gain and risk of loss.

2.5 Amount and Timing of Payments

Investment in the Notes of any Class involves a degree of risk arising from fluctuations in the amount and timing of receipt of the principal and interest, and in the case of Principal Protected Equity Obligations, Equity Obligation Distributions on the Collateral Obligations by or on behalf of the Issuer and the amounts of the claims of creditors of the Issuer ranking in priority to the holders of each Class of the Notes. In particular, prospective purchasers of such Notes should be aware that the amount and timing of payment of the principal and interest, and in the case of Principal Protected Equity Obligations, Equity Obligation Distributions on the Collateral Obligations will depend upon the detailed terms of the documentation relating to each of the Collateral Obligations and on whether or not any Obligor (or, in the case of Synthetic Securities, on whether or not any Reference Obligation) thereunder defaults in its obligations.

2.6 Mandatory Redemption

The Notes may be subject to mandatory redemption in certain circumstances, including following the occurrence of an Effective Date Rating Event or, following the Effective Date, upon breach of any Coverage Test, in each case, to the extent required, respectively, to procure that such Coverage Test would be satisfied if recalculated following such redemption or that the Initial Ratings of the Notes would be reinstated or confirmed. In such circumstances, the Classes of Notes will be redeemed in accordance with the Priorities of Payments, starting with the Senior Outstanding Class of Notes and ending with the Class E Notes (subject, in each case, to payment of all prior ranking amounts due and payable by the Issuer pursuant to the Priorities of Payments). In addition, the Notes may be redeemed at the discretion of the Portfolio Manager (acting on behalf of the Issuer) if, at any time during the Reinvestment Period, the Portfolio Manager has been unable for a period of 180 consecutive Business Days to identify additional Collateral Obligations that are deemed appropriate by the Portfolio Manager in sufficient amounts to permit the investment or reinvestment of any Principal Proceeds received.

Any such mandatory or optional redemption of the Notes may result in a reduction in the amount of excess spread realisable in respect of the Collateral Obligations in the Portfolio which can be utilised to pay interest on the Notes in accordance with the Priorities of Payments, which may result in the occurrence of an Event of Default, in the case of the Class A Notes and/or the deferral of interest payable on each Payment Date on the Class B Notes, Class C Notes, Class D Notes or Class E Notes and/or a reduction in the level of returns payable to the Subordinated Noteholders.

2.7 Optional Redemption and Volatility of Portfolio Market Value

A form of liquidity for the Subordinated Notes is the optional redemption provision set out in Condition 7(b) (Redemption at the Option of the Noteholders). There can be no assurance however that such optional redemption provision will be capable of exercise. The market value of the Collateral Obligations may fluctuate, with, among
other things, changes in prevailing interest rates, general economic conditions, the conditions of financial markets, developments or trends in any particular industry and political and other events in the countries of the Obligors under the Collateral Obligations. A decrease in the market value of the Portfolio would adversely affect the amount of proceeds which could be realised upon liquidation of the Portfolio and ultimately the ability of the Issuer to redeem the Subordinated Notes pursuant to the right of optional redemption set out in Condition 7(b) (Redemption at the Option of the Noteholders) due to the threshold requirements set out therein. There can be no assurance that, upon any such redemption, the proceeds realised would permit any payment on the Subordinated Notes after required payments are made in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, and the other creditors of the Issuer which rank in priority to the holders of the Subordinated Notes pursuant to the Priorities of Payments.

2.8 Future Ratings of the Rated Notes and the Class P Combination Notes Not Assured and Limited in Scope

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by any Rating Agency at any time. Credit ratings represent a Rating Agency's opinion regarding the credit quality of an asset but are not a guarantee of such quality. There is no assurance that a rating accorded to any of the Rated Notes or Class P Combination Notes will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a Rating Agency if, in its judgement, circumstances in the future so warrant. If a rating initially assigned to any of the Rated Notes or any of the Class P Combination Notes is subsequently lowered for any reason, no person or entity is required to provide any additional support or credit enhancement with respect to any such Notes and the market value of such Notes is likely to be adversely affected.

2.9 Average Life and Prepayment Considerations

The Maturity Date of the Rated Notes is 2029 (subject to adjustment for Business Days); however, the principal of the Notes of each Class (including the Components of each class of Class P Combination Notes) is expected to be paid in full prior to the Maturity Date. Average life refers to the average amount of time that will elapse from the date of issuance of a Note until each Euro of the principal of such Note will be paid to the investor. The average lives of the Notes will be determined by the amount and frequency of principal payments or in the case of Principal Protected Equity Obligations, Equity Obligation Distributions thereon, which in the case of, Collateral Debt Obligations, are dependent upon, among other things, the amount of payments received at or in advance of the scheduled maturity of the Collateral Debt Obligations (whether through sale, maturity, redemption, default or other liquidation or disposition). The actual average lives and actual maturities of the Notes will be affected by the financial condition of the Obligors (or, in the case of Synthetic Securities, the relevant reference entities) under the underlying Collateral Obligations and the characteristics of such securities, including the existence and frequency of exercise of any optional or mandatory redemption features, the prevailing level of interest rates, the redemption price, the actual default rate, the actual level of recoveries on any Defaulted Obligations and the timing of defaults and recoveries, and the frequency of tender or exchange offers for such Collateral Obligations. In particular, loans are generally repayable at par and a high proportion of loans could be repaid. Substantially all of the Collateral Debt Obligations are expected to be subject to optional redemption or prepayment by the relevant Obligor (or, in the case of Synthetic Securities, the relevant reference entities). Any disposition of a Collateral Obligation may change the composition and characteristics of the Collateral Obligations included in the Collateral and the rate of payments thereon and, accordingly, may affect the actual average lives of the Notes. The rate of and timing of future defaults and the amount and timing of any cash realisations from Defaulted Obligations also will affect the maturity and average lives of the Notes. The ability of the Portfolio Manager, acting on behalf of the Issuer, to reinvest any Principal Proceeds in the manner described under "The Portfolio - Management of the Portfolio" and the decisions made regarding whether or not to reinvest such proceeds will also affect the average lives of the Notes. The average lives of the Notes may also be affected by any of the provisions of the Terms and Conditions relating to the optional or mandatory redemption of the Notes in whole or in part (as applicable) prior to the Maturity Date.

2.10 Resolutions, Amendments and Waivers

Decisions may be taken by Noteholders by way of Ordinary Resolution or Extraordinary Resolution, in each case, either acting together or, to the extent specified in any applicable Transaction Document, as a Class of Noteholders acting independently. Such Resolutions can be effected either at a duly convened meeting of the applicable Noteholders or by the applicable Noteholders resolving in writing. Meetings of the Noteholders may be convened by the Issuer or the Trustee and they shall convene a meeting if requested by one or more Noteholders holding not less than ten per cent. of the aggregate Principal Amount Outstanding of the Outstanding Notes of the relevant Class, subject to certain conditions including minimum notice periods.

The Trustee may, in its discretion, determine that any proposed Ordinary Resolution or Extraordinary Resolution affects only the holders of one or more Classes of Notes, in which event the required quorum and minimum percentage voting requirements of such Ordinary Resolution or Extraordinary Resolution may be determined by reference only to the holders of that Class or Classes of Notes.
If a meeting of Noteholders is called to consider a Resolution, determination as to whether the requisite number of Notes have been voted in favour of such Resolution will be determined by reference to the percentage which the Notes voted in favour represent of the total amount of Notes held or represented by any person or persons entitled to vote which are present at such meeting and not by the Principal Amount Outstanding of all such Notes which are entitled to be voted in respect of such Resolution. This means that a lower percentage of Noteholders may pass a Resolution which is put to a meeting of Noteholders than would be required for a Written Resolution in respect of the same matter. There are, however, quorum provisions which provide that a minimum number of Noteholders representing a minimum amount of the Principal Amount Outstanding of the applicable Class or Classes of Notes be present at any meeting to consider an Extraordinary Resolution or Ordinary Resolution. In the case of an Extraordinary Resolution, this is one or more persons holding or representing not less than 66⅔ per cent. of the aggregate Principal Amount Outstanding of each Class of Notes (or the relevant Class or Classes only, if applicable) and in the case of an Ordinary Resolution this is one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of each Class of Notes (or the relevant Class or Classes only, if applicable). Such quorum provisions still, however, mean that Resolutions passed at a Meeting of Noteholders require considerably lower thresholds than would be required for an equivalent Written Resolution. In addition, if a quorum requirement is not satisfied at any meeting, lower quorum thresholds will apply at any meeting previously adjourned for want of a quorum as set out in Condition 14(b) (Decisions and Meetings of Noteholders) and in the Trust Deed.

Certain entrenched rights relating to the Terms and Conditions of the Notes including the currency thereof, Payment Dates applicable thereto, the Priorities of Payments, the provisions relating to quorums and the percentages of votes required for the passing of an Extraordinary Resolution, cannot be amended or waived by Ordinary Resolution but require an Extraordinary Resolution of each Class of Notes. It should however be noted that amendments may still be effected and waivers may still be granted in respect of such provisions in circumstances where certain Noteholders do not agree with the terms thereof and any amendments or waivers once passed in accordance with the provisions of the Terms and Conditions of the Notes and the provisions of the Trust Deed will be binding on all such dissenting Noteholders. In addition to the Trustee's right to agree to changes to the Transaction Documents to correct a manifest error, or to changes which, in its opinion, are not materially prejudicial to the interests of the Noteholders of any Class without the consent of the Noteholders, modifications may be made and waivers granted in respect of certain other matters, subject to the prior consent of the Trustee but without the consent of the Noteholders as set out in Condition 14(c) (Modification and Waiver).

2.11 Enforcement Rights Following an Event of Default

Following the occurrence of an Event of Default, the Trustee shall, at the request of the Senior Outstanding Class acting by Ordinary Resolution, give notice to the Issuer that the Notes are to be immediately due and payable following which the security over the Collateral shall become enforceable and shall be enforced by the Trustee at the direction of the Senior Outstanding Class acting by Ordinary Resolution.

Whilst non-payment of interest on the Class A-2 Notes within five Business Days (or ten Business Days where such non-payment results from an administrative error) of it being so due and payable constitutes an Event of Default under the Notes, the holders of the Class A-2 Notes will not be entitled to procure acceleration of the Notes or enforcement of the security over the Collateral at any time whilst the Class A-1 Notes remain Outstanding. In the event of any such non-payment of interest on the Class A-2 Notes and non-acceleration of the Notes or enforcement of the security over the Collateral, interest on the Class A-2 Notes will not be deferred nor will itself bear interest, and only default interest payable in accordance with the terms of the Trust Deed will be payable in respect thereof for the continuance of such non-payment.

2.12 Withholding Tax on the Notes

Although no withholding tax is currently imposed on payments of interest on the Notes under an exemption set out in "Tax Considerations", there can be no assurance that the law will not change. If any withholding tax is imposed on payments of interest on any Class of Notes, the Issuer is not required to "gross-up" payments to the holders of such Notes. However, in such circumstances the Notes may be redeemed (in whole but not in part) at the option of each of the Senior Outstanding Class acting by Extraordinary Resolution and the Subordinated Noteholders acting by Extraordinary Resolution. See "Condition 7(b)(ii) (Redemption at the Option of the Senior Outstanding Class Noteholders and Subordinated Noteholders following Note Tax Event)".

2.13 Voting Rights of the Class A-1R Noteholders

For the purposes of voting on resolutions and issuing directions to the Trustee and any other decisions required to be made by any Class of Noteholders, in the case of the Class A-1R Noteholders, votes and the applicable quorum shall be determined by reference to the Class A-1R Commitment of each Class A-1R Noteholder which has not been cancelled at such time.
2.14 Availability of Advances on Class A-1R Notes

The Class A-1R Noteholders will be required to make Class A-1R Advances to the Issuer in respect of their respective Class A-1R Commitments until the Commitment Termination Date. In the event that a Class A-1R Noteholder fails to make a Class A-1R Advance when requested, the Issuer may but is not required to transfer such Class A-1R Note to another party who will subsequently be required to make the Class A-1R Advance. There can be no guarantee that the Issuer will transfer such Class A-1R Note or find another party to purchase the Class A-1R Note. If a Class A-1R Noteholder fails to make a Class A-1R Advance and the Portfolio Manager, acting on behalf of the Issuer, has not transferred the related Class A-1R Note to another party who can make the Class A-1R Advance, the funds available to the Issuer to purchase Collateral Obligations will be reduced. In such circumstances, the level of income receivable by the Issuer on the Collateral, and therefore its ability to meet its interest payment obligations under the Notes, may be adversely affected. Such inability to invest could cause an Effective Date Rating Event leading to an early redemption of the Notes.

3. Relating to the Collateral

3.1 The Portfolio

The decision by any prospective holder of Notes to invest in such Notes should be based, among other things (including, without limitation, the identity of the Portfolio Manager), on the Eligibility Criteria which each Collateral Obligation is required to satisfy, as disclosed in this Prospectus and on the Portfolio Profile Tests, Collateral Quality Tests, Coverage Tests and Target Par Amount that the Portfolio is required to satisfy as at the Effective Date and thereafter. This Prospectus does not contain any information regarding the individual Collateral Obligations on which the Notes will be secured from time to time. Purchasers of any of the Notes will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Issuer and, accordingly, will be dependent upon the reasonable business judgement and ability of the Portfolio Manager in acquiring investments for purchase on behalf of the Issuer over time. No assurance can be given that the Issuer will be successful in obtaining suitable investments or that, if such investments are made, the objectives of the Issuer will be achieved.

Neither the Issuer nor the Initial Purchaser has made any investigation into the Obligors of the Collateral Obligations or the reference entities in respect of Synthetic Securities. The value of the Portfolio may fluctuate from time to time (as a result of substitution or otherwise) and none of the Issuer, the Trustee, the Initial Purchaser, the Custodian, the Portfolio Manager, the Collateral Administrator, any Agent, the Liquidity Facility Provider, any Asset Swap Counterparty, any Interest Rate Hedge Counterparty or any of their Affiliates is under any obligation to maintain the value of the Collateral Obligations at any particular level. None of the Issuer, the Trustee, the Initial Purchaser, the Custodian, the Portfolio Manager, the Collateral Administrator, any Agent, the Liquidity Facility Provider, any Asset Swap Counterparty, any Interest Rate Hedge Counterparty or any of their Affiliates has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Collateral Obligations nor any decrease in the level of distributions receivable therefrom from time to time.

3.2 Nature of Collateral

The Issuer will invest in a portfolio of Collateral Obligations consisting at the time of acquisition of predominantly Euro and non-Euro denominated Secured Senior Loans, Unsecured Senior Loans, Second Lien Loans, Mezzanine Obligations, High Yield Bonds, Structured Finance Securities and Principal Protected Equity Obligations which are rated below investment grade, as well as certain other investments, all of which will have greater credit and liquidity risk than investment grade sovereign or corporate bonds or loans. The Collateral is subject to credit and liquidity and interest rate risks.

The market value of the Collateral Obligations may be volatile and will generally fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of certain financial markets, international political events, developments or trends in any particular industry and the financial condition of the Obligors under the Collateral Obligations. The lower rating of below investment grade loans reflects a greater possibility that adverse changes in the financial condition of an Obligor or in general economic conditions or both may impair the ability of the relevant Obligor, to make payments of principal or interest. Such investments may be speculative. See "The Portfolio".

A decrease in the market value of the Collateral Obligations would adversely affect the proceeds of sale that could be obtained upon the sale of the Collateral Obligations and could, ultimately, affect the ability of the Issuer to effect an optional redemption of the Notes or pay the principal of the Notes upon a liquidation of the Collateral Obligations following the occurrence of an Event of Default.

Due to the fact that Subordinated Notes represent a leveraged investment in the underlying Collateral Obligations, it is anticipated that changes in the market value of the Subordinated Notes will be greater than changes in the market value of the underlying Collateral Obligations.
The offering of the Notes has been structured so that the Notes can withstand certain assumed losses relating to defaults on the underlying Collateral Obligations. See "Ratings of the Notes". There is no assurance that actual losses will not exceed such assumed losses. If any losses exceed such assumed levels, payments on the Notes could be adversely affected by such defaults. To the extent that a default occurs with respect to any Collateral Obligation securing the Notes and the Issuer sells or otherwise disposes of such Collateral Debt Obligation, it is likely that the proceeds of such sale or disposition will be less than the unpaid principal and interest thereon.

The financial markets may experience substantial fluctuations in prices for Secured Senior Loans, Unsecured Senior Loans, Mezzanine Obligations, High Yield Bonds, Structured Finance Securities and Principal Protected Equity Obligations and limited liquidity for such obligations. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not occur, persist or become more acute following the Closing Date. During periods of limited liquidity and higher price volatility, the Issuer's ability to acquire or dispose of Collateral Obligations at a price and time that the Issuer deems advantageous may be impaired. As a result, in periods of rising market prices, the Issuer may be unable to participate in price increases fully to the extent that it is either unable to dispose of Collateral Obligations whose prices have risen or to acquire Collateral Obligations whose prices are on the increase; the Issuer's inability to dispose fully and promptly of positions in declining markets will conversely cause its net asset value to decline as the value of unsold positions is marked to lower prices. A decrease in the market value of the Collateral Obligations would also adversely affect the ability of the Issuer to pay in full or redeem the Notes.

3.3 Acquisition of Collateral Obligations

The Issuer has purchased or entered into certain agreements to purchase a substantial portion of the Portfolio on or prior to the Closing Date. The prices paid for such Collateral Obligations may not reflect the market value of such Collateral Obligations on the Closing Date or on the date on which the Issuer entered into a binding commitment to purchase such obligation. In addition, although such obligations are expected to satisfy the Eligibility Criteria at the time of entering into a binding commitment to purchase, it is possible that such obligations may no longer satisfy such Eligibility Criteria after entry into such binding commitment and therefore on or after the Closing Date due to intervening events. The requirement that the Eligibility Criteria be satisfied applies only at the time that an agreement to purchase a Collateral Obligation is entered into and any failure by such obligation to satisfy the Eligibility Criteria at a later stage will not result in any requirement to sell it or take any other action.

3.4 Collateral Reinvestment Provisions; Restrictions on Acquisition and Disposition

Subject to the restrictions specified in "The Portfolio – Management of the Portfolio", during the Reinvestment Period and, to the limited extent described more fully herein, after the Reinvestment Period, so long as certain requirements are met, the Portfolio Manager will have discretion in accordance with the Portfolio Management Agreement to reinvest Principal Proceeds and in some cases Interest Proceeds and dispose of Collateral Obligations and to reinvest the Sale Proceeds in Substitute Collateral Obligations, in each case in compliance with the Reinvestment Criteria and certain other requirements set forth herein. The exercise by the Portfolio Manager of its discretion in accordance with the Portfolio Management Agreement in disposing of such Collateral Obligations and purchasing Substitute Collateral Obligations in compliance with the Reinvestment Criteria and such other requirements will expose the Issuer to the market conditions prevailing at the time of such sale and reinvestment. Such actions during periods of adverse market conditions may result in unfavourable changes in the characteristics and quality of the Portfolio and may result in a decrease in the overall yield on the Portfolio, adversely affecting the Issuer's ability to make payments on the Notes. Further, due to the significant restrictions imposed by the Portfolio Management Agreement on the Portfolio Manager's ability to buy and sell Collateral Obligations, during certain periods or in certain circumstances, the Portfolio Manager may be unable as a result of such restrictions to buy or sell securities or to take other actions which it might consider to be in the best interests of the Issuer and the Noteholders.

3.5 Considerations Relating to the Initial Investment Period

During the Initial Investment Period, the Portfolio Manager, acting on behalf of the Issuer, will seek to acquire additional Collateral Obligations in order to satisfy as at the Effective Date, the Target Par Amount and each of the Coverage Tests, Collateral Quality Tests and Portfolio Profile Tests. See "The Portfolio". The ability to satisfy such targets and tests will depend on a number of factors beyond the control of the Issuer and the Portfolio Manager, including the availability of obligations that satisfy the Eligibility Criteria and other Portfolio-related requirements in the primary and secondary loan markets, the condition of the financial markets, general economic conditions and international political events. Therefore, there can be no assurance that such targets and tests will be met. To the extent it is not possible to purchase such additional Collateral Obligations during the Initial Investment Period, the level of income receivable by the Issuer on the Collateral and therefore its ability to meet its interest payment obligations under the Notes, together with the weighted average lives of the Notes, may be adversely affected. In addition, the ability of the Issuer to enter into additional Asset Swap Transactions upon the acquisition of Non-Euro Obligations or Interest Rate Hedge Transactions upon the acquisition of Collateral Obligations which pay interest at a fixed rate or floating rate will also depend upon a number of factors outside the
control of the Issuer and the Portfolio Manager, including its ability to identify a suitable Hedge Counterparty with
whom the Issuer may enter into additional Hedge Transactions. Any failure by the Issuer to acquire such
additional Collateral Obligations because of its inability to enter into required additional Hedge Transactions could
result in the non-confirmation or downgrade or withdrawal by any Rating Agency of its Initial Ratings of any
Class or Classes of Notes. Such downgrade or withdrawal may result in the redemption of the Notes and therefore
reduce the leverage ratio of the Subordinated Notes to the other Classes of Notes which could adversely affect the
level of returns to the Subordinated Noteholders. Any such redemption of the Notes may also adversely affect the
risk profile of Classes of Notes in addition to the Subordinated Notes to the extent that the amount of excess spread
capable of being generated in the transaction reduces as the result of redemption of the most senior ranking Classes
of Notes in accordance with the Priorities of Payments which bear interest at a lower rate of interest than the
remaining Classes of Rated Notes.

3.6 Nature of the Collateral

The Collateral Obligations on which the Notes and the claims of the other Secured Parties are secured will be
subject to credit, liquidity, interest rate, exchange rate and other market risks. All of the Collateral Obligations
charged and/or assigned to secure the Notes will be Secured Senior Loans, Unsecured Senior Loans, Second Lien
Loans, Mezzanine Obligations, High Yield Bonds, Structured Finance Securities and Principal Protected Equity
Obligations lent to or issued by various Obligors with a principal place of business or significant operations in a
Qualifying Country which will be rated or assigned an implied rating. The majority of these ratings are likely to
be below investment grade.

Investment in the Notes of any Class involves a degree of risk arising from fluctuations in the amount and timing
of receipt of the principal and interest on the Collateral Debt Obligations and Equity Obligation Distributions in
respect of Principal Protected Equity Obligations by or on behalf of the Issuer and the amounts of the claims of
creditors of the Issuer ranking in priority to the holders of each Class of the Notes. In particular, prospective
purchasers of such Notes should be aware that the amount and timing of payment of the principal and interest on
the Collateral Debt Obligations will depend upon the detailed terms of the documentation relating to each of the
Collateral Debt Obligations

The subordination levels of each of the Classes of Notes will be established to withstand certain assumed
deficiencies in payment caused by defaults and subsequent losses on the related Collateral Obligations. If,
however, actual payment deficiencies exceed such assumed levels, payments on the Notes could be adversely
affected. Whether and by how much defaults and subsequent losses on the Collateral Obligations adversely affect
each Class of Notes will be directly related to the level of subordination thereof pursuant to the Priorities of
Payments. The risk that payments on the Notes could be adversely affected by defaults on the related Collateral
Obligations is likely to be increased to the extent that the Portfolio of Collateral Obligations is concentrated in any
one Obligor, industry, region or country as a result of the increased potential for correlated defaults in respect of a
single Obligor or within a single industry, region or country as a result of downturns relating generally to such
industry, region or country. Subject to any confidentiality obligations binding on the Issuer and any restriction
imposed by applicable law, Noteholders will receive notice from time to time of the identity of Collateral
Obligations which become "Defaulted Obligations".

To the extent that a default occurs with respect to any Collateral Obligation and the Issuer or Trustee sells or
otherwise disposes of such Collateral Obligation, the proceeds of such sale or disposition are likely to be less than
the unpaid principal and interest thereon or, in the case of a Principal Protected Equity Obligation, less than the
initial amount invested therein. In addition, the Issuer may incur additional expenses to the extent it seeks
recoveries upon the default of a Collateral Obligation or participates in the restructuring of a Collateral Obligation.
Even in the absence of a default with respect to any of the Collateral Obligations, the potential volatility and
illiquidity of the sub-investment grade leveraged loan markets means that the market value of such Collateral
Obligations which are Collateral Debt Obligations at any time will vary, and may vary substantially, from the price
at which such Collateral Obligations were initially purchased and from the principal amount of such Collateral
Obligations. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of
such Collateral Obligations at any time, or that the proceeds of any such sale or disposition would be sufficient to
repay a corresponding par amount of principal of and interest on the Notes after, in each case, paying all amounts
payable prior thereto pursuant to the Priorities of Payments. Moreover, there can be no assurance as to the timing
of any recovery.

3.7 Secured Senior Loans, Unsecured Senior Loans, Second Lien Loans and Mezzanine Obligations

Secured Senior Loans, Unsecured Senior Loans, Second Lien Loans and Mezzanine Obligations are of a type
generally incurred by the Obligors thereunder in connection with highly leveraged transactions, often (although not
exclusively) to finance internal growth, acquisitions, mergers and/or stock purchases. As a result of the additional
debt incurred by the Obligor in the course of such a transaction, the Obligor's creditworthiness is typically judged
by the rating agencies to be below investment grade. Secured Senior Loans and Unsecured Senior Loans are
typically at the most senior level of the capital structure. Secured Senior Loans are often secured by specific
collateral, including but not limited to trade marks, patents, accounts receivable, inventory, equipment, buildings,
real estate, franchises and common and preferred stock of the Obligor and its subsidiaries, although the security granted in respect of some Senior Loans may be limited to share security over the Obligor group and some Senior Loans and Unsecured Senior Loans may also be unsecured. Second Lien Loans are considered to be structurally at the same level as Secured Senior Loans and Unsecured Senior Loans, but generally only have the benefit of a second charge over some or all of the assets securing the Secured Senior Loan and a later repayment date. The Portfolio Profile Tests provide that not more than 5 per cent. of the Aggregate Collateral Balance may consist of Unsecured Senior Loans. Mezzanine Obligations are subordinate to Secured Senior Loans, Unsecured Senior Loans, and Second Lien Loans and often have the benefit of a second (or, where there is a Second Lien Loan, third) charge over such assets. Secured Senior Loans and Unsecured Senior Loans usually have shorter terms than more junior obligations and often require mandatory prepayments from excess cash flow, asset dispositions and offerings of debt and/or equity securities. Second Lien Loans usually have a term between that of Secured Senior Loans or Unsecured Senior Loans and Mezzanine Obligations, with a higher rate of interest than the Secured Senior Loans and Unsecured Senior Loans, but generally also only payable in cash.

Mezzanine Obligations generally take the form of medium term loans repayable shortly (perhaps 6 months or one year) after the senior loans of the Obligor thereunder. Because a Mezzanine Obligation is only repayable after the senior debt (and interest payments may be blocked to protect the position of senior debt interest in certain circumstances), it will generally carry a higher rate of interest to reflect the greater risk of it not being repaid. Due to the greater risk associated with Mezzanine Obligations as a result of their subordination below senior loans of the Obligor, mezzanine lenders may be granted share options or warrants in the Obligor which can be exercised in certain circumstances, principally being immediately prior to the Obligor’s shares being sold or floated in an initial public offering, or higher cash paying instruments or payment in kind by the Obligor which are payable according to their contractual terms.

The majority of Secured Senior Loans, Unsecured Senior Loans, Second Lien Loans and Mezzanine Obligations bear interest based on a floating rate index, for example EURIBOR, the certificate of deposit rate, a prime or base rate (each as defined in the applicable loan agreement) or other index, which may reset daily (as most prime or base rate indices do) or offer the borrower a choice of one, two, three, six, nine or twelve month interest and rate reset periods. The purchaser of an interest in a Secured Senior Loan, Unsecured Senior Loan, Second Lien Loan or Mezzanine Obligation may receive certain syndication or participation fees in connection with its purchase. Other fees payable in respect of a Secured Senior Loan, Unsecured Senior Loan, Second Lien Loan or Mezzanine Obligation, which are separate from interest payments on such loan, may include facility, commitment, amendment and prepayment fees.

Secured Senior Loans, Unsecured Senior Loans, Second Lien Loans and Mezzanine Obligations also generally provide for restrictive covenants designed to limit the activities of the Obligors thereunder in an effort to protect the rights of lenders to receive timely payments of interest on, and repayment of, principal of the loans. Such covenants may include restrictions on dividend payments, specific mandatory minimum financial ratios, limits on portfolio profile tests provide that not more than 5 per cent. of the Aggregate Collateral Balance may consist of unsecured senior loans, and second lien loans and mezzanine obligations are generally not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to, for example, the high yield bond market. Historically, investors in or lenders under European Secured Senior Loans, Unsecured Senior Loans and Mezzanine Obligations have been predominantly commercial banks and investment banks. The range of investors for such loans and Second Lien Loans has broadened to include money managers, insurance companies, arbitrageurs, bankruptcy investors and mutual funds seeking increased potential total returns and portfolio managers of trusts or special purpose companies issuing collateralised bond and loan obligations. As secondary market trading volumes increase, new loans are frequently adopting more standardised documentation to facilitate loan trading which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide the degree of liquidity which currently exists in the market. This means that such assets will be subject to greater disposal risk if such assets are sold following enforcement of the security over the Collateral or otherwise. The European market for Mezzanine Obligations and Second Lien Loans is also generally less liquid than that for Secured Senior Loans and Unsecured Senior Loans, resulting in increased disposal risk for such obligations.

The facts that Mezzanine Obligations are generally subordinated to any Secured Senior Loan and Unsecured Senior Loan and potentially other indebtedness of the relevant Obligor thereunder (such as Second Lien Loans) and that they may have a longer maturity than such other indebtedness and will generally only have a second or
third ranking security interest over any security granted in respect thereof, increases the risk of non-payment thereunder of such Mezzanine Obligations in an enforcement situation.

Mezzanine Obligations may provide that all or part of the interest accruing thereon will not be paid on a current basis but will be deferred. Mezzanine Obligations also generally involve greater credit and liquidity risks than those associated with investment grade corporate obligations and Secured Senior Loans and Unsecured Senior Loan. They are often entered into in connection with leveraged acquisitions or recapitalisations in which the Obligors thereunder incur a substantially higher amount of indebtedness than the level at which they previously operated and, as referred to above, sit at a subordinated level in the capital structure of such companies.

There is little historical data available as to the levels of defaults and/or recoveries that may be experienced on Senior Secured Loans, Second Lien Loans or Mezzanine Obligations and no assurance can be given as to the levels of default and/or recoveries that may apply to any Senior Secured Loans, Second Lien Loans or Mezzanine Obligations purchased by the Issuer. The European second lien finance market in particular is a relatively new market, which has not yet been exposed to a full credit cycle. Accordingly, the market has not yet experienced a credit down-turn and the effects this may have on default rates and the ability of second lien finance providers to protect their investments in a default situation. The returns on Second Lien Loans therefore may not adequately reflect the risk of future defaults and the ultimate recovery rates. Furthermore, the holders of Senior Loans, Second Lien Loans and Mezzanine Obligations are more diverse than ever before, including not only banks and specialist finance providers but also potentially alternative Portfolio Managers, specialist debt and distressed debt investors and other financial institutions. The increasing diversification of the investor base has also been accompanied by an increase in the use of hedges, swaps and other derivative instruments to protect against or spread the economic risk of defaults. The Portfolio Manager may select Collateral Debt Obligations that may contain terms that are not standard and that provide less protection to creditors than might be expected, including in respect of covenants, events of default, security or guarantees. All of these developments may further increase the risk that historical recovery levels will not be realised. Recoveries on Secured Senior Loans, Unsecured Senior Loans, Second Lien Loans and Mezzanine Obligations will also be affected by the different bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the Obligors thereunder. See "Insolvency Considerations relating to Collateral Obligations".

A non-investment grade loan or debt obligation or an interest in a non-investment grade loan is generally considered speculative in nature and may become a Defaulted Obligation for a variety of reasons. Upon any Collateral Debt Obligation becoming a Defaulted Obligation, such Defaulted Obligation may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal and a substantial change in the terms, conditions and covenants with respect to such Defaulted Obligation. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in uncertainty with respect to ultimate recovery on such Defaulted Obligation. The liquidity for Defaulted Obligations may be limited, and to the extent that Defaulted Obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. Furthermore, there can be no assurance that the ultimate recovery in any Defaulted Obligation will be at least equal either to the minimum recovery rate assumed by the Rating Agencies in rating the Notes or any recovery rate used in the analysis of the Notes that may have been sent by the Initial Purchaser to the Noteholders for or at the direction of the Noteholders.

Loans are generally prepayable in whole or in part at any time at the option of the obligor thereof at par plus accrued and unpaid interest thereon. Prepayments on loans may be caused by a variety of factors, which are difficult to predict. Accordingly, there exists a risk that loans purchased at a price greater than par may experience a capital loss as a result of such a prepayment. In addition, PrincipalProceeds received upon such a prepayment are subject to reinvestment risk. Any inability of the Issuer to reinvest payments or other proceeds in Collateral Debt Obligations with comparable interest rates that satisfy the Reinvestment Criteria may adversely affect the timing and amount of payments and distributions received by the Noteholders and the yield to maturity of the Notes. There can be no assurance that the Issuer will be able to reinvest proceeds in Collateral Debt Obligations with comparable interest rates that satisfy the Reinvestment Criteria or (if it is able to make such reinvestments) as to the length of any delays before such investments are made.

3.8 High Yield Bonds

High yield debt securities are generally unsecured, may be subordinated to other obligations of the applicable Obligor and generally involve greater credit and liquidity risks than those associated with investment grade corporate obligations. They are often issued in connection with leveraged acquisitions or recapitalisations in which the Obligors thereunder incur a substantially higher amount of indebtedness than the level at which they previously operated.

High yield debt securities have historically experienced greater default rates than investment grade securities. Although several studies have been made of historical default rates in the U.S. high yield market, such studies do not necessarily provide a basis for drawing definitive conclusions with respect to default rates and, in any event, do not necessarily provide a basis for predicting future default rates in any of the high yield markets which may
exceed the hypothetical default rates assumed by investors in determining whether to purchase the Notes or by the Rating Agencies in rating the Rated Notes.

The lower rating of securities in the high yield sector reflects the greater possibility that adverse changes in the financial condition of an issuer thereof, or in general economic conditions (including a sustained period of rising interest rates or an economic downturn), or both, may affect the ability of such issuer to make payments of principal and interest on its debt. Many issuers of high yield debt obligations are highly leveraged, and specific developments affecting such issuers, including reduced cash flow from operations or inability to refinance debt at maturity, may also adversely affect such issuers' ability to meet their debt service obligations. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced in respect of the High Yield Bonds in the Portfolio.

European high yield debt securities are generally subordinated structurally as opposed to contractually to senior secured debt holders. Structural subordination takes place when a high yield bond investor lends to a holding company whose primary asset is ownership of a cash-generating operating company or companies. The debt investment of the high yield investor is serviced by passing the revenues and tangible assets from the operating companies upstream through the holding company (which typically has no revenue-generating capacity of its own) to the bondholders. In the absence of inter-company guarantees such a process leaves the high yield bond investors deeply subordinated to secured and unsecured creditors of the operating companies and means that investors therein will not necessarily have access to the same security package as the senior lenders (even on a second priority charge basis) or be able to participate directly in insolvency proceedings or pre-insolvency discussions relating to the operating companies within the group. This facet of the European high yield market differs from the U.S. high yield market, where structural subordination is markedly less prevalent.

In the case of high yield debt securities issued by issuers with their principal place of business in Europe, structural subordination of high yield debt securities leads European high yield defaults to realise lower average recoveries than their U.S. counterparts. Another factor affecting recovery rates for European high yield bonds is the bankruptcy regimes applicable in different European jurisdictions and the enforceability of claims against the high yield bond issuer. See “Insolvency Considerations relating to Collateral Debt Obligations” below. It must be noted, however, that the overall probability of default (based on credit rating) remains the same for both U.S. and European credits; it is the severity of the effect of any default that differs between the two markets as a result of the aforementioned factors.

In addition to the characteristics described above, high yield debt securities frequently have call or redemption features that permit the Issuer to redeem such obligations prior to their final maturity date. If such a call or redemption were exercised by an issuer during a period of declining interest rates, the Portfolio Manager, acting on behalf of the Issuer, may only be able to replace such a called obligation with a lower yielding obligation or be obliged to pay a premium for a similarly yielding obligation, thus decreasing the net investment income from the Portfolio.

3.9 Risks relating to Structured Finance Securities

Structured Finance Securities are typically securities that entitle the holders thereof to receive payments that depend primarily on the cash flow from a specified pool of financial assets, either fixed or revolving, that by their terms convert into cash within a finite time period, together with rights or other assets designated to assure the servicing or timely distribution of proceeds to holders of the Structured Finance Securities.

A Structured Finance Security generally is created by the transfer of assets and/or collateral to a special purpose entity (which may be a trust, limited liability company, corporation or other entity), which becomes the issuer of the Structured Finance Security. The sponsor or originator usually establishes the special purpose entity as an orphan entity. The special purpose entity may issue securities in the form of debt secured by the underlying assets or securities in the form of ownership interests in the underlying assets. With certain types of structured finance securities, primarily securitisations, a servicer (often the originator) is responsible for collecting the cash flow generated by the underlying assets and distributing such cash flow to security holders in accordance with the terms of the issued securities. In certain transactions a party unrelated to the originator will perform these functions.

The structure of a Structured Finance Security and the terms of the security holders' interest in the underlying assets may vary widely depending on the type of collateral, whether the collateral is fixed or revolving, the tax, accounting or regulatory treatment desired by the originator, investor preferences, and the use of credit enhancement including the process by which principal and interest payments are allocated and distributed to investors, how credit losses affect the Structured Finance Security and the return to holders in such Structured Finance Securities.

Structured Finance Securities are often subject to extension and prepayment risks which may have a substantial impact on the timing of their cashflows. The average life of each individual security may be affected by a large number of factors such as structural features (including the existence and frequency of exercise of any optional redemption, mandatory redemption or prepayment or sinking fund features), the payment or the prepayment rate of
the underlying assets, the prevailing level of interest rates, the actual default rate of the underlying assets, the
timing of recoveries and the level of rotation in the underlying assets. As a result, no assurance can be made as to
the exact timing of cashflows from the Portfolio or on the Notes. This uncertainty may substantially affect the
returns of each Class of Notes.

It is expected that most of the Structured Finance Securities will consist of Structured Finance Securities that are
subordinated in right of payment and rank junior to other securities that are secured by or represent an ownership
interest in the same pool of assets. In addition, the underlying documentation for certain of such Structured
Finance Securities provide for the diversion of payments of interest and/or principal to more senior classes when
the delinquency or loss experience of the pool of assets underlying such Structured Finance Securities exceeds
certain levels or applicable overcollateralisation or interest coverage tests are not satisfied. In certain
circumstances, payments of interest on certain Structured Finance Securities in the Portfolio may be reduced,
defered or eliminated for one or more payment dates, which may adversely affect the ability of the Issuer to pay
principal and interest in respect of the Notes. As a result of the foregoing, such subordinated Structured Finance
Securities have a higher risk of loss and a lower degree of control and/or decision-making rights compared to more
senior classes of such securities. Additionally, as a result of the diversion of cash flow to more senior classes, the
average life of such subordinated Structured Finance Securities may lengthen. Subordinated Structured Finance
Securities generally do not have the right to trigger an event of default or vote on or direct remedies following a
default until the more senior securities are paid in full. As a result, a shortfall in payments to holders of
subordinated Structured Finance Securities will generally not result in a default being declared on the transaction
and the restructuring of the same.

Finally, because subordinated Structured Finance Securities may represent a relatively small percentage of the size
of the asset pool being securitised, the impact of a relatively small loss on the overall pool may be substantial on
the individual subordinated Structured Finance Security.

3.10 Principal Protected Equity Obligations

Principal Protected Equity Obligations represent an investment in an equity security (the "Equity Obligation
Component") combined with an Obligation Assimilable du Trésor securities issue by the French Treasury (the
"Equity OAT Strip Component"). The Equity Obligation Component will represent an equity interest in a
highly leveraged company. In general highly leveraged companies are inherently more sensitive to declines in
company revenues and to increases in company expenses as well as to any rise in interest rates. Equity securities
are subordinated to potentially large amounts of senior and mezzanine debt and are typically unsecured, which
means that distributions to equity holders are available only after satisfaction of claims of senior and mezzanine
creditors and any other senior classes of equity. Therefore in the event that the relevant company does not
generate adequate cash flow to service its obligations, the Equity Obligation Component may suffer a partial or
total loss of invested capital. The Equity OAT Strip Component provides principal protection against the risk
associated with the investment in the Equity Obligation Component. Accordingly investment in a Principal
Protected Equity Obligation will, through the Equity OAT Strip Component, be afforded principal protection
however the Equity OAT Strip Component will not protect the Issuer from the risk of the failure of the Equity
Obligation Component to pay dividends or other distributions. Therefore there can be no assurance that an
investment by the Issuer in a Principal Protected Equity Obligation will result in any dividends or other
distributions being paid to the Issuer thereunder.

3.11 Participations and Assignments

The Issuer may acquire interests in Collateral Debt Obligations which are loans either directly (by way of novation
or assignment) or indirectly (by way of sub-participation). Each institution from which such an interest is acquired
is referred to herein as a "Selling Institution". Interests in loans acquired directly by way of novation or
assignment are referred to herein as "Assignments". Interests in loans acquired indirectly by way of sub-
participation are referred to herein as "Participations". As described in more detail below, holders of
Participations are subject to additional risks not applicable to a holder of a direct interest in a loan.

The purchaser of an Assignment typically succeeds to all the rights and, in respect of novations, obligations (if
any) of the assigning Selling Institution and becomes entitled to the benefit of the loans and the other rights of the
lender under the loan agreement. The Issuer, as an assignee, will generally have the right to receive directly from
the borrower all payments of principal and interest to which it is entitled, provided that notice of such Assignment
has been given to the borrower. As a purchaser of an Assignment, the Issuer typically will have the same voting
rights as other lenders under the applicable loan agreement and will have the right to vote to waive enforcement of
breaches of covenants. The Issuer will generally also have the same rights as other lenders to enforce compliance
by the borrower with the terms of the loan agreement, to set off claims against the borrower and to have recourse
to collateral supporting the loan. As a result, the Issuer will generally not bear the credit risk of the Selling
Institution and the insolvency of the Selling Institution should have no effect on the ability of the Issuer to continue
to receive payment of principal or interest from the borrower. The Issuer will, however, assume the credit risk of
the borrower.
Participations by the Issuer in a Selling Institution's portion of the loan typically results in a contractual relationship only with such Selling Institution and not with the borrower under such loan. The Issuer would, in such case, only be entitled to receive payments of principal and interest to the extent that the Selling Institution has received such payments from the borrower. In purchasing Participations, the Issuer generally will have no rights of set-off against the borrower and no right to enforce compliance by the borrower with the terms of the applicable loan agreement and the Issuer may not directly benefit from the collateral supporting the loan in respect of which it has purchased a Participation. As a result, the Issuer will assume the credit risk of both the borrower and the Selling Institution selling the Participation. In the event of the insolvency of the Selling Institution selling a Participation, the Issuer may experience delays in receiving payments made to the Selling Institution by the borrower or may be treated as a general creditor of the Selling Institution and may not benefit from any set-off between the Selling Institution and the borrower and the Issuer may suffer a loss to the extent that the borrower sets-off claims against the Selling Institution. If the Issuer is treated as a general creditor of the Selling Institution, it may not have any exclusive or senior claim with respect to the Selling Institution's interest in, or the collateral with respect to, the loan. The Portfolio Manager has not and will not perform independent credit analysis on the Selling Institution. Each Selling Institution (or an entity guaranteeing such institution) is required to satisfy the applicable Rating Requirement. The Issuer may purchase a Participation from a Selling Institution that does not itself retain any economic interest in the loan, and therefore, may have limited interest in monitoring the terms of the loan agreement and the continuing creditworthiness of the borrower. When the Issuer holds a Participation in a loan it generally will not have the right to participate directly in any vote to waive enforcement of any covenants breached by a borrower. A Selling Institution voting in connection with a potential waiver of a restrictive covenant may have interests which are different from those of the Issuer and such Selling Institution may not be required to consider the interest of the Issuer in connection with the exercise of its votes.

Additional risks are therefore associated with the purchase of Participations by the Issuer as opposed to Assignments. The Portfolio Profile Tests provide that the Aggregate Principal Balance of Collateral Debt Obligations that are Participations and Synthetic Securities must not represent more than 20 per cent. of the Aggregate Collateral Balance. In addition, the Bivariate Risk Table set out in the Portfolio Management Agreement (and under "The Portfolio – Bivariate Risk Table") specifies certain individual and aggregate third party credit exposure limits for Selling Institutions determined by reference to their S&P Ratings and/or their Moody's Ratings and Synthetic Counterparties (in respect of Uncollateralised CLNs) determined by reference to their S&P Ratings and/or their Moody's Ratings.

Assignments and Participations are sold strictly without recourse to the Selling Institutions and the Selling Institution will generally make no representations or warranties about the underlying loan, the borrowers, the documentation of the loans or any collateral securing the loans. In addition, the Issuer will be bound by provisions of the underlying loan agreements, if any, that require the preservation of the confidentiality of information provided by the borrower.

3.12 Collateral Enhancement Obligations

All funds required in respect of the purchase price of any Collateral Enhancement Obligations and all funds required in respect of the exercise price of any rights or options thereunder may only be paid out of the Balance standing to the credit of the Collateral Enhancement Account at the relevant time (including, as described below, Interest Proceeds transferred thereto). Such Balance shall be comprised of all Distributions and Sale Proceeds received in respect of Collateral Enhancement Obligations from time to time (referred to herein as "Collateral Enhancement Obligation Proceeds") together with all other sums deposited therein from time to time which will comprise interest payable in respect of the Subordinated Notes, which the Portfolio Manager, acting on behalf of the Issuer, determines shall be paid into the Collateral Enhancement Account pursuant to the Priorities of Payments rather than being paid to the Subordinated Noteholders, subject always to an aggregate limit of €500,000. In addition, if the Balance standing to the credit of the Collateral Enhancement Account at the relevant time is not sufficient to fund a purchase or exercise (as applicable) of one or more Collateral Enhancement Obligations, the Portfolio Manager (acting on behalf of the Issuer) may, at its discretion, arrange for the payment of any such shortfall by making a Portfolio Manager Advance.

The Portfolio Manager is under no obligation whatsoever to exercise its discretion (acting on behalf of the Issuer) to take any of the actions described above and there can be no assurance that the Balance standing to the credit of the Collateral Enhancement Account will be sufficient to fund the exercise of any right or option under any Collateral Enhancement Obligation at any time. The ability of the Portfolio Manager (acting on behalf of the Issuer) to exercise any rights or options under any Collateral Enhancement Obligation will be dependent upon there being sufficient amounts standing to the credit of the Collateral Enhancement Account to pay the costs of any such exercise (including, as described above, Interest Proceeds available for this purpose). Failure to exercise any such right or option may result in a reduction of the returns to the Subordinated Noteholders (and, potentially, Noteholders of other Classes).

All Collateral Enhancement Obligation Proceeds in respect of any Collateral Enhancement Obligation will be deposited into the Collateral Enhancement Account and applied, on each Payment Date, in accordance with the Collateral Enhancement Obligation Proceeds Priority of Payments, first, towards repayment of any Portfolio
Manager Advance and thereafter, at the discretion of the Issuer, in payment to the Subordinated Noteholders or in accordance with either the Interest Proceeds Priority of Payments or the Principal Proceeds Priority of Payments. The other Secured Parties will not be entitled to receive such distributions and sale proceeds.

Collateral Enhancement Obligations and any income or return generated thereby are not taken into account for the purposes of determining satisfaction of, or required to satisfy, any of the Coverage Tests, Portfolio Profile Tests or Collateral Quality Tests.

3.13 Counterparty Risk

Participations, Synthetic Securities, Offsetting Credit Default Swaps, Credit Short Obligations, Interest Rate Hedge Agreements, Asset Swap Transactions, the Liquidity Facility Agreement and the Class A-1R Note Purchase Agreement involve the Issuer entering into contracts with counterparties. Pursuant to such contracts, the counterparties agree to make payments to the Issuer under certain circumstances as described therein. The Issuer will be exposed to the credit risk of the counterparty in respect of any such payments. Each such counterparty is required to have a rating of at least the applicable Rating Requirement or, in the case of the Class A-1R Noteholders, the Class A-1R Rating Criteria. No assurances can be made, however, that the counterparty will be able to maintain this rating or will not default on its obligations if it fails to do so. See "Risks Relating to Synthetic Securities" below.

3.14 Concentration Risk

The Issuer will invest in a Portfolio of Collateral Debt Obligations consisting, at the Closing Date, of Senior Loans, Unsecured Senior Loans, Mezzanine Obligations, High Yield Bonds and Structured Finance Securities. Although no significant concentration with respect to any particular Obligor, industry or country is expected to exist at the Effective Date, the concentration of the Portfolio in any one Obligor would subject the Notes to a greater degree of risk with respect to defaults by such Obligor, and the concentration of the Portfolio in any one industry would subject the Notes to a greater degree of risk with respect to economic downturns relating to such industry. Although the Portfolio Profile Tests, which limit the amount of Collateral Debt Obligations that are obligations of a single Obligor, and require diversification of the Portfolio via the Moody's Diversity Test, attempt to mitigate this risk, no assurances can be made that they will be successful in doing so. See "The Portfolio - Portfolio Profile Tests" and "The Portfolio - Collateral Quality Tests".

3.15 Interest Rate Risk

The Notes (other than the Class A-2B Notes and the Class P Combination Notes) bear interest at floating rates based on EURIBOR. The Class A-2B Notes bear a fixed rate of interest and the Class P Combination Notes, while having the economic substance of a combination note are technically fixed rate notes.

It is possible that Collateral Debt Obligations (in particular High Yield Bonds) may bear interest at fixed rates and there is no requirement that any amount or portion of Collateral Debt Obligations securing the Notes must bear interest on a particular basis, save for the Portfolio Profile Test which requires that not more than 5 per cent. of the Aggregate Collateral Balance may comprise Fixed Rate Collateral Debt Obligations.

In addition, any payments of principal or interest received in respect of Collateral Debt Obligations and not otherwise reinvested during the Reinvestment Period in Substitute Collateral Debt Obligations will generally be invested in Eligible Investments until shortly before the next Payment Date. There is no requirement that such Eligible Investments bear interest on a particular basis, and the interest rates available for such Eligible Investments are inherently uncertain.

There may be a floating/fixed rate or basis mismatch between the Notes and the underlying Collateral Debt Obligations and Eligible Investments to the extent that any amount or proportion of Collateral Debt Obligations and Eligible Investments securing the Notes bears interest at fixed rates or floating rates that are different to the floating rates paid on the Notes or the fixed rate paid on the Class A-2B Notes. Such mismatch may be material and may change from time to time as the composition of the related Collateral Debt Obligations and Eligible Investments change and as the liabilities of the Issuer accrue or are repaid. As a result of such mismatches, changes in the level of EURIBOR could adversely affect the ability to make payments on the Notes.

The Portfolio Manager may from time to time arrange for the Issuer to enter into an Interest Rate Hedge Transactions which are fixed/float interest rate swaps or basis swap transactions. Pursuant to the Portfolio Management Agreement, the Issuer is authorised to enter into additional Interest Rate Hedge Transactions, in order to mitigate such interest rate mismatch from time to time, subject to receipt in each case of Rating Agency Confirmation in respect thereof (unless such Interest Rate Hedge Transactions are Form-Approved Interest Rate Hedges). Notwithstanding any Interest Rate Hedge Transactions entered into, there can be no assurance that the Collateral Debt Obligations, Eligible Investments, Hedge Transactions and Hedge Agreements securing the Notes will in all circumstances generate sufficient Interest Proceeds to make timely payments of interest on the Notes or that any particular levels of return will be generated on the Subordinated Notes. The Issuer will depend on each
Interest Rate Hedge Counterparty to perform its obligations under any Interest Rate Hedge Transaction to which it is a party. If any Interest Rate Hedge Counterparty defaults or becomes unable to perform due to insolvency or otherwise, the Issuer may not receive payments it would otherwise be entitled to from such Interest Rate Hedge Counterparty to cover its interest rate risk exposure.

There can be no assurance that the Collateral Debt Obligations and Eligible Investments securing the Notes will in all circumstances generate sufficient Interest Proceeds to make timely payments of interest on the Notes or that any particular levels of return will be generated on the Subordinated Notes.

3.16 Currency Risk

It is anticipated that on the Effective Date a portion of the Aggregate Principal Balance of the Collateral Debt Obligations will be comprised of Non-Euro Obligations or Synthetic Securities which have Reference Obligations denominated in currencies other than Euro. The Portfolio Profile Tests provide that not more than 30 per cent. of the Aggregate Collateral Balance may comprise Non-Euro Obligations. The percentage of the Portfolio that is comprised of these types of securities may increase or decrease over the life of the Notes. In order to hedge the potential currency exchange rate risk presented by the Issuer holding Collateral Debt Obligations that are not denominated in Euro against the fact that its obligations under the Notes are all denominated in Euro the Issuer is required to enter into Asset Swap Transactions either (a) if a Non-Euro Obligation is denominated in Sterling or U.S. Dollars, was a Primary Market Collateral Debt Obligation when acquired by the Issuer and the Par Value Tests were satisfied immediately following the acquisition thereof, upon the Non-Euro Obligation ceasing to be a Primary Market Collateral Debt Obligation or (b) if a Non-Euro Obligation is not denominated in Sterling or U.S. Dollars or is not a Primary Market Collateral Debt Obligation when acquired by the Issuer or the Par Value Tests were not satisfied immediately following the acquisition thereof, not later than on or around the settlement date of the acquisition thereof in respect of Collateral Debt Obligations not denominated in Euro. Notwithstanding such currency hedging arrangements, the Issuer may still be exposed to foreign exchange rate risk in respect of the Unhedged Collateral Debt Obligations, in the event of defaults or prepayments on the Collateral Debt Obligations and/or the realisation of trading gains and losses. The fact that proceeds available to the Issuer to pay its liabilities will be denominated in Euro and not Euro from time to time means that the Issuer and the holders of the Notes may in certain circumstances be exposed to foreign exchange rate risks. The effect of such exposure will be dependent on the Euro exchange rates from time to time.

In addition, fluctuations in Euro exchange rates may result in a decrease in value of the Portfolio for the purposes of sale thereof upon enforcement of the security over it. The Portfolio Manager may also be limited at the time of reinvestment in its choice of Collateral Debt Obligations (in respect of which it may advise) because of the cost of entry into such Asset Swap Transactions and due to restrictions in the Portfolio Management Agreement with respect thereto.

The Issuer's ongoing payment obligations under such Hedge Transactions (including termination payments) may be significant. The payments associated with such hedging arrangements generally rank senior to payments on the Notes.

The Issuer will depend upon each Hedge Counterparty to perform its obligations under any Hedge Transaction. If a Hedge Counterparty defaults or becomes unable to perform due to insolvency or otherwise, the Issuer may not receive payments it would otherwise be entitled to from such Hedge Counterparty to cover its foreign exchange exposure.

3.17 Special Situations Risk

The Issuer (or the Portfolio Manager on its behalf) may acquire interests in Collateral Debt Obligations which subsequently become subject to a restructuring or a work-out. In such cases it is not uncommon for existing lenders to be asked to support their existing lending with further capital investment. This further capital investment is often used by the relevant Obligors to assist with temporary working capital shortfalls or other necessary expenditure. The lenders will make the further capital investment available if they consider that such assistance will, in the medium to long-term, ensure a higher recovery of debt outstanding and improve the financial condition of the Obligors. However, there is no assurance that such investment will be successful and the Obligors may continue to face working capital shortfalls and ultimately their businesses may no longer be viable. In such event, it is possible that the Obligors would move into an insolvency situation. In such circumstances the Issuer would seek to recover the original Collateral Debt Obligation and the Special Situation Investment Obligation representing the further capital investment from the relevant Obligors in accordance with applicable insolvency, bankruptcy or analogous laws. There is no guarantee as to the timely recovery of such further capital investment or that such capital investment will be recovered in full or at all.

3.18 Risk relating to Credit Short Obligations

The Issuer (or the Portfolio Manager on its behalf) may from time to time enter into Credit Short Obligations, subject to certain conditions, pursuant to which the Issuer buys credit protection in respect of a specified Reference

33
Entity (including where the Issuer has no exposure to such Reference Entity) in the event of the occurrence of specified credit events in respect thereof in consideration for which the Issuer shall pay an up-front payment or premium to the applicable Credit Short Obligation Counterparty. No assurance can be given that entry into such Credit Short Obligations will result in any protection of or other return to the Issuer.

3.19 Risk relating to Offsetting Credit Default Swaps

In order to hedge the credit risks associated with holding loans, the Issuer may enter into one of more Offsetting Credit Default Swaps in respect of Credit Impaired Obligations only. However, in the event of the insolvency of the Offsetting Credit Default Swap Counterparty, the Issuer will be treated as a general creditor of such Offsetting Credit Default Swap Counterparty. Consequently, the Issuer will be subject to the credit risk of the Offsetting Credit Default Swap Counterparty as well as that of the reference obligor. As a result, concentrations of Offsetting Credit Default Swaps in any one Offsetting Credit Default Swap Counterparty may subject the Notes to an additional degree of risk with respect to defaults by such Offsetting Credit Default Swap Counterparty as well as by the Reference Obligor. Although the Portfolio Manager will not perform independent credit analysis of the Offsetting Credit Default Swap Counterparties on behalf of the Issuer, any such relevant Offsetting Credit Default Swap Counterparty, or an entity guaranteeing such Offsetting Credit Default Swap Counterparty, individually and in the aggregate will be required to satisfy the required ratings set forth under “The Portfolio – Management of the Portfolio – Offsetting Credit Default Swaps” and “The Portfolio – Management of the Portfolio – Bivariate Risk Table”. No assurances can be made that the Offsetting Credit Default Swap Counterparty will be able to maintain the required rating. The Rating Agencies may downgrade any of the Rated Notes if the Offsetting Credit Default Swap Counterparty is not in compliance with the Offsetting Credit Default Swap Counterparty rating requirements set forth herein. It is expected that the Initial Purchaser and/or one or more of its Affiliates, with acceptable credit support arrangements, if necessary, may act as Offsetting Credit Default Swap Counterparties with respect to all or a portion of the Offsetting Credit Default Swaps, which may create certain conflicts of interest. See “Certain Conflicts of Interest” below.

3.20 Risks relating to Securities Lending

The Issuer, or the Portfolio Manager on behalf of the Issuer may enter into securities lending agreements subject to (1) the prior approval of the Senior Outstanding Class acting by Ordinary Resolution, (2) receipt of Rating Agency Confirmation in respect of securities lending, (3) the percentage of the Aggregate Collateral Balance of Collateral Debt Obligations the subject of securities lending agreements that represents securities lending not exceeding the aggregate percentage set forth in the Bivariate Risk Table, (4) the Portfolio Profile Tests being satisfied and (5) the Issuer executing and doing all such acts and things as the Trustee may require or consider desirable in connection with such securities lending including, but not limited to, the provision of security over the benefit of any securities lending agreement and any collateral received pursuant thereto. Such loans will require to be secured by cash or securities, in an amount specified by the Rating Agencies in the Rating Agency Confirmation. The counterparties borrowing the securities will be required to meet certain rating requirements specified by the Rating Agencies. However, in the event that the borrower of the loaned Collateral Debt Obligations defaults, the Noteholders could suffer a loss to the extent that the realised value of the cash or securities securing the obligation of such borrower to return a loaned Collateral Debt Obligation (less expenses) is less than the amount required to purchase such Collateral Debt Obligations in the open market. This shortfall could be due to, among other things, discrepancies between the mark-to-market and actual transaction prices for the loaned Collateral Debt Obligations arising from limited liquidity or availability of the loaned Collateral Debt Obligations and, in extreme circumstances, the loaned Collateral Debt Obligations being unavailable at any price. The Rating Agencies may downgrade any of the Rated Notes if a borrower of a Collateral Debt Obligation or, if applicable, the entity guaranteeing the performance of such borrower, has been downgraded by any of the Rating Agencies such that the Issuer is not in compliance with the rating requirements specified by the Rating Agencies for such borrowers.

3.21 Insolvency

Collateral Obligations may be subject to various laws enacted for the protection of creditors in the countries of the jurisdictions of incorporation of Obligors and, if different, in which the Obligors conduct business and in which they hold the assets, which may adversely affect such Obligors’ abilities to make payment on a full or timely basis. These insolvency considerations will differ depending on the country in which each Obligor is located or domiciled or holds its assets. In particular, it should be noted that a number of continental European jurisdictions operate “debtor-friendly” insolvency regimes which would result in delays in payments under Collateral Obligations where Obligors thereunder are subject to such regimes, in the event of their insolvency.

The different insolvency regimes applicable in the different European jurisdictions result in a corresponding variability of recovery rates for Senior Loans, Unsecured Senior Loans, Mezzanine Obligations and High Yield Bonds entered into by Obligors in such jurisdictions. No reliable historical data is available in respect of such recovery rates.
3.22  **Lender Liability Considerations; Equitable Subordination**

In recent years, a number of judicial decisions in the United States and other jurisdictions have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (collectively, termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or shareholders. Although it would be a novel application of the lender liability theories, the Issuer may be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the under-capitalisation of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination". Because of the nature of the Collateral Debt Obligations, the Issuer may be subject to claims from creditors of an Obligor that Collateral Debt Obligations issued by such Obligor that are held by the Issuer should be equitably subordinated. Although the Issuer does not intend to engage in, and the Portfolio Manager does not intend to act on behalf of the Issuer with respect to, any conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine described above, such liability cannot be precluded.

The preceding discussion is based upon principles of United States federal and state laws. Insofar as Collateral Debt Obligations that are obligations of non-United States Obligors are concerned, the laws of certain foreign jurisdictions may impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that may or may not be analogous to those described above under United States federal and state laws.

3.23  **Risks relating to Synthetic Securities**

In the event that Collateral Debt Obligations acquired by the Issuer from time to time are Synthetic Securities, in addition to the credit risks associated with the Collateral Debt Obligations to which such Synthetic Securities are linked ("Reference Obligations"), the Issuer will also be subject to the credit risk of the applicable Synthetic Counterparty. The Issuer will have a contractual relationship only with the Synthetic Counterparty and not with the obligor under the Reference Obligation. The Issuer generally will have no right to directly enforce compliance by the obligor under the Reference Obligation with the terms of the Reference Obligation, will not have any rights of set-off against such obligor, will not have any voting rights with respect to the Reference Obligation, will not directly benefit from any collateral supporting the Reference Obligation and will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. The Issuer will therefore be exposed to the credit risk of the applicable Synthetic Counterparty as well as the obligor of the Reference Obligation (the "Reference Entity"). In addition, in the event of the insolvency of any Synthetic Counterparty, the Issuer may be treated as a general unsecured creditor of such Synthetic Counterparty, and will not have any specific claim in respect of the Reference Obligation the subject of the applicable Synthetic Security. As a result, concentrations of Synthetic Securities in any one Synthetic Counterparty may subject the Notes to an additional degree of risk with respect to defaults by such Synthetic Counterparty in addition to the credit risk of the Reference Obligation.

The Portfolio Profile Tests impose restrictions on the level of exposure to the credit of Synthetic Counterparties by reference to the rating thereof and on the percentage of the Portfolio that may comprise Synthetic Securities (both collateralised and un-collateralised). The Portfolio Manager will not perform independent credit analysis of any Synthetic Counterparty on behalf of the Issuer. Although any such Synthetic Counterparty, or an entity guaranteeing such Synthetic Counterparty, individually and in the aggregate will be required to satisfy the applicable Rating Requirement thereto, no assurances can be made that the ratings of any such Synthetic Counterparty will not be downgraded. The Rating Agencies may downgrade any of the Notes if the Synthetic Counterparty Rating Requirement is not complied with. It is expected that the Initial Purchaser and/or one or more of its Affiliates, with acceptable credit support arrangements, if necessary, may act as Synthetic Counterparties with respect to all or a portion of the Synthetic Securities, which may create certain conflicts of interest. In addition, one or more Affiliates of the Portfolio Manager, with acceptable credit support arrangements, if necessary, may act as a Synthetic Counterparty with respect to all or a portion of the Synthetic Securities, which may create certain conflicts of interest (see "Certain Conflicts of Interest" below). In addition, the Issuer may, subject to Rating Agency Confirmation and consent of the Senior Outstanding Class, acting by Ordinary Resolution, for so long as the Class A-1 Notes are the Senior Outstanding Class, enter into Synthetic Securities with any of the market makers in respect of a credit default swap index (including, without limitation, the iTraxx LeVX Credit Default Swap Index) pursuant to which the Issuer will sell credit protection to such Synthetic Counterparties on each of the Reference Obligations which comprise such index from time to time.
The Issuer expects that the returns on a Synthetic Security will generally reflect those of the related Reference Obligation; however, as a result of the terms of the Synthetic Security and the assumption of the credit risk of the applicable Synthetic Counterparty, a Synthetic Security may have a different expected return, a different (and potentially greater) probability of default, a different (and potentially greater) expected loss characteristic following a default and a different (and potentially lower) expected recovery following default. Additionally, the terms of a Synthetic Security may provide for different maturities, payment dates, interest rates, interest rate references, credit exposures and non-credit related exposures to obligations of the related issuer than those of the Reference Obligation relating thereto. Such Synthetic Securities will be documented such that the Issuer is not exposed to any currency risk.

Generally, upon the occurrence of certain specified credit events under a Synthetic Security other than a credit default swap (which credit events generally will relate to the credit of the applicable Reference Entity), the relevant Synthetic Security will become repayable and its terms will permit or require the Synthetic Counterparty to satisfy its repayment obligations under the Synthetic Security in such circumstances by delivering to the Issuer (i) a principal amount of Reference Obligations or other Deliverable Obligations of the applicable Reference Entity or (ii) cash in an amount equal to the current market value of a principal amount of the Reference Obligations or such Deliverable Obligations of the Reference Entity, in either case, equal to the original principal amount of the applicable Synthetic Security. Such amounts may be significantly less than the original principal amount of such Synthetic Security or, in certain circumstances, zero. The Portfolio Manager (acting on behalf of the Issuer) will be required under and in accordance with the Portfolio Management Agreement to sell any Deliverable Obligations which are delivered in such circumstances if they do not satisfy the Eligibility Criteria as described in "Description of the Portfolio", which exposes the Issuer to additional disposal risk as discussed under "Nature of the Collateral" above. Generally, upon the occurrence of certain specified credit events under a Synthetic Security which is an unfunded credit default swap (which credit events will generally relate to the credit of the applicable Reference Entity), the Issuer will be obliged under the terms of the Synthetic Security to deliver to the Synthetic Counterparty either (i) a physical settlement amount approximately equal to the notional amount of the Synthetic Security in exchange for delivery to it by the Swap Counterparty of Reference Obligations or other Deliverable Obligations of the applicable Reference Entity or (ii) a cash settlement amount calculated in accordance with the terms of the applicable Synthetic Security representing an amount equal to the loss in market value of a principal amount of the Reference Obligations of the Reference Entity, in either case, equal to the notional amounts of the applicable Synthetic Security. The Issuer will satisfy any such obligation out of the Synthetic Collateral Account. See "Description of the Portfolio - Synthetic Securities".

Prospective investors in the Notes should also note that a Reference Obligation does not need to satisfy the Eligibility Criteria relating to currency of denomination. As referred to above, a Synthetic Security which is a Defaulted Obligation will generally be settled either by a cash settlement or a physical settlement. The Issuer may be required upon the occurrence of a credit event to take delivery of a non-Euro denominated obligation or cash in a currency other than Euros, exposing the Issuer to currency exchange rate risk.

For the purposes of this Prospectus, "Deliverable Obligations" shall mean any obligations referred to in a Synthetic Security as the "Deliverable Obligation" which is deliverable upon termination prior to the scheduled maturity thereof.

3.24 Taxation Risk in respect of the Collateral Debt Obligations

The Issuer and the Portfolio Manager shall use all commercially reasonable endeavours to ascertain the withholding tax position on payments of interest on Collateral Debt Obligations (including whether interest payments will be paid gross or net and if net, whether there is an obligation to gross up) at the time when they are acquired by the Issuer. If the Obligors of such Collateral Debt Obligations do not make "gross-up" payments that cover the full amount of any such withholding taxes, the amounts available to make payments on, or distributions to, the Noteholders would accordingly be reduced. Under the Portfolio Profile Tests not more than 5 per cent. of the Aggregate Collateral Balance may consist of Collateral Debt Obligations in respect of which withholding tax is deducted and which is not grossed-up or recoverable under applicable double tax treaty relief. There can be no assurance that, as a result of any change in any applicable law, rule or regulation or interpretation thereof, the payments on the Collateral Debt Obligations might not in the future become subject to withholding tax or increased withholding rates in respect of which the relevant Obligor will not be obliged to gross up to the Issuer. In such circumstances, the Issuer may be able, but will not be obliged, to take advantage of (i) a double taxation treaty between Ireland and the jurisdiction from which the relevant payment is made, (ii) the current applicable law in the jurisdiction of the relevant Obligor or (iii) the fact that the Issuer has taken a Participation in such Collateral Debt Obligations from a Selling Institution which is able to pay interest payable under such Participation gross if paid in the ordinary course of its business. If the Issuer receives any interest payments on any Collateral Debt Obligation net of any applicable withholding tax, the Coverage Tests and Collateral Quality Tests will be determined by reference to such net receipts. Such tax would also reduce the amounts available to make payments on the Notes. There can be no assurance that remaining payments on the Collateral Debt Obligations would be sufficient to make timely payments of interest, principal on the Maturity Date and other amounts payable in respect of the Notes of each Class.
If the aggregate amount of any withholding tax on payments in respect of the Collateral Debt Obligations during any Due Period is in excess of six per cent. of the aggregate interest payments due on all Collateral Debt Obligations during such Due Period, a Collateral Tax Event shall be deemed to have occurred following which the Notes may be redeemed (in whole but not in part) at the option of the Subordinated Noteholders, acting by Extraordinary Resolution. See Condition 7(b)(i) (Redemption at the Option of the Subordinated Noteholders).

### 3.25 Regulatory Risk in respect of the Collateral Debt Obligations

In many jurisdictions, especially in continental Europe, engaging in lending activities "in" certain such jurisdictions, whether conducted via the granting of loans, purchases of receivables, discounting of invoices, guarantee transactions or otherwise (collectively, "Lending Activities") is generally considered a regulated financial activity and, accordingly, must be conducted in compliance with applicable local banking laws. In many such jurisdictions, there is comparatively little statutory, regulatory or interpretive guidance issued by the competent authorities or other authoritative guidance as to what constitutes the conduct of Lending Activities "in" such jurisdictions. As such, Collateral Debt Obligations may be subject to these local law requirements. Moreover, these regulatory considerations may differ depending on the country in which each obligor is located or domiciled, on the type of obligor and other considerations. Therefore, at the time when Collateral Debt Obligations are acquired by the Issuer, there can be no assurance that, as a result of the application of regulatory law, rule or regulation or interpretation thereof by the relevant governmental body or agency, or change in such application or interpretation thereof by such governmental body or agency, payments on the Collateral Debt Obligations might not in the future be adversely affected as a result of such application of regulatory law or that the Issuer might not become subject to proceedings or action by the relevant governmental body or agency, which if determined adversely to the Issuer, may adversely affect its ability to make payments in respect of the Notes.

### 3.26 Reinvestment Risk; Uninvested Cash Balances

To the extent the Portfolio Manager maintains cash balances invested in short-term investments instead of maintaining higher yielding loans or bonds, portfolio income may be reduced which may result in reduced amounts available for payment on the Notes. In general, the larger the amount and the longer the time period during which cash balances remain uninvested the greater the adverse impact on portfolio income which will reduce amounts available for payment on the Notes, especially the Subordinated Notes. 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.

During the Reinvestment Period, subject to criteria and certain limitations described herein, the Portfolio Manager will have discretion to dispose of certain Collateral Obligations and to reinvest the proceeds thereof in Substitute Collateral Obligations in compliance with the Reinvestment Criteria. In addition, during the Reinvestment Period, to the extent that any Collateral Obligations prepay or mature prior to the stated maturity, the Portfolio Manager will have discretion, subject to the Reinvestment Criteria, to invest the proceeds thereof in Substitute Collateral Obligations. The yield with respect to such Substitute Collateral Obligations will depend, among other factors, on reinvestment rates available at the time, on the availability of investments satisfying the Reinvestment Criteria and acceptable to the Portfolio Manager, and on market conditions related to high yield securities and bank loans in general. The need to satisfy such Reinvestment Criteria and identify acceptable investments may require the purchase of Collateral Obligations with a lower yield than those replaced, with different characteristics than those replaced (including, but not limited to, coupon, maturity, call features and/or credit quality) or require that such funds be maintained in cash or Eligible Investments pending reinvestment in Substitute Collateral Obligations, which will further reduce the yield of the Aggregate Collateral Balance. Any decrease in the yield on the Aggregate Collateral Balance will have the effect of reducing the amounts available to make distributions on the Notes which will adversely affect cash flows available to make payments on the Notes, especially the most junior Class or Classes of Notes. There can be no assurance that in the event Collateral Obligations are sold, prepaid, or mature, yields on Collateral Obligations that are eligible for purchase will be at the same levels as those replaced, and there can be no assurance that the characteristics of any Substitute Collateral Obligations purchased will be the same as those replaced and there can be no assurance as to the timing of the purchase of any Substitute Collateral Obligations.

The timing of the initial investment of Unused Proceeds and reinvestment of Sale Proceeds and Principal Proceeds, including prepayments, can affect the return to holders of, and cash flows available to make payments on, the Notes, especially the most junior Class or Classes of Notes. Bank loans and privately placed high yield securities are not as easily (or as quickly) purchased or sold as publicly traded securities for a variety of reasons, including confidentiality requirements with respect to obligor information, the customised non-uniform nature of loan agreements and private syndication. The reduced liquidity and lower volume of trading in bank loans, in addition to restrictions on investment represented by the Reinvestment Criteria, could result in periods of time during which the Issuer is not able to fully invest its cash in Collateral Obligations. The longer the period between reinvestment of cash in Collateral Obligations, the greater the adverse impact may be on aggregate Interest Proceeds collected and distributed by the Issuer, including on the Notes, especially the most junior Class or Classes of Notes, thereby resulting in lower yields than could have been obtained ifUnused Proceeds, Sale Proceeds and Principal Proceeds were immediately reinvested. In addition, bank loans are often prepayable by the issuers thereof with no, or
limited, penalty or premium. As a result, bank loans generally prepay more frequently than other corporate debt obligations of the issuers thereof. Senior bank loans usually have shorter terms than more junior obligations and often require mandatory repayments from excess cash flow, asset dispositions and offerings of debt and/or equity securities. The increased levels of prepayments and amortisation of bank loans increase the associated reinvestment risk on the Collateral Obligations which risk will first be borne by holders of the Subordinated Notes and then by holders of the Rated Notes, beginning with the most junior Class.

In addition, the amount of Collateral Obligations owned at closing, the timing of purchases of additional Collateral Obligations after the Closing Date with the Unused Proceeds and the scheduled interest payment dates of those Collateral Obligations may have a material impact on collections of Interest Proceeds during the first Due Period, which could affect interest payments on the Rated Notes and the payment of distributions to the Subordinated Notes on the first Payment Date.

3.27 Risks of a Leveraged Investment

The Issuer will utilise a high degree of investment leverage. The use of leverage is a speculative investment technique which increases the risk to the holders of the Notes, particularly the Subordinated Notes and subordinate Classes of Rated Notes. In certain scenarios, the Notes may not be paid in full, and the Subordinated Notes and one or more Classes of Rated Notes may be subject to a partial or a 100 per cent. loss of invested capital. The Subordinated Notes represent the most junior securities in a highly leveraged capital structure. As a result, any deterioration in performance of the asset portfolio, including defaults and losses, a reduction of realised yield or other factors, will be borne first by holders of the Subordinated Notes, and then by the holders of the Rated Notes in reverse order of seniority.

In addition, the failure to meet certain Coverage Tests will result in cash flow that may have been otherwise available for distribution to the Subordinated Notes, to pay interest on one or more subordinate Classes of Rated Notes or for reinvestment in Collateral Obligations being applied on the next Payment Date to make principal payments on the more senior classes of Rated Notes until such Coverage Tests have been satisfied. This feature will likely reduce the return on the Subordinated Notes and/or one or more subordinate Classes of Rated Notes and cause temporary or permanent suspension of distributions to the Subordinated Notes and/or one or more subordinate Classes of Rated Notes.

4. Taxation of the Issuer

The Directors intend to conduct the affairs of the Issuer in such a manner as to minimise, so far as they consider reasonably practicable, taxation suffered by the Issuer. This will include conducting the affairs of the Issuer so that, to the extent that it is within the capacity of the Directors and the Issuer, the Issuer is at all times resident in Ireland for taxation purposes. Accordingly, the Issuer should not be subject to United Kingdom tax on income other than on United Kingdom source income withheld at source or subject to United Kingdom corporation tax as a result of carrying on a trade through a United Kingdom permanent establishment. No assurances can be made, however, that the Directors will be successful in managing the affairs of the Issuer so as to minimise its taxation, or that changes in tax law, regulations or interpretations will not subject the Issuer to UK or other taxes. There can be no assurance, however, that the Issuer's income (particularly any U.S. Source Income it may derive) will not become subject to net income or withholding taxes in the United States or other countries as a result of unanticipated activities by the Issuer, changes in law, contrary conclusions by relevant tax authorities or other causes.

5. Portfolio Manager

The Portfolio Manager is given authority in the Portfolio Management Agreement to act as portfolio manager to the Issuer in respect of the Portfolio pursuant to and in accordance with the parameters and criteria set out in the Portfolio Management Agreement. See "The Portfolio" and "Description of the Portfolio Management Agreement". The powers and duties of the Portfolio Manager in relation to the Portfolio include (a) the selection and purchase, on behalf of the Issuer, of Collateral Obligations; and (b) the sale of certain of the obligations in the Portfolio during the Reinvestment Period (subject to certain limits) and (c) the sale of certain obligations in the Portfolio, upon the occurrence of certain events (including a Collateral Obligation becoming a Defaulted Obligation, a Credit Improved Obligation or a Credit Impaired Obligation), in each case in accordance with the provisions of the Portfolio Management Agreement. See "Description of the Portfolio" below. Any analysis by the Portfolio Manager (on behalf of the Issuer) of Obligors under Collateral Obligations which it purchases on behalf of the Issuer or which are held in the Portfolio from time to time will be limited to a review of readily available public information in respect of Collateral Obligations which are Assignments or Participations of Senior Loans, Second Lien Loans and Mezzanine Obligations and, in relation to which the Portfolio Manager has non-public information, such analysis will include due diligence of the kind common in relation to loans of such kind.

The performance of any investment in the Notes will be dependent in part on the ability of the Portfolio Manager to monitor the Portfolio and its selection of Collateral Obligations for sale or purchase by or on behalf of the Issuer.
The loss by the Portfolio Manager of a number of key individuals could have a material adverse effect on the ability of the Portfolio Manager to perform its obligations under the Portfolio Management Agreement. The Portfolio Manager may be removed in certain circumstances or described herein under "Description of the Portfolio Management Agreement". In such circumstances, however, the Issuer may not be able to find a replacement portfolio manager with similar skills or willing to act on equivalent terms.

Although the Portfolio Manager is required, pursuant to its entry into the Portfolio Management Agreement, to commit an appropriate amount of its business efforts to the management of the Portfolio, the Portfolio Manager is not required to devote all of its time to such affairs and may continue to advise and manage other investment funds in the future.

Prior investment results and returns achieved for accounts managed by Mizuho Investment Management (UK) Ltd. are not likely to be indicative of the Issuer's investment results. In addition, the nature of, and risks associated with, the Collateral Obligations to be acquired by the Issuer may differ materially from those investments and strategies undertaken historically by Mizuho Investment Management (UK) Ltd., including by reason of the diversity and other parameters required by the Portfolio Management Agreement. There can be no assurance that the Issuer's investments will perform as well as the past investments for any such accounts.

6. **Projections, Forecasts and Estimates**

Any projections, forecasts and estimates provided to prospective purchasers of the Notes are forward looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, any projections are only an estimate. Actual results may vary from such projections, and the variations may be material.

Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates, market, financial or legal uncertainties, the timing of acquisitions of the Collateral Obligations or Collateral Enhancement Obligations, differences in the actual allocation of the Portfolio among asset categories from those assumed, mismatches between the timing of accrual and receipt of Interest Proceeds from the Portfolio, and the effectiveness of the Hedge Transactions, among others.

None of the Issuer, the Initial Purchaser, the Portfolio Manager, the Collateral Administrator, the Trustee, any Hedge Counterparty, the Liquidity Facility Provider, any Agent or any of their respective Affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

7. **Security; Fixed Charge**

Any Collateral Obligations or other assets forming part of the Collateral which are securities will be held by the Custodian. The Custodian will hold certain of the securities (i) through its accounts with Euroclear or Clearstream, Luxembourg, as appropriate, and (ii) through its sub-custodians who will in turn hold such Collateral Obligations which are securities both directly and through any appropriate clearing system. Those securities held in clearing systems will not be held in special purpose accounts and will be fungible with other securities from the same issue held in the same accounts on behalf of the other customers of the Custodian or its sub-custodian, as the case may be. A first fixed charge over such Collateral Obligations which are securities will be created under English law pursuant to the Trust Deed on the Closing Date and will take effect as a security interest over the right of the Issuer to require delivery of equivalent securities from the Custodian in accordance with the terms of the Agency Agreement (as defined in "Terms and Conditions of the Notes").

However, the charge created pursuant to the Trust Deed may be insufficient or ineffective to secure the Collateral Obligations which are securities for the benefit of Noteholders, particularly in the event of any insolvency or liquidation of the Custodian or any sub-custodian that has priority over the right of the Issuer to require delivery of such assets from the Custodian in accordance with the terms of the Agency Agreement. Any risk of loss arising from any insufficiency or ineffectiveness of the security for the Notes must be borne by the Noteholders without recourse to the Issuer, the Trustee, the Initial Purchaser, the Portfolio Manager, the Collateral Administrator or any other party.

In addition, custody and clearance risks may be associated with Collateral Obligations or other assets of the Issuer which are securities that do not clear through Euroclear or Clearstream, Luxembourg. There is a risk, for example, that such securities could be counterfeit, or subject to a defect in title or claims to ownership by other parties.

Although the security constituted by the Trust Deed over the Collateral Obligations and Eligible Investments held from time to time, including the security over the Accounts is expressed to take effect as fixed security, under English law it is likely to (as a result of the substitutions of Collateral Obligations contemplated by the Portfolio Management Agreement and the payments to be made from the Accounts in accordance with the Terms and Conditions of the Notes, as defined in "Terms and Conditions of the Notes").
Conditions and the Trust Deed) take effect as a floating charge which, in particular, would rank after a subsequently created fixed security interest. Although the Issuer has covenanted not to create any such subsequent security interests (other than permitted under the Trust Deed) without the prior written consent of the Trustee, no assurances can be made that such subsequent security interests will not arise, whether as a result of the actions of the Issuer, by operation of law or otherwise.

8. Certain Conflicts of Interest

Various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Portfolio Manager, its Affiliates and their respective clients and from the conduct by the Initial Purchaser and its Affiliates of other transactions with the Issuer, including, without limitation, acting as counterparty with respect to Asset Swap Agreements, Interest Rate Hedge Agreements, Credit Short Obligations, Offset Credit Default Swaps and Participations or as party to or in connection with the investment of any funds in Eligible Investments. The following briefly summarises some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

The Portfolio Manager and/or its Affiliates and its clients may invest in securities that would be appropriate as security for the Notes. Such investments may be different from those made on behalf of the Issuer. The Portfolio Manager and its Affiliates may also have ongoing relationships with, render services to or engage in transactions with, companies whose securities are pledged to secure the Notes and may own equity or debt securities issued by issuers of and other obligors on Collateral Obligations. As a result, individuals or Affiliates of the Portfolio Manager may possess information relating to issuers of Collateral Obligations which is not known to the individuals at the Portfolio Manager responsible for monitoring the Collateral Obligations and performing the other obligations under the Portfolio Management Agreement. In addition, Affiliates and clients of the Portfolio Manager may invest in loans and securities that are senior to, or have interests different from or adverse to, the Collateral Obligations that are pledged to secure the Notes. The Portfolio Manager and/or its Affiliates may at certain times be simultaneously seeking to purchase or dispose of investments for its or their own account, for the Issuer, for any similar entity for which it serves as manager or adviser and for its clients or Affiliates. It is intended that all Collateral Obligations will be purchased and sold by the Issuer on terms prevailing in the market.

The Portfolio Manager may effect any transaction with or for the Issuer in which the Portfolio Manager has a relationship with another person which may involve or conflict with the Portfolio Manager's duty to the Issuer. Neither the Portfolio Manager nor any of its Affiliates is under any obligation to offer investment opportunities of which they have become aware to the Issuer or to account to the Issuer (or share with the Issuer or inform the Issuer of) any such transaction or any benefit received by them from any such transaction. Furthermore, the Portfolio Manager and/or its Affiliates may make an investment on behalf of any account that they manage or advise without offering the investment opportunity to or making any investment on behalf of the Issuer. The Portfolio Manager and/or its Affiliates have no affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before engaging in any investments for themselves. The Portfolio Manager and/or its Affiliates may invest in securities that would be appropriate as security for the Notes. The Portfolio Manager and/or its Affiliates may at certain times be simultaneously seeking to purchase or dispose of investments for its or their own account, for the Issuer, for any similar entity for which it serves as manager or adviser and for its clients or Affiliates. It is intended that all Collateral Obligations will be purchased and sold by the Issuer on terms prevailing in the market. The Portfolio Manager may effect any transaction with or for the Issuer in which the Portfolio Manager has a relationship with another person which may involve or conflict with the Portfolio Manager's duty to the Issuer. Neither the Portfolio Manager nor any of its Affiliates is under any obligation to offer investment opportunities of which they have become aware to the Issuer or to account to the Issuer (or share with the Issuer or inform the Issuer of) any such transaction or any benefit received by them from any such transaction. Furthermore, the Portfolio Manager and/or its Affiliates may make an investment on behalf of any account that they manage or advise without offering the investment opportunity to or making any investment on behalf of the Issuer. The Portfolio Manager and/or its Affiliates have no affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before offering any investments to other funds or accounts that the Portfolio Manager and/or its Affiliates manage or advise. Furthermore, Affiliates of the Portfolio Manager may make an investment on their own behalf without offering the investment opportunity to, or the Portfolio Manager making any investment on behalf of, the Issuer. Affirmative obligations may exist or may arise in the future, whereby Affiliates of the Portfolio Manager are obliged to offer certain investments to funds or accounts that such Affiliates manage or advise before or without the Portfolio Manager offering those investments to the Issuer. Affiliates of the Portfolio Manager have no affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before engaging in any investments for themselves. The Portfolio Manager will endeavour to resolve conflicts with respect to investment opportunities in a manner which it deems equitable to the extent possible under the prevailing facts and circumstances. Although the professional staff of the Portfolio Manager will devote as much time to the Issuer as the Portfolio Manager deems appropriate to perform its duties in accordance with the Portfolio Management Agreement, those staff may have conflicts in allocating their time and services among the Issuer and the Portfolio Manager's other accounts.

The Portfolio Manager may, subject to the provisions of the Portfolio Management Agreement, deal or arrange for the dealing on the Issuer's behalf in (i) securities or other obligations of which the issue or offer for sale was undertaken, underwritten, managed or arranged by the Portfolio Manager or an Affiliate of the Portfolio Manager; (ii) securities or other obligations which have been issued by, held or acquired for the account of any Affiliate of the Portfolio Manager or the Portfolio Manager itself; and (iii) securities or other obligations issued by, purchased or sold to anyone with whom any Affiliate of the Portfolio Manager or the Portfolio Manager itself has a banking or other relationship; provided that any activity or decision made by the Portfolio Manager (on behalf of the Issuer) shall take place outside the United States.

The Portfolio Manager has undertaken to the Issuer, subject to all applicable laws, that it and one or more of its Affiliates thereof will purchase not less than £5,000,000 in principal amount of the Subordinated Notes, and will hold such Subordinated Notes until the earlier of it or any of its Affiliates ceasing to act as Portfolio Manager to the Issuer and redemption thereof for its own account or for the account of any one or more Affiliates. Further, the Subordinated Portfolio Management Fee is payable on a subordinated basis. In providing management services, such factors could create an incentive for the Portfolio Manager to seek to maximise the return on the Portfolio so as to increase the amount of payments to it by way of the Subordinated Portfolio Management Fee or as a
Noteholder. However, the management of the Portfolio by the Portfolio Manager is governed by its fiduciary obligations and its internal policies as well as by the requirement that it comply with the investment guidelines and its other obligations as set out in the Portfolio Management Agreement.

In addition, no termination or resignation of the Portfolio Manager shall be effective unless and until a successor Portfolio Manager has agreed to assume all the duties and obligations arising out of the Portfolio Management Agreement and the Trust Deed, in accordance with the terms and conditions of the Portfolio Management Agreement, Rating Agency Confirmation has been received in respect thereof and the appointment of any such successor Portfolio Manager has been notified to the Noteholders and has not been vetoed by the Noteholders of any Class acting by Ordinary Resolution within 20 days of such notice being given. Any Notes held by (but not on behalf of) the Portfolio Manager, or one or more of its Affiliates or one or more directors thereof will have no voting rights with respect to any vote (or written direction or consent) in connection with the removal of the Portfolio Manager for cause or on the occurrence of a Key Personnel Event or in connection with the delegation of any of its obligations under the Portfolio Management Agreement (except that the Portfolio Manager may delegate its obligations to an Affiliate or wholly owned subsidiary, with the consent of the Issuer and the Trustee) and will be deemed not to be Outstanding in connection with any such vote; provided, however, that any Notes held by the Portfolio Manager or one or more of its Affiliates or one or more directors thereof, will have voting rights (including in respect of written directions and consents) with respect to all other matters as to which Noteholders are entitled to vote, including, without limitation, any vote in connection with the appointment of a successor Portfolio Manager which is not Affiliated with the Portfolio Manager, or the removal of the Portfolio Manager without cause in accordance with the Portfolio Management Agreement. For the avoidance of doubt, the Portfolio Manager can vote on a replacement Portfolio Manager that is not affiliated with the Portfolio Manager. See "Description of the Portfolio Management Agreement".

The Portfolio Manager, on behalf of the Issuer and in accordance with the provisions of the Portfolio Management Agreement, may conduct principal trades with itself and its Affiliates, subject to applicable law. The Portfolio Manager may also effect client cross transactions where the Portfolio Manager causes a transaction to be effected between the Issuer and another account advised or managed by any of its Affiliates. Client cross transactions enable the Portfolio Manager to purchase or sell a block of securities for the Issuer at a set price and possibly avoid an unfavourable price movement that may be created through entrance into the market with such purchase or sell order. In addition, with the prior authorisation of the Issuer, which may be revoked at any time, the Portfolio Manager may enter into agency cross transactions where any of its Affiliates acts as broker for the Issuer and for the other party to the transaction, in which case any such Affiliate will receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to the transaction.

It is expected that the Initial Purchaser or their Affiliates will have placed certain of the Collateral Debt Obligations at original issuance, will own equity or other securities of Obligors under Collateral Debt Obligations and will have provided investment banking services, advisory, banking and other services to issuers of Collateral Obligations. In addition, the Portfolio Manager and/or its Affiliates may have ongoing relationships (including, without limitation, the provision of investment banking, commercial banking and investment management or advisory services or engaging in securities derivatives transactions) with such Obligors and may own equity or other securities of Obligors in respect of Collateral Obligations while also maintaining ongoing relationships (including, without limitation, the provision of investment banking, commercial banking, investment management and investment advisory services or engaging in securities derivatives transactions) with purchasers of the Notes.

From time to time, the Portfolio Manager may, on behalf of the Issuer, purchase or sell Collateral Obligations through the Initial Purchaser or their Affiliates. The Issuer may invest in the securities of companies affiliated with the Initial Purchaser, the Portfolio Manager or their respective Affiliates or companies in which the Initial Purchaser, the Portfolio Manager or their respective Affiliates have an equity or participation interest. In addition, the Initial Purchaser and its Affiliates may invest in debt obligations that have interests different from or adverse to the debt obligations that constitute Collateral Obligations. The purchase, holding and sale of such investments by the Issuer may enhance the profitability of the Initial Purchaser's, the Portfolio Manager's or their Affiliates' own investments in such companies. The Initial Purchaser does not take any responsibility for and have no obligations in respect of the Issuer. In addition, it is expected that the Initial Purchaser or one or more of its Affiliates may also act as counterparty with respect to one or more Participations or act as Asset Swap Counterparty or Interest Rate Hedge Counterparty with respect to one or more Asset Swap Agreements or Interest Rate Hedge Agreements. It is possible that one or more of the Affiliates of the Portfolio Manager may also act as counterparty with respect to one or more Participations or Asset Swap Transactions or Interest Rate Hedge Transactions.

It is also possible that one or more Affiliates of the Portfolio Manager may also act as counterparty with respect to one or more Synthetic Securities, Participations, Interest Rate Hedge Transactions, Asset Swap Transactions. This may result in a conflict of interest between the Portfolio Manager in its role as such and any Affiliate thereof acting as a counterparty under one or more such instruments as a result of the Portfolio Manager's position as manager on behalf of the Issuer in respect of such instruments and the authority delegated to it to take action on the Issuer's behalf in respect of such instruments.

There is no limitation or restriction on the Portfolio Manager, the Initial Purchaser or any of their respective Affiliates with regard to acting as Portfolio Manager (or in a similar role) to other parties or persons. This and
other future activities of the Portfolio Manager, the Initial Purchaser and/or their Affiliates may give rise to additional conflicts of interest.

The Portfolio Manager may, notwithstanding any other provisions of the Portfolio Management Agreement, at any time refrain from directing the acquisition or sale of obligations (i) of persons of which the Portfolio Manager, its Affiliates, or any of their or their Affiliates’ officers, partners, directors or employees are partners, directors or officers; (ii) of persons for which the Portfolio Manager or any of its Affiliates act as financial advisers or underwriter; (iii) of persons about which the Portfolio Manager has information which the Portfolio Manager deems confidential, non-public, price sensitive or which otherwise might prohibit it from trading such assets in accordance with applicable laws including without limitation any insider dealing laws; or (iv) of persons whose obligation the Portfolio Manager has recommended be acquired by a vehicle or fund in respect of whose assets the Portfolio Manager acts as portfolio manager. In addition, the Portfolio Manager shall not be obliged to provide to the Portfolio any particular investment opportunity of which it becomes aware.

9. Investment Company Act

The Issuer has not registered with the United States Securities and Exchange Commission (the “SEC”) as an investment company pursuant to the Investment Company Act, in reliance on an exception under Section 3(c)(7) of the Investment Company Act for investment companies (a) whose outstanding securities are beneficially owned only by “qualified purchasers” (within the meaning given to such term in the Investment Company Act and the regulations of the SEC thereunder) and certain transferees thereof identified in Section 3c-6 under the Investment Company Act and (b) which do not make a public offering of their securities in the United States.

If the SEC or a court of competent jurisdiction were to find that the Issuer is required, but in violation of the Investment Company Act, had failed, to register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Issuer could sue the Issuer and recover any damages caused by the violation; and (iii) any contract to which the Issuer is party that is made in, or whose performance involves, a violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Issuer be subjected to any or all of the foregoing, the Issuer would be materially and adversely affected.

10. Forced Transfer

Each initial purchaser of an interest in a Regulation S Note and each transferee of an interest in a Regulation S Note will be deemed to represent at the time of purchase that, among other things, the purchaser is a Non U.S. Person and each initial purchaser of an interest in a Class E Note or a Subordinated Note or a Class P Combination Note will be deemed to make representations in respect of ERISA.

The Trust Deed provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that (1) any holder of an interest in a Regulation S Note is a U.S. Person or (2) any holder of any Note has made or is deemed to have made an ERISA related representation that is false or misleading or if the beneficial owner of any Note is an "employee benefit plan" (as defined in Section 3(3) of Title I of the Employee Retirement Income Security Act 1974, as amended ("ERISA")) that is subject to the fiduciary responsibilities provisions of ERISA, a "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code") that is subject to Section 4975 of the Code or any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity (any such person a "Non-Permitted Holder"), the Issuer shall, promptly after discovery that such person is a Non-Permitted Holder by the Issuer or the Trustee (and notice by the Trustee to the Issuer, if the Trustee makes the discovery), send notice to such Non-Permitted Holder demanding that such Non-Permitted Holder transfer its interest to a person that is not a Non-Permitted Holder within 14 days of the date of such notice. If such Non Permitted-Holder fails to effect the transfer required within such 14-day period, (a) upon direction from the Issuer or the Portfolio Manager on its behalf, the Trustee, on behalf of and at the expense of the Issuer, shall cause such beneficial interest to be transferred in a commercially reasonable sale to a person or entity that certifies to the Trustee and the Issuer, in connection with such transfer, that such person or entity is not a Non-Permitted Holder; and (b) pending such transfer, no further payments will be made in respect of such beneficial interest. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to such Notes and selling such Notes to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion. Each Noteholder and each other Person in the chain of title from the permitted Noteholder to the Non-Permitted Holder by its acceptance of an interest in such Notes agrees to co-operate with the Issuer and the Transfer Agent to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the selling Noteholder. The terms and conditions of any sale hereunder shall be determined in the sole discretion of the Issuer, subject to the transfer restrictions set out herein, and neither the Issuer nor the Transfer Agent shall be liable to any Person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion. The Issuer and the Transfer Agent reserve the right to require any holder of Regulation S Notes to submit a written certification
substantiating that it is not a Non-Permitted Holder. If such holder fails to submit any such requested written certification on a timely basis, the Issuer and the Transfer Agent have the right to assume that the holder of the Notes from whom such a certification is requested is a Non-Permitted Holder. Furthermore, the Issuer and the Transfer Agent reserve the right to refuse to honour a transfer of beneficial interests in any Note to a Non-Permitted Holder.

11. Commitments Under the Class A-1R Notes

The Class A-1R Noteholders and/or their Committed Facility Provider will be obligated to advance funds in Euro, to the Issuer up to an aggregate principal amount not to exceed the Aggregate Class A-1R Commitment Amount applicable, as increased or decreased from time to time in accordance with the Class A-1R Note Purchase Agreement, up to the Commitment Termination Date. Class A-1R Noteholders and Committed Facility Providers must also satisfy the Class A-1R Rating Criteria.

If any Class A-1R Noteholder or Committed Facility Provider fails to satisfy the Class A-1R Rating Criteria prior to the Commitment Termination Date or, in the case of the Class A-1R Notes, the date on which no Class A-1R Allocated Commitment remains outstanding, it shall at its sole expense within 30 days thereafter:

(a) In the case of a Class A-1R Noteholder and/or its Committed Facility Provider, transfer all of its rights and obligations in respect of the Class A-1R Notes held by such Class A-1R Noteholder to an entity that meets such Class A-1R Rating Criteria; or

(b) In the case of a Class A-1R Noteholder and/or its Committed Facility Provider, deposit or cause to be deposited Class A-1R Collateral in the relevant Class A-1R Collateralising Noteholder Account applicable to such Class A-1R Noteholder;

(c) In the case of a Class A-1R Noteholder and/or its Committed Facility Provider, subject to the receipt of Rating Agency Confirmation, have its obligations guaranteed by an entity which satisfies the Class A-1R Rating Criteria; or

(d) Solely in the case of a Class A-1R Noteholder, subject to the receipt of Rating Agency Confirmation, enter into a liquidity facility with a Committed Facility Provider which satisfies the Class A-1R Rating Criteria.

12. German Banking Act and German Investment Act

There is currently legal uncertainty in the Federal Republic of Germany as to whether collateralised debt obligation ("CDO") transactions involve activities requiring a licence under the German Banking Act (Kreditwesengesetz - KWG) on the basis that they constitute "banking business" and also as to the treatment of CDO transactions under the regulatory regime of the German Investment Act (Investmentgesetz - InvG). In particular, the German regulator recently broadly interpreted the banking business of principal broking (Finanzkommissionsgeschäft) under the German Banking Act as including cases where a German or foreign company invests in financial instruments for the economic interest of German investors. Should it be determined that activities involved in CDO transactions are subject to licence requirements under the German Banking Act or that they should be regulated under the German Investment Act, the German regulator could impose sanctions on certain of the parties involved, including the Issuer, and such sanctions could include, without limitation, the immediate cessation of the business operations and prompt liquidation of the transactions conducted.

13. Preferred Creditors Under Irish Law and Floating Charges

Preferred Creditors

Under Irish law, the claims of a limited category of preferential creditors will take priority over the claims of unsecured creditors and holders of floating security in the event of the appointment of a liquidator or a receiver to an Irish company such as the Issuer. These preferred claims include taxes, such as income tax and corporation tax payable before the date of appointment of the liquidator or receiver and arrear of value added tax, together with accrued interest thereon and claims of employees.

It is of the essence of a fixed charge that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the moneys or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer, any charge constituted by the Trust Deed may operate as a floating, rather than a fixed charge.

In particular, the Irish courts have held that in order to create a fixed charge on receivables it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the chargor from withdrawing or otherwise dealing with the monies standing to the credit of such account without the consent of the chargor.
Floating charges have certain weaknesses, including the following:

(a) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;

(b) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;

(c) they rank after certain insolvency remuneration expenses and liabilities;

(d) the examiner of a company has certain rights to deal with the property covered by the floating charge; and

(e) they rank after fixed charges.

In addition, there is a further limited category of super preferential creditors which take priority, not only over unsecured creditors and holders of floating security, but also over holders of fixed security. These super preferential claims include the remuneration, costs and expenses properly incurred by an examiner appointed to a company which claims have been approved by the Irish courts and any capital gains tax payable on the disposition of an asset of the company by a liquidator, receiver or mortgagee in possession.

**Examination**

Examination is a court procedure available under the Irish Companies (Amendment) Act 1990, as amended (the "1990 Act") to facilitate the survival of Irish companies in financial difficulties.

The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after his appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to his appointment. Furthermore, he may sell assets which are the subject of a fixed charge. However, if such power is exercised he must account to the holders of the fixed charge for the amount realised and discharge the amount due to them out of the proceeds of sale.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the High Court when at least one class of creditors has voted in favour of the proposals and the High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Agent represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Transaction Documents), the Agent would be in a position to vote against any proposal not in favour of the Noteholders. The Agent would also be entitled to argue at the High Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals included a writing down to the value of amounts due by the Issuer to the Noteholders.

The primary risks to the Noteholders if any examiner were to be appointed with respect to the Issuer are as follows:

(a) the potential for a scheme of arrangement being approved involving the writing down of the debt due by the Issuer to the Noteholders;

(b) the potential for the examiner to seek to set aside any negative pledge in the Notes or the Transaction Documents prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and

(c) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over the amounts secured or unsecured owing to the Noteholders.

14. **Not a Bank Deposit**

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Financial Regulator. The Issuer is not regulated by the Financial Regulator by virtue of the issue of the Notes.
TERMS AND CONDITIONS OF THE NOTES

The following are the conditions of each of the Class A-1 Notes, the A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Subordinated Notes and the Class P Combination Notes substantially in the form in which they will be endorsed on such Notes if issued in definitive certificated form, which will be incorporated by reference into the Global Certificates of each Class representing the Notes, subject to the provisions of such Global Certificates, some of which will modify the effect of these Conditions. See “Form of the Notes - Global Certificates - Amendments to Terms and Conditions”.

The issue of €200,000,000 Class A-1R Senior Secured Revolving Floating Rate Notes due 2029 (the “Class A-1R Notes”), €165,000,000 Class A-1T Senior Secured Floating Rate Notes due 2029 (the “Class A-1T Notes”) and, together with the Class A-1R Notes, the “Class A-1 Notes”), €45,000,000 Class A-2A Senior Secured Floating Rate Notes due 2029 (the “Class A-2A Notes”), €15,000,000 Class A-2B Senior Secured Fixed Rate Notes due 2029 (the “Class A-2B Notes” and, together with the Class A-2A Notes, the “Class A-2 Notes” and the Class A-1 Notes and the Class A-2 Notes together, the “Class A Notes”), €55,000,000 Class B Senior Secured Deferrable Floating Rate Notes due 2029 (the “Class B Notes”), €32,000,000 Class C Senior Secured Deferrable Floating Rate Notes due 2029 (the “Class C Notes”), €21,000,000 Class D Senior Secured Deferrable Floating Rate Notes due 2029 (the “Class D Notes”), €15,000,000 Class E Senior Secured Deferrable Floating Rate Notes due 2029 (the “Class E Notes”), (the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes together being the “Rated Notes”), €52,000,000 Subordinated Secured Notes due 2029 (the “Subordinated Notes”), €1,000,000 Class P Combination Notes due 2029 (the “Class P Combination Notes”) (the Rated Notes, the Subordinated Notes and the Class P Combination Notes, together being the “Notes”) which expression includes the Principal Amount Outstanding thereof for the time being or, as the context may require, a specific number thereof and includes any replacements for Notes issued pursuant to Condition 13 (Replacement of Notes) of the Notes and (except for the purposes of Clause 3 (Form and Issue of the Notes)) of the Trust Deed each Global Certificate of Windmill CLO I Limited (the “Issuer”) was authorised by resolution of the board of Directors of the Issuer dated 16 October 2007. The Notes are constituted by a trust deed (together with all other documents or agreements entered into from time to time by the Issuer in order to grant security over any of the Collateral to the Trustee, the “Trust Deed”) dated on or about 16 October 2007 between (amongst others) the Issuer and BNY Corporate Trustee Services Limited, in its capacity as trustee (the “Trustee”), which expression shall include all persons for the time being the trustee under the Trust Deed) for the Noteholders.

Each Class P Combination Note consists of two Components: a Component consisting of Class C Notes (the “Class C Component”) and a Component consisting of Class E Notes (the “Class E Component”). Repayment of the original Principal Amount Outstanding of the Class P Combination Notes is expected to be made out of the payments of interest in respect of and proceeds of redemption of the Class C Notes and the Class E Notes. Save to the extent related to the issuance or transfer thereof and save to the extent otherwise provided below in respect of the application of amounts received in respect thereof, the terms and conditions applicable to each Class P Combination Note, including the terms on which amounts are due and payable in respect thereof, are, in the case of the Class C Component, the terms and conditions of the Class C Notes, and in the case of the Class E Component, the terms and conditions relating of the Class E Notes. The €1,000,000 principal amount of the Class P Combination Notes issued on the Closing Date will comprise €400,000 principal amount of the Class C Component and €600,000 principal amount of Class E Component. The initial principal amount of the Class C Component and the Class E Component in respect of the Class P Combination Notes is included in (and is not additional to) the initial principal amount of the Class C Notes and Class E Notes.

Each class of Class P Combination Notes is a separate Class of Notes and the Components thereof are not separately transferable. A holder may exchange all or a portion of its Class P Combination Notes subject as provided below for proportional interests in the Classes of Notes or securities to which the Components thereof correspond, as further described in Condition 2(f) (Exchange of Class P Combination Notes).

For the purposes of these Conditions, the Trust Deed and all agreements entered into in connection therewith, save to the extent such provisions relate to the issuance of such Notes and subject as provided below:

(a) references to the Class C Notes and the Class E Notes shall be deemed to include the principal amount of, respectively, the Class C Component and the Class E Components of which the Class P Combination Notes are comprised;

(b) all references to payments (including redemptions) to be made with respect to, or to votes or consents to be given by the holders of the Class C Notes and the Class E Notes shall be deemed to include references to a proportional amount of such payments, distributions, amounts, votes or consents, as applicable, which relate to the Class C Component and the Class E Components of the Class P Combination Notes (whether or not explicitly mentioned); and

(c) the Notes of each Class which correspond to Components of which any Class P Combination Notes are comprised shall be deemed to be issued and Outstanding for the purposes of determining the rights attaching to the Components corresponding thereto and the Trustee, the Collateral Administrator or the
Calculation Agent, to the extent applicable, shall determine what amounts are payable in respect of, and what rights attach to, the Components of which each Combination Note is comprised by reference to the Notes corresponding thereto treated as if:

(i) they were issued and Outstanding in a principal amount equal to the principal amount of the Components corresponding thereto; and

(ii) amounts had been paid in respect thereof in accordance with the Conditions of the Notes.

Notwithstanding the above, a principal amount of each Class of Notes which is equal to the principal amount of the Components of any Class P Combination Notes corresponding thereto shall not actually be issued and be Outstanding in addition to the Component corresponding thereto, to the extent of the principal amount of such Component corresponding thereto. References herein to the "Notes" or the Notes of any Class shall be to all Notes, or all Notes of that Class, as applicable, that are issued and Outstanding or deemed to be issued and Outstanding from time to time.

The entitlement of any Class P Combination Notes to amounts payable pursuant to the Priorities of Payments shall be determined by reference to the entitlement of the Classes of Notes which correspond to the Components of which such Class P Combination Notes are comprised pursuant to the Priorities of Payments, provided however that the terms and conditions of such Classes of Notes shall not apply to the Class P Combination Notes to the extent that they relate to the application of amounts payable in respect of such Classes of Notes towards the payment of principal and interest on the Class P Combination Notes.

These Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed (which includes the forms of the certificates representing the Notes). The following agreements have been entered into in relation to the Notes:

(a) a subscription agreement dated on or about 16 October 2007 (the "Subscription Agreement") between the Issuer and the Initial Purchaser;

(b) an agency agreement dated on or about 16 October 2007 (the "Agency Agreement") between, amongst others, the Issuer, The Bank of New York (Luxembourg) S.A. as registrar and transfer agent (respectively the "Registrar" and "Transfer Agent", which terms shall include any successor or substitute registrar or transfer agent appointed pursuant to the terms of the Agency Agreement), The Bank of New York as Class A-1R note agent (the "Class A-1R Note Agent", which term shall include any successor Class A-1R note agent appointed pursuant to the terms of the Class A-1R Note Purchase Agreement), The Bank of New York as principal paying agent, account bank, calculation agent, and custodian (respectively, "Principal Paying Agent", the "Account Bank", "Calculation Agent" and "Custodian" which terms shall include any successor or substitute principal paying agent, account bank, calculation agent or custodian, respectively, appointed pursuant to the terms of the Agency Agreement) and the Trustee;

(c) a portfolio management agreement dated on or about 16 October 2007 (the "Portfolio Management Agreement") between Mizuho Investment Management (UK) Ltd. as Portfolio Manager in respect of the Portfolio (the "Portfolio Manager" which term shall include any successor portfolio manager appointed pursuant to the terms of the Portfolio Management Agreement), the Issuer, The Bank of New York as Collateral Administrator (the "Collateral Administrator" which term shall include any successor collateral administrator appointed pursuant to the terms of the Portfolio Management Agreement) and the Trustee;

(d) a note purchase agreement in relation to the Class A-1R Notes dated on or about 16 October 2007 (the "Class A-1R Note Purchase Agreement") between, among others, the Issuer, the Class A-1R Note Agent and the Class A-1R Noteholders;

(e) a liquidity facility agreement dated on or about 16 October 2007 (the "Liquidity Facility Agreement") between amongst others, the Issuer, the Trustee, the Collateral Administrator and Merrill Lynch International as liquidity facility provider (the "Liquidity Facility Provider" which term shall include any successor liquidity facility provider appointed pursuant to the terms of the Liquidity Facility Agreement);

(f) a corporate services agreement between the Issuer and Deutsche International Corporate Services (Ireland) Limited (the "Corporate Services Provider") entered into on 19 September 2007 and amended and restated on 16 October 2007 (the "Corporate Services Agreement"); and

(g) an ISDA Master Agreement between the Issuer and Citibank N.A. entered into on 16 October 2007 and an ISDA Master Agreement between the Issuer and Credit Suisse International entered into on 16
October 2007 each together with their related schedule, confirmation and ISDA Credit Support Annex (each an "Asset Swap Agreement").

Copies of the Trust Deed, the Subscription Agreement, the Agency Agreement, the Portfolio Management Agreement, the Class A-1R Note Purchase Agreement, the Liquidity Facility Agreement, each Hedge Agreement and the Corporate Services Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at One Canada Square, London E14 5AL) and at the specified offices of the Transfer Agents for the time being.

The holders of each Class of Notes are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Trust Deed, and are deemed to have notice of all the provisions of the Agency Agreement and the Portfolio Management Agreement.

1. Definitions

"Accounts" means the Principal Account, the Interest Rate Hedge Termination Account, the Interest Account, the Unused Proceeds Account, the Payment Account, the Collateral Enhancement Account, the Asset Swap Account, the Counterparty Downgrade Collateral Account, the Custody Account, the Synthetic Collateral Account, the Expense Reserve Account, the Revolving Reserve Account, the Class A-1R Collateralising Noteholder Account, the Liquidity Payment Account, the Asset Swap Termination Account, the Equity OAT Strip Custody Account and the Interest Reserve Account.

"Accreted Value" means at any time, with respect to a Zero Coupon Security, an amount equal to (a) the sum of (i) the original issue price of such Zero Coupon Security and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the Zero Coupon Security at that time (or as otherwise described below), less (b) any cash payments made by the Obligor thereunder that, under the terms of such Zero Coupon Security reduce the amount payable at maturity (unless such cash payments have been accounted for in (a)(ii) above), at such time. If a Zero Coupon Security is expressed to accrete pursuant to a straight-line method or if such Zero Coupon Security's yield to maturity is not specified in, nor implied from, the terms of such Zero Coupon Security, then, for the purposes of (a)(ii) above, the Accreted Value shall be calculated using a rate equal to the yield to maturity of such Zero Coupon Security. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such Zero Coupon Security and the amount payable at the scheduled maturity of such Zero Coupon Security.

"Accrual Period" means, in respect of each Class of Notes, the period from and including the Closing Date to, but excluding, the first Payment Date and each successive period from and including the prior Payment Date to, but excluding, the succeeding Payment Date.

"Accrued Collateral Debt Obligation Interest" means in respect of any Payment Date, the amount which is equal to the aggregate of all accrued unpaid interest under Collateral Debt Obligations, which is not payable to the Issuer on or prior to the date of determination in respect of such Payment Date by the Obligors under the relevant Collateral Debt Obligations, excluding:

(a) accrued and unpaid interest on Defaulted Obligations;
(b) interest on any Collateral Debt Obligation to the extent that such Collateral Debt Obligation does not provide for the scheduled payment of interest in cash;
(c) any amounts, to the extent that such amounts if not paid, will not give rise to a default under the relevant Collateral Debt Obligation;
(d) any amounts expected to be withheld at source or otherwise deducted in respect of taxes other than amounts expected to be reimbursed in respect of taxes withheld at source or otherwise deducted;
(e) interest on any Collateral Debt Obligation which has not paid cash interest on a current basis for the lesser of twelve months and its most recent two accrual periods;
(f) any scheduled interest payments as to which the Issuer or the Portfolio Manager has actual knowledge that such payment will not be made;
(g) any Purchased Accrued Interest; and
(h) any scheduled interest payments the subject of the payments deferred to in paragraph (h) of the definition of "Interest Coverage Amount" below,
converted where applicable into Euro at (i) the applicable Asset Swap Transaction Exchange Rate in the case of any Asset Swap Obligation and (ii) the then prevailing Spot Rate in the case of any Unhedged Collateral Debt Obligation.

"Additional Reinvestment Ratio" means as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Aggregate Collateral Balance less the Par Value Test Excess Adjustment Amount by (b) the sum of the Class A-1R Drawn Amount, the Class A-1R Allocated Commitment, the Principal Amount Outstanding of the Class A-1T Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

"Additional Reinvestment Test" means the test which will be satisfied as of any Measurement Date if, on such Measurement Date, the Additional Reinvestment Ratio is at least equal to the percentage specified as applicable to such test in the Leverage Scenario Grid applicable as at such Measurement Date.

"Administrative Expenses" means amounts due and payable:

(a) to the Collateral Administrator pursuant to the Portfolio Management Agreement and to the Agents pursuant to the Agency Agreement;

(b) to any Rating Agency which may from time to time be requested to assign (i) a rating to any of the Rated Notes or (ii) a confidential credit estimate to any of the Collateral Debt Obligations, for fees and expenses (including surveillance fees) in connection with any such rating or confidential credit estimate including, in each case, the ongoing monitoring thereof;

(c) to the Corporate Services Provider and the Directors pursuant to the Corporate Services Agreement;

(d) to the Portfolio Manager pursuant to the Portfolio Management Agreement (including indemnities provided for therein), but excluding the Portfolio Management Fees and any value added tax payable thereon;

(e) to any other Person in respect of any governmental fee or charge (for the avoidance of doubt excluding any taxes) or any statutory indemnity;

(f) to the Irish Stock Exchange, (or such other stock exchange or exchanges upon which any of the Notes are listed from time to time) and the Irish Listing Agent in respect of the listing of any of the Notes;

(g) to the independent accountants, auditors, agents and counsel of the Issuer and any other Person in respect of any other fees, expenses or indemnities contemplated in the Terms and Conditions and in the Transaction Documents (other than the Liquidity Facility Agreement) or any other documents (other than the Liquidity Facility Agreement) delivered pursuant to or in connection with the issue and sale of the Notes;

(h) to any Selling Institution pursuant to any Participation Agreement after the date of entry into any Participation (other than in respect of principal, interest, fees or indemnities in respect of the Collateral Debt Obligations the subject of the Participation Agreements);

(i) to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement, save for any amounts payable pursuant to paragraph (F) of the Interest Proceeds Priority of Payments or paragraph (A) of the Principal Proceeds Priority of Payments in so far as it relates to paragraph (F) of the Interest Proceeds Priority of Payments;

(j) to an agent bank, security trustee or syndicate bank in relation to the performance of its duties under a syndicated Senior Loan, Second Lien Loan or Mezzanine Obligation but excluding any amounts paid in respect of the acquisition or purchase price of such syndicated Senior Loan, Second Lien Loan or Mezzanine Obligation;

(k) in respect of any amounts due and payable by the Issuer as a member of a loan syndicate for costs and expenses incurred on account of any insolvency work-out up to an aggregate maximum amount paid under this clause of €25,000 multiplied by the number of days from the Closing Date to, but excluding the date of determination, divided by 360;

(l) in connection with the provision of ongoing reporting information required by any Noteholder in assisting in the preparation, provision or validation of data for purposes of that Noteholders tax jurisdiction from time to time up to an aggregate amount per annum of €10,000;

(m) in respect of any fees, costs or expenses incurred in connection with any Securities Lending Agreement;

(n) in respect of any amounts necessary to ensure the orderly dissolution of the Issuer; and
in respect of any applicable value added or other tax required to be paid by the Issuer in respect of any of the foregoing.

"Affiliate" or "Affiliated" means with respect to a Person:

(a) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person; or

(b) any other Person who is a director, officer or employee:

(i) of such Person;

(ii) of any subsidiary or parent company of such Person; or

(iii) of any Person described in paragraph (a) above.

For the purposes of this definition, control of a Person shall mean the power, direct or indirect, (A) to vote more than 50 per cent. of the securities having ordinary voting power for the election of directors of such Person, or (B) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise, provided that neither the shareholders of the Issuer nor its directors shall be Affiliates of the Issuer unless they would otherwise have been Affiliates had they not been shareholders or directors of the Issuer.

"Agent" means each of the Registrar, the Principal Paying Agent, the Transfer Agents, the Calculation Agent, the Account Bank, the Corporate Services Provider, the Custodian, the Class A-1R Note Agent, and each of their permitted successors or assigns appointed as agents of the Issuer pursuant to the Agency Agreement, the Corporate Services Agreement and the Class A-1R Note Purchase Agreement and "Agents" shall be construed accordingly.

"Aggregate Class A-1R Commitment" means the aggregate Class A-1R Commitment specified in the Leverage Scenario Grid applicable from time to time as selected by the Portfolio Manager in accordance with the Portfolio Management Agreement subject to a maximum of €200,000,000.

"Aggregate Collateral Balance" means, as at any Measurement Date, the amount equal to the aggregate of the following amounts as at such Measurement Date:

(a) the Aggregate Principal Balance of all Collateral Obligations; and

(b) the Balances standing to the credit of the Principal Account, the Asset Swap Termination Account (to the extent that such amounts would constitute Principal Proceeds payable into the Principal Account), the Interest Rate Hedge Termination Account (to the extent that such amounts would constitute Principal Proceeds payable into the Principal Account), the Unused Proceeds Account, the Asset Swap Account (to the extent that any such amount represents excess standing to the credit of such account after providing for amounts to be paid to any Asset Swap Counterparty pursuant to any Asset Swap Transaction and which has been irrevocably designated as Principal Proceeds); minus

(c) the Principal Protected Equity Obligation Principal Proceeds at that time.

"Aggregate Principal Balance" means the aggregate of the Principal Balances of all the Collateral Obligations and when used with respect to some portion of the Collateral Obligations and/or with respect to the Special Situation Investments, means the aggregate of the Principal Balances of such Collateral Obligations and/or Special Situation Investments, in each case, as at the date of determination.

"Applicable Margin" has the meaning given thereto in Condition 6 (Interest).

"Asset Swap Account" means each segregated account in the name of the Issuer with the Account Bank into which amounts due to the Issuer in respect of each Non-Euro Obligation and out of which amounts from the Issuer to each Asset Swap Counterparty under each Asset Swap Transaction are to be paid.

"Asset Swap Agreement" means each 1992 or 2002 ISDA Master Agreement (Multicurrency-Cross Border) (or such other ISDA pro forma Master Agreement as may be published by ISDA from time to time), together with the schedule and, where the context admits, any confirmations and any ISDA Credit Support Annex relating thereto, entered into by the Issuer with an Asset Swap Counterparty in connection with Non-Euro Obligations, as the same may be supplemented, amended or replaced from time to time and including any Replacement Asset Swap Agreement entered into in replacement thereof, which is subject to Rating Agency Confirmation unless it is a Form-Approved Asset Swap.

"Asset Swap Counterparty" means each financial institution with which the Issuer enters into the Asset Swap Agreement or any permitted assignee or successor thereto under the terms of the related Asset Swap Agreement in each case, which satisfies the applicable Rating Requirement (taking into account any guarantor thereof).
"Asset Swap Counterparty Principal Exchange Amount" means each initial, interim or final principal exchange amount scheduled to be paid to the Issuer by an Asset Swap Counterparty pursuant to the terms of an Asset Swap Transaction, excluding any Scheduled Periodic Asset Swap Counterparty Payments.

"Asset Swap Counterparty Termination Payment" means any amount payable by an Asset Swap Counterparty to the Issuer upon termination of an Asset Swap Transaction or Asset Swap Agreement, excluding for the avoidance of doubt, Asset Swap Counterparty Principal Exchange Amounts as described therein.

"Asset Swap Issuer Principal Exchange Amount" means each initial, interim or final principal exchange amount paid by the Issuer to an Asset Swap Counterparty pursuant to the terms of an Asset Swap Transaction, excluding any Scheduled Periodic Asset Swap Issuer Payments.

"Asset Swap Issuer Termination Payment" means any amount payable to an Asset Swap Counterparty by the Issuer upon termination of an Asset Swap Transaction or Asset Swap Agreement excluding any Defaulted Hedge Termination Payment.

"Asset Swap Obligation" means a Non-Euro Obligation in respect of which a related Asset Swap Transaction is entered into by the Issuer.

"Asset Swap Replacement Payment" means any amount payable to a replacement Asset Swap Counterparty by the Issuer upon entry into a Replacement Asset Swap Agreement (or transaction thereunder) which is replacing an Asset Swap Agreement (or transaction thereunder) which was terminated.

"Asset Swap Replacement Receipt" means any amount payable to the Issuer by a replacement Asset Swap Counterparty upon entry into a Replacement Asset Swap Agreement (or transaction thereunder) which is replacing an Asset Swap Agreement (or transaction thereunder) which was terminated.

"Asset Swap Termination Account" means the interest bearing account of the Issuer with the Account Bank into which Asset Swap Counterparty Termination Payments and Asset Swap Replacement Receipts will be deposited.

"Asset Swap Transaction" means in respect of each Non-Euro Obligation, an asset swap transaction entered into in respect thereof on the terms described in the Portfolio Management Agreement under an Asset Swap Agreement under which the Issuer swaps cash flows receivable on such Non-Euro Obligations for Euro denominated cash flows from an Asset Swap Counterparty.

"Asset Swap Transaction Exchange Rate" means the exchange rate specified in each Asset Swap Transaction.

"Assignment" means an interest in a Collateral Debt Obligation acquired directly by way of novation, assignment, assignment and assumption or other form of transfer.

"Authorised Denomination" means, in respect of any Note, the Minimum Denomination and any denomination equal to one or more multiples of the Authorised Integral Amount in excess of the Minimum Denomination.

"Authorised Integral Amount" means €1,000 in the case of all Classes of Notes except the Subordinated Notes and the Class P Combination Notes and €1 in the case of the Subordinated Notes and Class P Combination Notes.

"Authorised Officer" means with respect to the Issuer, any Director of the Issuer or person who is authorised to act for the Issuer in matters relating to, and binding upon, the Issuer.

"Average Aggregate Collateral Balance" means in respect of a Due Period (a) the sum of the Aggregate Collateral Balance as at the first Business Day of the Due Period plus the Aggregate Collateral Balance as at the last Business Day of the Due Period, (b) divided by two.

"Balance" means on any date, with respect to any cash or Eligible Investments standing to the credit of an Account (or any sub-account thereof), the aggregate of the:

(a) current balance of cash, demand deposits, time deposits, government-guaranteed funds and other investment funds;

(b) outstanding principal amount of interest-bearing corporate and government obligations and money market accounts and repurchase obligations; and

(c) purchase price, up to an amount not exceeding the face amount, of non interest-bearing government and corporate obligations, commercial paper and certificates of deposit,

provided that if a default as to payment of principal and/or interest has occurred and is continuing (disregarding any grace periods provided for pursuant to the terms thereof) in respect of any Eligible Investment or any obligation of the obligor thereunder which is senior or equal in right of payment to such Eligible Investment, such
Eligible Investment shall have a value equal to the lesser of its S&P Collateral Value, and its Moody's Collateral Value (determined as if such Eligible Investment were a Collateral Debt Obligation).

"Base Currency" means, in respect of any Revolving Collateral Obligation, Delayed Drawdown Collateral Obligation or Unfunded Synthetic Security, the currency in which the commitment under such Revolving Collateral Obligation, Delayed Drawdown Collateral Obligation or Unfunded Synthetic Security is determined in accordance with the Underlying Instrument thereof.

"Bivariate Risk Table" means the bivariate risk table set out in the Portfolio Management Agreement.

"Break-even Loss Rate" means in respect of any Class of Notes at any time in respect of the CDO Monitor Test and the S&P Model Test, the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the CDO Monitor, which, after giving effect to S&P's assumptions on recoveries and timing and to the Priorities of Payments, will result in sufficient funds remaining for the payment of the Notes of such Class in full by their stated maturity and the (timely) payment of interest on the Notes of such Class in full.

"Bridge Loan" means a loan that, by its terms, is required to be repaid within one year of the incurrence thereof with proceeds from additional borrowings or other refinancings (other than any additional borrowing or refinancing if one or more financial institutions shall have provided the Obligor with a binding written commitment to provide the same).

"Business Day" means (save to the extent otherwise defined) a day:

(a) on which the TARGET System is open for settlement of payments in Euro;

(b) on which commercial banks and foreign exchange markets settle payments in London and Dublin (other than a Saturday or a Sunday); and

(c) for the purposes of the definition of Presentation Date, in relation to any place, on which commercial banks and foreign exchange markets settle payments in that place.

"Cash Settlement" means the settlement of an Offsetting Credit Default Swap or Credit Short Obligation, following the occurrence of a Credit Event thereunder and satisfaction of any other conditions to settlement specified therein, by the Offsetting Credit Default Swap Counterparty, or as the case may be, the Credit Short Obligation Counterparty (as credit protection seller) paying to the Issuer (as credit protection buyer) the Cash Settlement Amount determined in accordance with the terms of such Offsetting Credit Default Swap or Credit Short Obligation.

"Cash Settlement Amount" means in respect of any Offsetting Credit Default Swap or Credit Short Obligation the amount payable by the Offsetting Credit Default Swap Counterparty or Credit Short Obligation Counterparty (each as credit protection seller) to the Issuer (as the credit protection buyer) thereunder in accordance with the terms thereof.

"CCC Average Market Value" means the lowest of (a) the sum over each CCC Rated Collateral Debt Obligation of (i) its Principal Balance and (ii) its current Market Value, divided by the Aggregate Principal Balance of all CCC Rated Collateral Debt Obligations, (b) the CCC Average Moody's Recovery Rate and (c) the CCC Average S&P Recovery Rate.

"CCC Average Moody's Recovery Rate" means the sum over each CCC Rated Collateral Debt Obligation of the product of (i) its Principal Balance and (ii) its applicable Moody's Recovery Rate, divided by the Aggregate Principal Balance of all CCC Rated Collateral Debt Obligations.

"CCC Average S&P Recovery Rate" means the sum over each CCC Rated Collateral Debt Obligation of the product of (i) its Principal Balance and (ii) its applicable S&P Recovery Rate, divided by the Aggregate Principal Balance of all CCC Rated Collateral Debt Obligations.

"CCC Excess Balance A" means the lower of:

(a) 5 per cent. of the Aggregate Principal Balance; and

(b) the greater of:

(i) the CCC Obligations Balance less 5 per cent. of the Aggregate Principal Balance; and

(ii) zero.
"CCC Excess Balance B" means the greater of:

(a) the CCC Obligations Balance less 10 per cent. of the Aggregate Principal Balance; and

(b) zero.

"CCC Excess Haircut" means, on any date of determination, the CCC Obligations Balance less the Haircut CCC Balance.

"CCC Obligations" means, at any time, all CCC Rated Collateral Debt Obligations (other than Defaulted Obligations) provided that, if any Collateral Debt Obligation falls within the definition of both a CCC Obligation and is a Discount Obligation, such Collateral Debt Obligation shall be classified as a CCC Obligation and further provided that if any Collateral Debt Obligation falls within the definition of both a CCC Obligation and is a Current Pay Obligation, such Collateral Debt Obligation shall be classified as a Current Pay Obligation.

"CCC Obligations Balance" means the Aggregate Principal Balance of all CCC Obligations.

"CCC Proportion" means the CCC Obligations Balance divided by the Aggregate Principal Balance expressed as a percentage.

"CCC Rated Collateral Debt Obligation" means, at any time, any Collateral Debt Obligation that has either (a) an S&P Rating of "CCC+" or lower or (b) a Moody's Rating of "Caa1" or lower or, if such Moody's Rating is based on a confidential credit estimate assigned by Moody's, a Moody's Rating Factor equal to or greater than 4080.

"CDO Evaluator" means, in relation to the S&P Model Test, the dynamic, analytical computer model developed by S&P and used to estimate the default risk of Collateral Obligations and provided to the Portfolio Manager on or before the Closing Date, as it may be modified by S&P from time to time. The CDO Evaluator calculates the cumulative default rate of a pool of Collateral Obligations and Eligible Investments consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. In calculating the relevant Scenario Loss Rate, the CDO Evaluator considers each Obligor's issuer credit rating, the number of Obligors in the portfolio, the Obligor and industry concentrations in the Portfolio and the remaining weighted average life of the Collateral Obligations and Eligible Investments and calculates a cumulative default rate based on the statistical probability of distributions or defaults on the Collateral Obligations and Eligible Investments.

"CDO Monitor" means, in relation to the CDO Monitor Test, the dynamic, analytical computer model developed by S&P and used to estimate the default risk of Collateral Obligations and provided to the Portfolio Manager on or before the Closing Date, as it may be modified by S&P from time to time. The CDO Monitor calculates the cumulative default rate of a pool of Collateral Obligations and Eligible Investments consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. In calculating the relevant Scenario Loss Rate, the CDO Monitor considers each Obligor's issuer credit rating, the number of Obligors in the portfolio, the Obligor and industry concentrations in the Portfolio and the remaining weighted average life of the Collateral Obligations and Eligible Investments and calculates a cumulative default rate based on the statistical probability of distributions or defaults on the Collateral Obligations and Eligible Investments.

"CDO Monitor Test" means the test which will be satisfied on any date on and from the Effective Date if, after giving effect to the purchase or sale of a Collateral Obligation, the Loss Differential of the Proposed Portfolio is positive on such date. The Loss Differential will be considered to be "improved" if the Loss Differential of the Proposed Portfolio which is applicable to each Class of Notes rated by S&P is greater than the Loss Differential of the Current Portfolio which is applicable to each Class of Notes rated by S&P. The CDO Monitor Test shall not apply until the later of (a) the Effective Date and (b) the receipt by the Portfolio Manager of the CDO Monitor from S&P.

"Class A Coverage Tests" means the Class A Interest Coverage Test and the Class A Par Value Test.

"Class A Interest Coverage Ratio" means, as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the scheduled interest payments on the Class A Notes and the amount of the Class A-1R Commitment Fee, in each case due on the next following Payment Date.

"Class A Interest Coverage Test" means the test which will be satisfied as of any Measurement Date, if, on such Measurement Date, the Class A Interest Coverage Ratio is at least equal to the percentage specified as applicable to such test in the Leverage Scenario Grid applicable as at such Measurement Date.

"Class A Par Value Ratio" means as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing (i) the amount equal to the Aggregate Collateral Balance less the Par Value Test Excess Adjustment Amount by (ii) the sum of the Class A-1R Drawn Amount, the Class A-1R Allocated Commitment, the Principal Amount Outstanding of the Class A-1T Notes and the Principal Amount Outstanding of the Class A-2 Notes.
"Class A Par Value Test" means the test which will be satisfied as of any Measurement Date if, on such Measurement Date, the Class A Par Value Ratio is at least equal to the percentage specified as applicable to such test in the Leverage Scenario Grid applicable as at such Measurement Date.

"Class A Notes" means the Class A-1 Notes and the Class A-2 Notes.

"Class A Noteholders" means the holders of any Class A Notes from time to time.

"Class A-1 Notes" means the Class A-1R Notes and the Class A-1T Notes.

"Class A-1 Note Payment Sequence" means the application of Interest Proceeds in accordance with the Interest Proceeds Priority of Payments, the application of Principal Proceeds in accordance with the Principal Proceeds Priority of Payments or the application of the net proceeds of the Collateral following Enforcement Action in accordance with the Collateral Proceeds Priority of Payments, in the following order to the pro rata redemption of:

(a) the Class A-1R Notes at the applicable Redemption Price in whole or in part until the Class A-1R Notes have been fully redeemed by application of such proceeds:

(i) firstly, in repayment of the Class A-1R Drawn Amount; and

(ii) secondly, the reduction of the Class A-1R Allocated Commitment (by deposit of the commensurate amount in the Revolving Reserve Account) and the simultaneous reduction of the Class A-1R Commitment; and

(b) the Class A-1T Notes at the applicable Redemption Price in whole or in part until the Class A-1T Notes have been redeemed in full.

"Class A-1R Accrual Period" means, in relation to each Class A-1R Advance, the period from and including the related Class A-1R Advance Date to, but excluding, the earlier of (i) the Business Day on which the Issuer has elected to prepay such Class A-1R Advance in compliance with the conditions specified in Condition 7(k) (Repayment of Class A-1R Advances and Reduction of the Class A-1R Commitment) and (ii) the Payment Date immediately following the related Class A-1R Advance Date, and each successive period from and including each Payment Date to but excluding the earlier of (x) the following Payment Date and (y) the Business Day on which the Issuer has elected to prepay such Class A-1R Advance in compliance with the conditions specified in Condition 7(k) (Repayment of Class A-1R Advances and Reduction of the Class A-1R Commitment) (provided that, in respect of a repayment in part of a Class A-1R Advance, the Class A-1R Accrual Period in respect of such part of the Class A-1R Advance shall end on (but excluding) the due date for such repayment). For the avoidance of doubt, in respect of a transfer or purchase of the Class A-1R Notes relating to a Defaulting Noteholder, the first Class A-1R Accrual Period shall commence on the date that the Defaulted Class A-1R Advances in respect of such Class A-1R Notes are funded by such transferee or purchaser.

"Class A-1R Advance" means an advance denominated in Euro under the Class A-1R Notes pursuant to a Class A-1R Advance Request which for the avoidance of doubt shall not include monies standing to the credit of the Class A-1R Collateralising Noteholder Account unless and until such monies are used to fund an advance required to be made by the Class A-1R Noteholder under the Class A-1R Notes but which shall include amounts withdrawn from the Class A-1R Collateralising Noteholder Account to fund Class A-1R Advances.

"Class A-1R Advance Date" means in respect of a Class A-1R Advance, the date that such Class A-1R Advance is paid to the Issuer (provided that such date falls at least two Business Days after the relevant Class A-1R Advance Request Date) or in relation to a Defaulting Noteholder, the date on which the related Defaulting Noteholder Paid Amounts are applied to pay a Defaulted Class A-1R Advance.

"Class A-1R Advance Request" means each request prepared and sent by the Class A-1R Note Agent to the Class A-1R Noteholders giving notice of the Issuer's intention to effect a Class A-1R Advance in accordance with the provisions of the Class A-1R Note Purchase Agreement.

"Class A-1R Advance Request Date" means the Business Day on which the Class A-1R Advance Request is sent to the Class A-1R Noteholders, provided that if such Class A-1R Advance Request is received by the Class A-1R Noteholder at or after 11.00 a.m. (London time), the Class A-1R Advance Request Date shall be deemed to be the following Business Day.

"Class A-1R Allocated Commitment" means, at any time, the sum of the principal amount of the Class A-1R Commitments allocated as a reserve to fund the payment of Unfunded Amounts in respect of Revolving Collateral Obligations, Delayed Drawdown Collateral Obligations and Unfunded Synthetic Securities, provided that the Class A-1R Allocated Commitment may only be allocated (with such allocation to take place on the settlement date of the purchase of the relevant Revolving Collateral Obligation, Delayed Drawdown Collateral Obligation or
Unfunded Synthetic Security) to fund payments of the Unfunded Amounts in respect of a Revolving Collateral Obligation or a Delayed Drawdown Collateral Obligation or Unfunded Synthetic Securities:

(a) if the Base Currency of such Revolving Collateral Obligation, Delayed Drawdown Collateral Obligation or Unfunded Synthetic Security is Euro;

(b) in the case of a Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation, if the minimum notice period in respect of such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation is equal to or exceeds the applicable Class A-1R Notes Draw Period;

(c) if such Class A-1R Allocated Commitment together with (a) any other Class A-1R Allocation Request that has not been allocated or drawn on such date and (b) the Class A-1R Drawn Amount (in each case, immediately prior to and taking into account any Class A-1R Advances scheduled to be repaid and scheduled reduction of the Class A-1R Allocated Commitments on or prior to the date of such allocation) of the Class A-1R Notes will not exceed the Aggregate Class A-1R Commitment;

(d) if the Class A-1R Note Agent shall have received a Class A-1R Allocation Request, and each Class A-1R Noteholder shall have received a copy of such Class A-1R Advance Request, which shall include the information required to be provided by, and be given in accordance with, the Class A-1R Note Purchase Agreement;

(e) if each of the Class A-1R Note Purchase Agreement, the Trust Deed and the Class A-1R Notes is in full force and effect;

(f) if the representations and warranties of the Issuer made pursuant to the Class A-1R Note Purchase Agreement are true and correct as of the relevant Class A-1R Advance Request Date;

(g) if no Event of Default has occurred and is continuing; and

(h) if the Coverage Tests are satisfied immediately after making the Class A-1R Allocated Commitment.

"Class A-1R Allocation Request" means each request prepared and sent by the Portfolio Manager (on behalf of the Issuer) giving notice of the Issuer's intention to increase the Class A-1R Allocated Commitment in accordance with the provisions of the Class A-1R Note Purchase Agreement.

"Class A-1R Available Commitment" means at any time, the aggregate of the Class A-1R Commitment applicable to the Leverage Scenario at that time minus the aggregate of the Class A-1R Drawn Amount and the Class A-1R Allocated Commitment.

"Class A-1R Average Allocated Commitment" means an amount in respect of each Accrual Period commencing on or after the expiry of the Reinvestment Period, calculated on the related Determination Date equal to the sum of the Class A-1R Allocated Commitments on each day of the Accrual Period divided by the actual number of days in such Accrual Period.

"Class A-1R Average Undrawn Amount" means an amount in respect of each Accrual Period ending on or prior to the expiry of the Reinvestment Period, calculated on the related Determination Date equal to the sum of the Class A-1R Undrawn Amount on each day of the Accrual Period divided by the actual number of days in such Accrual Period.

"Class A-1R Collateral" means in relation to a Non-Compliant Class A1-R Noteholder or Defaulting Noteholder any cash in immediately available funds or Eligible Investments which shall be denominated in Euro deposited by such Class A-1R Noteholder in the Class A-1R Collateralising Noteholder Account for the obligations of such Class A-1R Noteholder in accordance with the terms of the Class A-1R Note Purchase Agreement in amounts equal to such Class A1-R Noteholder's pro rata share of the maximum amount that may be drawn by way of Class A1-R Advances under the Leverage Scenario determined by the Portfolio Manager and confirmed by the Rating Agencies as being the maximum Leverage Scenario capable of satisfying the applicable Leverage Scenario Tests at that time.

"Class A-1R Collateral Termination Date" means, with respect to any Class A-1R Noteholder that has deposited Class A-1R Collateral into the Class A-1R Collateralising Noteholder Account, the earliest to occur of:

(a) the transfer by such Class A-1R Noteholder of all of its rights and obligations pursuant to the Class A-1R Note Purchase Agreement;

(b) the delivery by such Class A-1R Noteholder of a certification in writing that it or its Committed Facility Provider, as applicable, satisfies the Class A-1R Rating Criteria to the Issuer, the Class A-1R Note Agent, the Portfolio Manager, the Trustee, the Collateral Administrator and each
Rating Agency, such certification to include a letter from each Rating Agency establishing such ratings upgrade or such other evidence as shall be reasonably satisfactory to the Trustee, the Portfolio Manager and the Issuer (where such Class A-1R Noteholder was a Defaulting Noteholder as a result of the application of paragraph (a) of the definition thereof) and/or

(ii) the delivery by the Class A-1R Noteholder of a certification in writing that such Class A-1R Noteholder has satisfied in full all previously defaulted obligations to make Class A-1R Advances (where such Class A-1R Noteholder was a Defaulting Noteholder as a result of the application of paragraph (b) of the definition thereof);

(c) the Commitment Termination Date or, in the case of Class A-1R Noteholders only, if later, the last date on which any Unfunded Amounts may be drawn in respect of any Revolving Collateral Obligation, Delayed Drawdown Collateral Obligation or Unfunded Synthetic Security; and

(d) the date on which all Outstanding Class A-1R Notes held by such Class A-1R Noteholder are redeemed in full.

"Class A-1R Collateralising Noteholder Account" means each interest-bearing sub-account described as such in the name of the Issuer with the Account Bank (provided the Account Bank has a short-term senior unsecured rating of "A-1" by S&P, and "P-1" from Moody's) into which Class A-1R Collateral may be paid.

"Class A-1R Commitment" means, at any time and in relation to any Class A-1R Noteholder and the Class A-1R Note held by it, the obligation of such Class A-1R Noteholder or its Committed Facility Provider under each Class A-1R Note held by it to make Class A-1R Advances in an aggregate principal amount equal to the Class A-1R Commitment of such Class A-1R Noteholder at that time in accordance with the Class A-1R Note Purchase Agreement. For the avoidance of doubt, the Class A-1R Commitment shall include the Class A-1R Allocated Commitment, the Class A-1R Drawn Amount and the Class A-1R Undrawn Amount and the Class A-1R Allocated Commitment shall be reduced by the Class A-1R Redemption Amount and may be increased or decreased in accordance with the applicable Leverage Scenario from time to time pursuant to the Class A-1R Note Purchase Agreement.

"Class A-1R Commitment Fee" means the fee for maintaining the Class A-1R Commitment in Euro which accrues on the Maximum Class A-1R Commitment minus the Class A-1R Drawn Amount (or, for each Accrual Period commencing on or after the expiry of the Reinvestment Period, the Class A-1R Average Allocated Commitment only) for each Accrual Period at a rate per annum equal to 0.29 per cent. on the basis of a 360-day year and the actual number of days elapsed.

Class A-1R Committed Facility means a liquidity loan agreement, credit facility and/or purchase agreement between a Class A-1R Noteholder and a Committed Facility Provider providing for the several commitments of the Committed Facility Provider thereto in aggregate to make loans to, or acquire interest in the assets of such Class A-1R Noteholder, in an aggregate principal amount at any one time outstanding at least equal to the Class A-1R Commitment of such Class A-1R Noteholder.

"Class A-1R Drawn Amount" means, at any time, in respect of the Class A-1R Notes, an amount equal to the aggregate of Class A-1R Advances which have not been repaid, prepaid or redeemed at such time.

"Class A-1R Interest Amount" has the meaning given thereto in Condition 6(g)(ii) (Class A-1R Interest Amount on Class A-1R Advances).

"Class A-1R Interest Rate" means, with respect to any Class A-1R Advances under the Class A-1R Notes, the rate equal to the sum of 0.42 per cent. per annum and EURIBOR.

"Class A-1R Make Whole Amount" means an amount payable by the Issuer to Class A-1R Noteholders if a Class A-1R Advance is prepaid on a Business Day other than a Payment Date which will be calculated on the amount so prepaid for the period from (and including) the relevant Class A-1R Prepayment Date to (but excluding) the next following Payment Date at a rate per annum equal to the Make Whole Rate applicable to the Class A-1R Advance so repaid on the basis of a 360-day year and the actual number of days elapsed in the period from and including the date of such prepayment to but excluding the next following Payment Date. A proportionate share of the Class A-1R Make Whole Amount will be payable to each Class A-1R Noteholder in Euro on the next following Payment Date in accordance with the Priorities of Payments pari passu with payments of any Class A-1R Interest Amounts and any Class A-1R Commitment Fee under the Class A-1R Notes.

"Class A-1R Noteholders" means the holders of any Class A-1R Notes from time to time.

"Class A-1R Notes Draw Period" means, in the case of Revolving Collateral Obligations, Delayed Drawdown Collateral Obligations or Unfunded Synthetic Securities denominated in Euro, a period of two Business Days.
"Class A-1R Prepayment" means any payment of principal of the Class A-1R Notes prior to the original due date for repayment thereof.

"Class A-1R Prepayment Date" means the date of any Class A-1R Prepayment.

"Class A-1R Rating Action" has the meaning given thereto in Condition 2(j) (Class A-1R Notes).

"Class A-1R Rating Criteria" will be satisfied on any date with respect to any Class A-1R Noteholder (or prospective transferee) and/or Committed Facility Provider if the short-term debt, deposit or similar obligations of such Class A-1R Noteholders are rated at least "A-1" by S&P and the short term debt, deposit or similar obligations of such Class A-1R Noteholders are rated either (A) in the case of a Class A-1R Noteholder which is a financial institution, at least "P-1" by Moody's or (B) in the case of a Class A-1R Noteholder falling outside the provisions of (A), at least "P-1" by Moody's; or if such short term debt, deposit or similar obligations of such Class A-1R Noteholder (or Committed Facility Provider or prospective transferee) are not rated by S&P or Moody's the long-term debt, deposit or similar obligations of such Class A-1R Noteholder (or Committed Facility Provider or prospective transferee) are rated at least "A+" by S&P and at least Aa3 by Moody's as the case may be.

"Class A-1R Redemption Amount" has the meaning given thereto in Condition 7(k) (Redemption of Class A-1R Advances and Reduction of Class A-1R Commitment).

"Class A-1R Unallocated Commitment" means, at any time, in relation to any Class A-1R Note, the Class A-1R Commitment less the amount at such time of such Class A-1R Note's proportionate share of the Class A-1R Allocated Commitment.

"Class A-1R Undrawn Amount" means at any time, the Aggregate Class A-1R Commitment applicable to the Leverage Scenario at that time less the aggregate of the Class A-1R Drawn Amount.

"Class A-1T Noteholders" means the holders of any Class A-1T Notes from time to time.

"Class A-2 Notes" means the Class A-2A Notes and the Class A-2B Notes.

"Class A-2 Noteholders" means the holders of any Class A-2 Notes from time to time.

"Class A-2B Fixed Rate of Interest" has the meaning ascribed to it in Condition 6(f) (Interest on the Fixed Rate Notes).

"Class A-2B Make Whole Yield" means 0.65 per cent. per annum above:

(a) the yield to maturity implied by the yields reported as at 10.00 a.m. (London time) on the second Business Day preceding the related Redemption Date on the display designated as "Page DEBMK" on the Reuters Monitor Money Rates Service (or such other display as may replace "Page DEBMK" on the Reuters Monitor Money Rates Service) for Euro swaps having a maturity equal to the number of years from the related Redemption Date until the Payment Date falling in 16 December 2017 (rounded up to one decimal place); or

(b) if such yield is not reported as at such time or the yield reported as at such time is not ascertainable, interpolating linearly such yield reported at the time on such page for (A) the Euro swap with a maturity closest to and greater than the number of years under (a) above and (B) the Euro swap with a maturity closest to and less than the number of years under (a) above.

"Class A-2B Redemption Premium" means, in respect of a proposed date of redemption of the Class A-2B Notes, the amount equal to the excess (if any) of:

(a) an amount equal to the then current value of the amounts of principal and interest (exclusive of such amounts as would have been payable in any event on the Redemption Date had the Class A-2B Notes not become subject to redemption) on such Class A-2B Note, calculated in accordance with accepted financial practices and assuming that the entire Principal Amount Outstanding (exclusive of such amounts as would have been payable on the applicable Redemption Date in any event had the Class A-2B Notes not become subject to redemption) of the Class A-2B Notes would have been paid on the Payment Date falling in 16 December 2017 using a discount factor utilising the Class A-2B Make Whole Yield; over

(b) the Principal Amount Outstanding of the Class A-2B Note (exclusive of such amounts as would have been payable in any event on the Redemption Date had the Class A-2B Notes not become subject to redemption).

"Class B Coverage Tests" means the Class B Interest Coverage Test and the Class B Par Value Test.
"Class B Interest Coverage Ratio" means, as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the scheduled interest payments on the Class A Notes, the Class B Notes and the amount of the Class A-1R Commitment Fee, in each case due on the next following Payment Date.

"Class B Interest Coverage Test" means the test which will be satisfied as of any Measurement Date, if, on such Measurement Date, the Class B Interest Coverage Ratio is at least equal to the percentage specified as applicable to such test in the Leverage Scenario Grid applicable as at such Measurement Date.

"Class B Noteholders" means the holders of any Class B Notes from time to time.

"Class B Par Value Ratio" means, as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Aggregate Collateral Balance less the Par Value Test Excess Adjustment Amount, by (b) the sum of the Class A-1R Drawn Amount, the Class A-1R Allocated Commitment, the Principal Amount Outstanding of the Class A-1T Notes, the Class A-2 Notes and the Class B Notes.

"Class B Par Value Test" means the test which will be satisfied as of any Measurement Date if, on such Measurement Date, the Class B Par Value Ratio is at least equal to the percentage specified as applicable to such test in the Leverage Scenario Grid applicable as at such Measurement Date.

"Class C Component" means, in respect of the Class P Combination Notes, a component thereof, the terms and conditions applicable to which (save than relating to the issue and transfer thereof) are the same as €400,000 in original principal amount of the Class C Notes in respect of the €1,000,000 principal of such Class P Combination Notes.

"Class C Coverage Tests" means the Class C Interest Coverage Test and the Class C Par Value Test.

"Class C Interest Coverage Ratio" means, as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the scheduled interest payments on the Class A Notes, the Class B Notes, the Class C Notes and the amount of the Class A-1R Commitment Fee, in each case due on the next following Payment Date.

"Class C Interest Coverage Test" means the test which will be satisfied as of any Measurement Date, if, on such Measurement Date, the Class C Interest Coverage Ratio is at least equal to the percentage specified as applicable to such test in the Leverage Scenario Grid applicable as at such Measurement Date.

"Class C Noteholders" means the holders of any Class C Notes from time to time.

"Class C Par Value Ratio" means, as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Aggregate Collateral Balance less the Par Value Test Excess Adjustment Amount by (b) the sum of the Class A-1R Drawn Amount, the Class A-1R Allocated Commitment, the Principal Amount Outstanding of the Class A-1T Notes, the Class A-2 Notes and the Class B Notes and the Class C Notes.

"Class C Par Value Test" means the test which will be satisfied as of any Measurement Date if, on such Measurement Date, the Class C Par Value Ratio is at least equal to the percentage specified as applicable to such test in the Leverage Scenario Grid applicable as at such Measurement Date.

"Class D Coverage Tests" means the Class D Interest Coverage Test and the Class D Par Value Test.

"Class D Interest Coverage Ratio" means, as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the scheduled interest payments on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the amount of the Class A-1R Commitment Fee, in each case due on the next following Payment Date.

"Class D Interest Coverage Test" means the test which will be satisfied as of any Measurement Date, if, on such Measurement Date, the Class D Interest Coverage Ratio is at least equal to the percentage specified as applicable to such test in the Leverage Scenario Grid applicable as at such Measurement Date.

"Class D Noteholders" means the holders of any Class D Notes from time to time.

"Class D Par Value Ratio" means, as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Aggregate Collateral Balance less the Par Value Test Excess Adjustment Amount by (b) the sum of the Class A-1R Drawn Amount, the Class A-1R Allocated Commitment, the Principal Amount Outstanding of the Class A-1T Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes.
"Class D Par Value Test" means the test which will be satisfied as of any Measurement Date if, on such Measurement Date, the Class D Par Value Ratio is at least equal to the percentage specified as applicable to such test in the Leverage Scenario Grid applicable as at such Measurement Date.

"Class E Coverage Tests" means the Class E Interest Coverage Test and the Class E Par Value Test.

"Class E Interest Coverage Ratio" means, as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the scheduled interest payments on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the amount of the Class A-1R Commitment Fee, in each case due on the next following Payment Date.

"Class E Interest Coverage Test" means the test which will be satisfied as of any Measurement Date, if, on such Measurement Date, the Class E Interest Coverage Ratio is at least equal to the percentage specified as applicable to such test in the Leverage Scenario Grid applicable as at such Measurement Date.

"Class E Par Value Ratio" means, as of any Measurement Date, the ratio (expressed as a percentage) obtained by dividing (a) the amount equal to the Aggregate Collateral Balance less the Par Value Test Excess Adjustment Amount by (b) the sum of the Class A-1R Drawn Amount, the Class A-1R Allocated Commitment, the Principal Amount Outstanding of the Class A-1T Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

"Class E Par Value Test" means the test which will be satisfied as of any Measurement Date if, on such Measurement Date, the Class E Par Value Ratio is at least equal to the percentage specified as applicable to such test in the Leverage Scenario Grid applicable as at such Measurement Date.

"Class E Component" means, in respect of the Class P Combination Notes, a component thereof, the terms and conditions applicable to which (save than relating to the issue and transfer thereof) are the same as €600,000 in original principal amount of the Class E Notes in respect of the €1,000,000 original principal of such Class P Combination Notes.

"Class of Notes" means each of the Classes of Notes (including each class of Class P Combination Notes to the extent that each such class of Class P Combination Notes include Components corresponding to any such Class of Notes but, for the avoidance of doubt, not the Class P Combination Notes as separate classes) being:

(a) the Class A-1 Notes (save for Condition 10(b)(ii) (Acceleration), Condition 10(c) (Curing of Default) and Condition 11 (Enforcement) in respect of an Event of Default under Condition 10(a)(iv) (Collateral Obligations), whereby the Class A-1 Notes and the Class A-2 Notes shall be deemed to form a single Class for voting purposes);

(b) the Class A-2 Notes (save for Condition 10(b)(ii) (Acceleration), Condition 10(c) (Curing of Default) and Condition 11 (Enforcement) in respect of an Event of Default under Condition 10(a)(iv) (Collateral Obligations), whereby the Class A-1 Notes and the Class A-2 Notes shall be deemed to form a single Class for voting purposes);

(c) the Class B Notes;

(d) the Class C Notes;

(e) the Class D Notes;

(f) the Class E Notes; and

(g) the Subordinated Notes,

and "Class of Noteholders" and "Class" shall be construed accordingly.

"Class P Combination Noteholders" means any holders of the Class P Combination Notes from time to time.

"Class P Combination Note Rated Coupon Interest" has the meaning given thereto in Condition 6(i)(i) (Interest on the Class P Combination Notes).

"Class P Rated Coupon" means the rate of 0.25 per cent. per annum.

"Class P Residual Amount" has the meaning ascribed to it in Condition 6(i)(i)(Interest on the Class P Combination Notes).

"Class P Residual Coupon" has the meaning given thereto in Condition 6(i)(i) (Interest on the Class P Combination Notes).
"Closing Date" means 16 October 2007.

"Closing Date Target Par Amount" means €500,000,000 as may be amended subject to Rating Agency Confirmation and consent of the Senior Outstanding Class for as long as the Class A-1 Notes are the Senior Outstanding Class.

"Collateral" means the property, assets and rights described in Condition 4(a) (Security) which are charged and/or assigned to the Trustee or held on trust from time to time for the benefit of the Secured Parties pursuant to the Trust Deed.

"Collateral Acquisition Agreements" means each agreement entered into by the Issuer in relation to the purchase by the Issuer of Secured Senior Loans, Unsecured Senior Loans, Second Lien Loans, Mezzanine Obligations, High Yield Bonds, Structured Finance Securities and other Collateral Debt Obligations from time to time.

"Collateral Debt Obligation" means any debt obligation or debt security purchased or acquired by or on behalf of the Issuer from time to time (or, if the context so requires, to be purchased by or on behalf of the Issuer) in accordance with the provisions of the Portfolio Management Agreement, each of which satisfies the Eligibility Criteria (as determined by the Portfolio Manager in accordance with the Portfolio Management Agreement) to the extent required to do. References to Collateral Debt Obligations shall not include Collateral Enhancement Obligations, Eligible Investments, Exchanged Equity Securities or Principal Protected Equity Obligations. Obligations which are to constitute Collateral Debt Obligations in respect of which the Issuer has entered into a binding commitment to purchase but which have not yet settled shall be included as Collateral Debt Obligations in the calculation of the Portfolio Profile Tests at any time as if such purchase had been completed. For the avoidance of doubt, the failure of any obligation to satisfy the Eligibility Criteria at any time after the Issuer or the Portfolio Manager (on behalf of the Issuer) has entered into a binding agreement to purchase it, shall not cause such obligation to cease to constitute a Collateral Debt Obligation.

"Collateral Enhancement Account" means an interest-bearing account in the name of the Issuer, held with the Account Bank, the amounts standing to the credit of which from time to time may be applied in the acquisition of Collateral Enhancement Obligations by or on behalf of the Issuer in accordance with the Portfolio Management Agreement.

"Collateral Enhancement Obligation" means any warrant or equity security associated with a Collateral Debt Obligation, excluding Exchanged Equity Securities, or any debt obligation that is not a Collateral Obligation. The foregoing includes, without limitation, warrants relating to Mezzanine Obligations and any equity security received upon conversion or exchange of, or exercise of an option under, or otherwise in respect of a Collateral Debt Obligation, or any warrant or equity security purchased as part of a unit with a Collateral Debt Obligation (but in all cases, excluding, for the avoidance of doubt, any Equity Obligations purchased with the proceeds of Principal Protected Equity Obligations and equity received as part of a workout and any Principal Protected Equity Obligation), in each case, the acquisition of which will not result in the imposition of any present or future, actual or contingent liabilities or obligations on the Issuer other than those which may arise at its option.

"Collateral Enhancement Obligation Proceeds" means all Distributions and Sale Proceeds received in respect of any Collateral Enhancement Obligation.

"Collateral Enhancement Obligation Proceeds Priority of Payments" means the Priority of Payments in respect of Collateral Enhancement Obligation Proceeds as set out in Condition 3(c)(iii) (Application of Collateral Enhancement Obligation Proceeds).

"Collateral Obligation" means any Collateral Debt Obligation or Principal Protected Equity Obligation.

"Collateral Proceeds Priority of Payments" means the priority of payments in respect of the proceeds of realisation of Collateral set out in Condition 11(b) (Enforcement).

"Collateral Quality Tests" means the Collateral Quality Tests set out in the Portfolio Management Agreement being each of the following:

(a) so long as any Notes rated by S&P are Outstanding:
   (i) the CDO Monitor Test; and
   (ii) the S&P Minimum Weighted Average Recovery Rate Test;

(b) so long as any of the Notes rated by Moody's are Outstanding:
   (i) the Moody's Minimum Diversity Test;
   (ii) the Moody's Maximum Weighted Average Rating Factor Test;
(iii) the Moody's Minimum Weighted Average Recovery Rate Test;

(c) so long as any Notes rated by S&P and/or Moody's are Outstanding:

(i) the Minimum Spread Test; and

(ii) the Maximum Weighted Average Life Test,

each as defined in the Portfolio Management Agreement.

"Collateral Tax Event" means at any time, as a result of the introduction of a new, or any change in, any Home Jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, procedure or as a result of any judicial decision or interpretation or statement of any relevant tax authority, issued in either case, after the date of acquisition of the Collateral Obligation (whether proposed, temporary or final): (a) interest payments due from the Obligors of any Collateral Obligations in relation to any Due Period becoming properly subject to the imposition of Home Jurisdiction or foreign withholding tax (other than where (i) such withholding tax is compensated for by a "gross-up" provision in the terms of the Collateral Obligation, or such requirement to withhold is eliminated pursuant to a double taxation treaty so that the Issuer as holder thereof is held completely harmless from the full amount of such withholding tax on an after-tax basis and/or (ii) such withholding tax was reflected in the purchase price paid by the Issuer for the Collateral Obligation) so that the aggregate amount of such withholding tax on all Collateral Obligations in relation to such Due Period is equal to or in excess of 6 per cent. of the aggregate interest payments due (other than any additional interest arising as a result of the operation of any gross-up provision) on all Collateral Obligations in relation to such Due Period; and (b) a substitution or relocation of the Issuer or other reasonable measures would fail to remedy (a) above.

"Committed Facility Provider" means a bank or other institution or entity from which a Class A-1R Noteholder (or a prospective transferee) is entitled under a Class A-1R Committed Facility to draw upon a loan made available by such bank or other institution or entity or to sell interests in the assets of such Class A-1R Noteholder in an aggregate principal amount at any one time outstanding at least equal to the Class A-1R Commitment of such Class A-1R Noteholder and to whom such Class A-1R Noteholder has novated its rights and obligations under and pursuant to the Class A-1R Note Purchase Agreement.

"Commitment Amount" means:

(a) with respect to any Revolving Collateral Obligation (excluding a Synthetic Security) or Delayed Drawdown Collateral Obligation, the maximum aggregate outstanding principal amount (whether at the time funded or unfunded) of advances or other extensions of credit at any one time outstanding that the Issuer could be required to make to the Obligor under the Underlying Instruments relating thereto or to a funding bank in connection with any ancillary facilities related thereto; and

(b) with respect to any Unfunded Synthetic Security or any Revolving Collateral Obligation that is a Synthetic Security, the maximum aggregate net amount (whether at the time funded or unfunded) that the Issuer could be required to pay to the related Synthetic Counterparty thereunder.

"Commitment Termination Date" means, in respect of the Class A-1R Notes, the earliest to occur of:

(a) any Event of Default which has occurred and is continuing beyond the expiry of any originally applicable grace period;

(b) any tax being required to be deducted or withheld from any payments to be made by the Issuer in respect of the Class A-1R Notes;

(c) in the case of the Class A-1R Notes only, the end of the Reinvestment Period save to fund any amount drawn down by or payable to any Obligor under a Delayed Drawdown Collateral Obligation, a Revolving Obligation or a Synthetic Security purchased during the Reinvestment Period in accordance with the Class A-1R Note Purchase Agreement;

(d) the redemption in full of the Class A-1R Notes pursuant to Condition 7 (Redemption).

"Component" means any Class C Component or any Class E Component of which the relevant class of Class P Combination Notes consist.

"Conditions" means these terms and conditions, being the terms and conditions of the Notes from time to time.

"Counterparty Downgrade Collateral" means any cash and/or securities delivered to the Issuer as collateral for the obligations of an Asset Swap Counterparty under an Asset Swap Agreement or an Interest Rate Hedge Counterparty under an Interest Rate Hedge Agreement or an Offsetting Credit Default Swap Counterparty under
an Offsetting Credit Default Swap or a Credit Short Obligation Counterparty under a Credit Short Obligation, as applicable.

"Counterparty Downgrade Collateral Account" means an interest-bearing account of the Issuer with the Custodian into which all Counterparty Downgrade Collateral is to be deposited.

"Coverage Test" means each of the Class A Par Value Test, the Class A Interest Coverage Test, the Class B Par Value Test, the Class B Interest Coverage Test, the Class C Par Value Test, the Class C Interest Coverage Test, the Class D Par Value Test, the Class E Par Value Test and the Class E Interest Coverage Test.

"Credit Event" means, in respect of any Derivative Agreement each event which is specified as a "Credit Event" pursuant to the terms thereof.

"Credit Impaired Obligation" means any Collateral Debt Obligation:

(a) which has been downgraded or put on a watch list for possible downgrade by S&P or Moody's from the rating that was in effect on the date on which such Collateral Debt Obligation was first acquired by the Issuer, unless the Portfolio Manager in its reasonable business judgement determines that such Collateral Debt Obligation is not a Credit Impaired Obligation; or

(b) whose obligor, in the reasonable business judgement of the Portfolio Manager, has shown deteriorated financial results; or

(c) which in the reasonable business judgement of the Portfolio Manager has significantly declined in credit quality,

provided, however, that (unless the holders of the Senior Outstanding Class have agreed by way of Extraordinary Resolution to suspend this proviso in respect of any particular Collateral Debt Obligation) if any Rating Agency has downgraded (and not subsequently reinstated) the rating of the Rated Notes of any Class by one or more sub-categories, in the case of the Class A Notes or the Class B Notes, or two or more sub-categories in the case of any other Rated Notes or has withdrawn (and not subsequently reinstated) the rating of the Rated Notes of any Class, then a "Credit Impaired Obligation" means any Collateral Debt Obligation which, in the Portfolio Manager's reasonable business judgement, has significantly declined in credit quality and that is (i) downgraded or put on watch for downgrade or (ii) (1) in the case of a Senior Secured Loan, a Mezzanine Obligation or a Second Lien Loan, the spread over the applicable reference rate for such Collateral Debt Obligation has been increased since the date of purchase by (a) 0.25 per cent. or more (in the case of a Senior Secured Loan, a Mezzanine Obligation or a Second Lien Loan with a spread (prior to such increase) less than or equal to 2.00 per cent.), (b) 0.375 per cent. or more (in the case of a Senior Secured Loan, a Mezzanine Obligation or a Second Lien Loan with a spread (prior to such increase) greater than 2.00 per cent. but less than or equal to 4.00 per cent.), (c) 0.50 per cent. or more (in the case of a Senior Secured Loan, a Mezzanine Obligation or a Second Lien Loan with a spread (prior to such increase) greater than 4.00 per cent.) due, in each case, to a deterioration in the related borrower's financial ratios or financial results in accordance with the Underlying Instrument or (2) with respect to Senior Secured Loan, a Mezzanine Obligation or a Second Lien Loan, such Collateral Debt Obligation changed in price during the period from the date on which it was purchased by the Issuer to the date of determination by a percentage either more negative, or less positive, as the case may be, than the percentage change in any index selected by the Portfolio Manager (acting on behalf of the Issuer) (including any index created by the Portfolio Manager, provided that upon such application of any such index the Portfolio Manager shall provide the Rating Agencies with a description of the methodology of any such index together with any other information relating to such index as either Rating Agency may reasonably require) that is representative of the underlying credit, as determined in the sole discretion of the Portfolio Manager (acting on behalf of the Issuer) less one per cent. over the same period,

provided further that a Synthetic Security shall constitute a Credit Impaired Obligation in the event that either the Synthetic Security itself constitutes a Credit Impaired Obligation or the Reference Obligation to which such Collateral Debt Obligation is linked would constitute a Credit Impaired Obligation if it were itself a Collateral Debt Obligation.

"Credit Improved Obligation" means any Collateral Debt Obligation:

(a) which has been upgraded or put on a watch list for possible upgrade by S&P or Moody's from the rating that was in effect on the date on which such Collateral Debt Obligation was first acquired by the Issuer, unless the Portfolio Manager in its reasonable business judgement determines that such Collateral Debt Obligation is not a Credit Improved Obligation; or

(b) whose obligor, in the reasonable business judgement of the Portfolio Manager, has shown improved financial results; or
(c) whose obligor, in the reasonable business judgement of the Portfolio Manager, has raised equity capital or other capital which has improved the liquidity or credit standing of such obligor; or

(d) which, in the reasonable business judgement of the Portfolio Manager, has significantly improved in credit quality,

provided, however, that (unless the holders of the Senior Outstanding Class have agreed by way of Extraordinary Resolution to suspend this proviso in respect of any particular Collateral Debt Obligation) if any Rating Agency has downgraded (and not subsequently reinstated) the rating of the Rated Notes of any Class by one or more sub-categories, in the case of the Class A Notes or the Class B Notes, or two or more sub-categories in the case of any other Rated Notes, or has withdrawn (and not subsequently reinstated) the rating of the Rated Notes of any Class then a "Credit Improved Obligation" means any Collateral Debt Obligation which, in the Portfolio Manager's reasonable business judgement, has significantly improved in credit quality and that is (i) upgraded or put on watch for upgrade, (ii) (1) in the case of a Senior Secured Loan, a Mezzanine Obligation or a Second Lien Loan, the spread over the applicable reference rate for such Collateral Debt Obligation has been decreased since the date of purchase by (a) 0.25 per cent. or more (in the case of a Senior Secured Loan, a Mezzanine Obligation or a Second Lien Loan with a spread (prior to such decrease) less than or equal to 2.00 per cent), (b) 0.375 per cent. or more (in the case of a Senior Secured Loan, a Mezzanine Obligation or a Second Lien Loan with a spread (prior to such decrease) greater than 2.00 per cent. but less than or equal to 4.00 per cent.), (c) 0.50 per cent. or more (in the case of a Senior Secured Loan, a Mezzanine Obligation or a Second Lien Loan with a spread (prior to such decrease) greater than 4.00 per cent.) due, in each case, to an improvement in the related borrower's financial ratios or financial results in accordance with the Underlying Instrument or (2) with respect to a Senior Secured Loan, a Mezzanine Obligation or a Second Lien Loan, such Collateral Debt Obligation changed in price during the period from the date on which it was purchased by the Issuer to the date of determination by a percentage either more positive, or less negative, as the case may be, than the percentage change in any index selected by the Portfolio Manager (acting on behalf of the Issuer) (including any index created by the Portfolio Manager, provided that upon such application of any such index the Portfolio Manager shall provide the Rating Agencies with a description of the methodology of any such index together with any other information relating to such index as either Rating Agency may reasonably require) that is representative of the underlying credit, as determined in the sole discretion of the Portfolio Manager (acting on behalf of the Issuer), plus one per cent. over the same period,

in each case, since the date on which such Collateral Debt Obligation was purchased by the Issuer and provided further that a Synthetic Security shall constitute a Credit Improved Obligation in the event that either the Synthetic Security itself constitutes a Credit Improved Obligation or the Reference Obligation to which such Collateral Debt Obligation is linked would constitute a Credit Improved Obligation if it were itself a Collateral Debt Obligation.

"Credit Short Obligation" means an unfunded credit default swap entered into by the Issuer (as protection buyer) under an ISDA Master Agreement pursuant to which the Credit Short Obligation Counterparty (as protection seller) is required to make payments to the Issuer upon the occurrence of specified Credit Events in respect of the related Reference Entity or Reference Obligation. The entry into, or acquisition of any Credit Short Obligation, save for a Form-Approved Credit Short Obligation, will be subject to Rating Agency Confirmation and certain other conditions as specified in the Portfolio Management Agreement.

"Credit Short Obligation Counterparty" means, pursuant to the terms of a Credit Short Obligation, any entity or person which:

(a) is required to make payments as protection seller directly to the Issuer, or any guarantor of such entity; and

(b) satisfies the Rating Requirement.

"Credit Short Obligation Counterparty Termination Payments" means the amount payable by a Credit Short Obligation Counterparty to the Issuer upon termination or modification of a Credit Short Obligation in whole or in part and unpaid amounts as described therein including any Defaulted Credit Short Obligation Issuer Termination Receipt.

"Credit Short Obligation Replacement Payment" means any amount payable by the Issuer to a Credit Short Obligation Counterparty upon entry into a Replacement Credit Short Obligation.

"Credit Short Obligation Replacement Receipt" means any amount payable by a Credit Short Obligation Counterparty to the Issuer upon entry into a Replacement Credit Short Obligation.

"Credit Short Obligation Termination Receipt" means any amount payable by the Credit Short Obligation Counterparty to the Issuer upon termination or modification of a Credit Short Obligation in whole or in part including any Defaulted Credit Short Obligation Issuer Termination Receipt, but excluding any Cash Settlement Amount and Physical Settlement Amount.
"Credit Support Provider" means an insurer, surety, credit protection seller or enhancer who has provided or entered into a bond insurance, a surety bond, a credit default swap or similar credit enhancement to or with (and whose identity and contact details have been notified to the Trustee, the Issuer and the Collateral Administrator in accordance with the Trust Deed), the holder or beneficial owner of any Class A-1R Note to support the payment of principal and/or interest on such Class A-1R Note.

"Current Pay Obligation" means a Collateral Debt Obligation that would otherwise be a Defaulted Obligation, but as to which:

(a) the most recent interest payment due thereon was paid in cash and the Portfolio Manager reasonably expects that the next interest payment due will be paid in cash;
(b) no interest payments are due and unpaid;
(c) it is legal for the Obligor to make payment on the next payment date thereunder and such payment is not at risk of being set aside on any bankruptcy, insolvency or receivership proceeding in connection with such Obligor;
(d) the Market Value of such Collateral Debt Obligation is at least 80 per cent. of par;
(e) if the Obligor under such Collateral Debt Obligation is subject to a bankruptcy proceedings, a bankruptcy court has authorised the payment of interest due and payable on such Collateral Debt Obligation;
(f) the Moody's rating of such Collateral Debt Obligation is at least "Caa2";
(g) the Collateral Debt Obligation is not rated "D" by S&P; and
(h) the Portfolio Manager documents and certifies in writing to the Collateral Administrator with a copy to the Rating Agencies its assessment that the Obligor will continue to be current in payment of its interest and principal payment obligations on such Collateral Debt Obligation,

provided that (i) a Synthetic Security may be a Current Pay Obligation only if its Reference Obligation is a Current Pay Obligation and only if the Synthetic Counterparty has not defaulted in the performance of its obligations under such Synthetic Security and (ii) the Aggregate Principal Balance of all Collateral Debt Obligations which constitute "Current Pay Obligations" may not exceed 5 per cent. of the Aggregate Collateral Balance and to the extent that any Collateral Debt Obligations are in excess of such amount they shall not constitute Current Pay Obligations provided further that, where any Collateral Debt Obligations are in excess of such amount, the Portfolio Manager may, in its absolute discretion, select which Collateral Debt Obligations comprise Current Payment Obligations for the purposes of this definition.

"Current Portfolio" means the portfolio of Collateral Obligations (included at their Principal Balance) and Eligible Investments existing prior to the sale, maturity or other disposition of a Collateral Obligation or a proposed reinvestment of Principal Proceeds in a Substitute Collateral Obligation, as the case may be.

"Custody Account" means the custody account or accounts (including any cash account relating to any securities account) established on the books of the Custodian in accordance with the provisions of the Agency Agreement to which will be credited securities comprised of Collateral Obligations and Eligible Investments.

"Defaulted Class A-1R Advance" means, in respect of any Defaulting Noteholder, such Defaulting Noteholder's pro rata share of each and every Class A-1R Advance that such Defaulting Noteholder has failed to fund directly, disregarding the application of any Defaulting Noteholder Paid Amounts.

"Defaulted Credit Short Obligation Issuer Termination Payment" means any amount payable by the Issuer to a Credit Short Obligation Counterparty upon termination of any Credit Short Obligation in whole or in part following the occurrence of (a) an "Event of Default" in respect of which the Credit Short Obligation Counterparty was the sole "Defaulting Party" (each such term as defined therein) or (b) a "Termination Event" in respect of which the Credit Short Obligation Counterparty was the sole "Affected Party" (as such term is defined therein) to the extent such termination payment exceeds the amount of any Credit Short Obligation Replacement Receipts paid by the replacement Credit Short Obligation Counterparty under the related replacement Credit Short Obligation, but excluding any Cash Settlement Amounts and Physical Settlement Amounts.

"Defaulted Credit Short Obligation Issuer Termination Receipt" means any amount payable to the Issuer by a Credit Short Obligation Counterparty upon termination of any Credit Short Obligation in whole or in part following the occurrence of (a) an "Event of Default" in respect of which the Credit Short Obligation Counterparty was the sole "Defaulting Party" (each such term as defined therein) or (b) a "Termination Event" in respect of
which the Credit Short Obligation Counterparty was the sole "Affected Party" (as such term is defined therein) but excluding any Cash Settlement Amounts and Physical Settlement Amounts.

"Defaulted Hedge Termination Payment" means any amount payable by the Issuer to a Hedge Counterparty upon termination of any Hedge Agreement in whole or in part following the occurrence of (a) an "Event of Default" in respect of which the relevant Hedge Counterparty was the "Defaulting Party" (each such term as defined therein) or (b) a "Termination Event" in respect of which the relevant Hedge Counterparty was the sole "Affected Party" (as such term is defined therein), including any due and unpaid scheduled amounts thereunder.

"Defaulted Obligation" means a Collateral Obligation in respect of which:

(i) there has occurred and is continuing a default with respect to the payment of interest or principal, in the case of Collateral Obligations in respect of which the Portfolio Manager has certified to the Trustee in writing that, to the knowledge of the Portfolio Manager, such default has resulted from non-credit related causes, for at least the lesser of three Business Days and any grace period applicable thereto and (ii) in the case of all other Collateral Obligations disregarding any grace periods applicable thereto, which entitles the holders thereof, with notice or passage of time or both, to accelerate the maturity of all or a portion of the principal amount of such obligation, until such default has been cured or waived;

(ii) any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the Obligor under such Collateral Obligation and such proceeding has not been stayed, dismissed or discharged and which in the Portfolio Manager's reasonable business judgement as certified to the Trustee in writing is material to the credit-worthiness of the Obligor of such Collateral Obligation;

(iii) the Portfolio Manager knows or becomes aware (based upon sources of information normally available to it) that the Obligor thereunder is in default as to payment of principal and/or interest on another obligation, save for obligations constituting trade debts which the applicable issuer is disputing in good faith (and such default has not been cured), but only if one of the following conditions is satisfied:

(A) both such other obligation and the Collateral Obligation are full recourse, unsecured obligations and the other obligation is senior to, or pari passu with, the Collateral Obligation in right of payment; or

(B) if the following conditions are satisfied:

(1) both such other obligation and the Collateral Obligation are full recourse, secured obligations secured by identical collateral;

(2) the security interest securing the other obligation is senior to or pari passu with the security interest securing the Collateral Obligation; and

(3) the other obligation is senior to or pari passu with the Collateral Obligation in right of payment, save that a Collateral Obligation shall not constitute a Defaulted Obligation under this paragraph (iii) if the Portfolio Manager has notified each Rating Agency in writing of its decision to treat the Collateral Obligation as a Current Pay Obligation by providing the certification in writing as contemplated in paragraph (h) of the definition of Current Pay Obligation;

(iv) such Collateral Obligation is or becomes rated "D" or "SD" by S&P;

(v) any Collateral Obligation which the Portfolio Manager, acting on behalf of the Issuer, determines in its reasonable business judgement should be treated as a Defaulted Obligation;

(vi) a Collateral Exchange has become binding upon the holders of the Collateral Obligation, for the purposes of which "Collateral Exchange" means any amendment, exchange or restructuring of such Collateral Obligation; provided that (1) if the Collateral Exchange is rejected or withdrawn, such Collateral Obligation shall no longer be deemed to be a Defaulted Obligation under this subparagraph (vi) and (2) if the Collateral Exchange is effected, any obligation or package of obligations received or resulting from such amendment, exchange or restructuring shall not be deemed to be Defaulted Obligations under this subparagraph (vi) so long as such obligation or obligations (x) satisfy the definition of Collateral Obligation and the Eligibility Criteria as of the
effective date of the Collateral Exchange, and (y) do not subsequently become Defaulted Obligations;

(vii) in the case of a Principal Protected Equity Obligation, an authorised officer of the French Treasury or a de facto or de jure government (or agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other regulator of the financial markets of the Republic of France (x) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more obligations or (y) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more obligations; or

(viii) in the case of a Principal Protected Equity Obligation there occurs a failure to pay, after the expiration of any applicable grace period, of any payments under one or more obligations of the Republic of France in accordance with the terms of such obligations at the time of such failure,

in each case only until such default, write down, provision disaffirmation, disclaimer, repudiation or rejection has been cured, waived, reversed or reinstated, or in the case of paragraph (iv) such rating has been raised, or in the case of the Deferred Fees and Expenses Periodic Payment Letter means all amounts payable by the Issuer to the Initial Purchaser pursuant to the Deferred Fees and Expenses Periodic Payment Letter, including without limitation, the amounts payable thereunder in the event of the redemption of the Notes in whole prior to the Maturity Date (which includes an aggregate amount on account of the amounts which would otherwise be due on each subsequent Payment Date) as provided in the Deferred Fees and Expenses Periodic Payment Letter plus any value added tax (if any) due and payable thereon.

"Deferred Fees and Expenses Periodic Payment Letter" means a letter dated 16 October 2007 between the Issuer and the Initial Purchaser setting out the fees and expenses payable to the Initial Purchaser in connection with
the issue of the Notes, under which the Initial Purchaser may agree, subject to the prior written consent of the Senior Outstanding Class, to provide funding to the Issuer to purchase Collateral Obligations in consideration for the adjustment of fees payable to it by the Issuer thereunder.

"Deferred Interest" has the meaning given thereto in Condition 6(c)(i) (Deferred Interest).

"Deferring Mezzanine Obligation" means a Mezzanine Obligation which by its contractual terms provides for both (i) cash payment of interest and (ii) deferral and capitalisation of interest. For the avoidance of doubt, (a) a Mezzanine Obligation which defers interest for credit reasons will not be a Deferring Mezzanine Obligation and (b) a PIK Only Obligation will not be a Deferring Mezzanine Obligation.

"Definitive Certificate" means a certificate representing one or more Notes in definitive, fully registered, form.

"Delayed Drawdown Collateral Obligation" means any debt obligation, Participation or Synthetic Security that (i) satisfies the requirements set forth in the Eligibility Criteria (in the case of a Synthetic Security, to the extent required to), (ii) requires the Issuer to make one or more future advances to the borrower under the underlying instruments relating to such obligation, interest or security, (iii) specifies a maximum amount that can be borrowed on one or more fixed borrowing dates, and (iv) does not permit the re-borrowing of any amount previously repaid; provided that any such obligation, interest or security will be a "Delayed Drawdown Collateral Obligation" only until all commitments to make advances to the borrower expire or are terminated or reduced to zero. For the avoidance of doubt, for the purposes of the Coverage Tests, the Collateral Quality Tests and the Portfolio Profile Tests (with the exception of the Minimum Spread Test), all Delayed Drawdown Collateral Obligations shall be considered to be fully drawn save for any Delayed Drawdown Collateral Obligation which provides that any drawing thereunder be applied in repayment of an outstanding Collateral Debt Obligation.

"Deliverable Obligation" means any obligation determined in accordance with the terms of an Offsetting Credit Default Swap, Synthetic Security or a Credit Short Obligation to which Physical Settlement applies as being deliverable thereunder or, following the occurrence of a Credit Event, by the applicable buyer of credit protection to the applicable seller of credit protection against payment by such seller of credit protection of the applicable Physical Settlement Amount. In the event that the Issuer is unable to deliver such an obligation by Physical Settlement, then the Issuer shall either (i) provide for Cash Settlement, or (ii) undertake an alternative means to deliver such obligation as agreed to with the relevant counterparty. The Portfolio Manager shall use all commercially reasonable endeavours to sell as soon as possible any such obligation which does not satisfy the Eligibility Criteria.

"Derivative Agreement" means any Interest Rate Hedge Agreement, Asset Swap Agreement or any ISDA Master Agreement under which a Credit Short Obligation or Offsetting Credit Default Swap is entered into.

"Designated Maturity" means, in relation to any Class A-1R Advance outstanding for a period other than a full Accrual Period, the maturity date of a Euro deposit in the Euro-zone interbank market, as applicable, for a period equal to the period of such Class A-1R Advance.

"Determination Date" means the last Business Day of each Due Period, or in the event of any redemption of the Notes, following the occurrence of an Event of Default, two Business Days prior to the applicable Redemption Date.

"Directors" means Carmel Naughton and Eimir McGrath or such other person(s) who may be appointed as director(s) of the Issuer from time to time.

"Discount Obligation" means any Collateral Debt Obligation acquired by, or on behalf of, the Issuer for a purchase price (excluding accrued interest thereon):

(a) in respect of a Collateral Debt Obligation which is not a High Yield Bond, of less than 85 per cent. of the principal amount of such Collateral Debt Obligation, provided that such Collateral Debt Obligation shall cease to be a Discount Obligation where the Market Value thereof for any period of 45 consecutive Days (excluding any period in which the Market Value of such Collateral Debt Obligations cannot be determined pursuant to paragraphs (a) or (b) of the definition of "Market Value") equals or exceeds 90 per cent. of the principal amount of such Collateral Debt Obligation (as certified by the Portfolio Manager to the Issuer, Trustee and Collateral Administrator); or

(b) in respect of a High Yield Bond, of less than 80 per cent. of the principal amount of such Collateral Debt Obligation, provided that such Collateral Debt Obligation shall cease to be a Discount Obligation where the Market Value thereof for any period of 45 consecutive Days (excluding any period in which the Market Value of such Collateral Debt Obligations cannot be determined pursuant to paragraphs (a) or (b) of the definition of "Market Value") equals or exceeds 85 per cent. of the principal amount of such Collateral Debt Obligation (as certified by the Portfolio Manager to the Issuer, Trustee and Collateral Administrator),
provided further that, if any Collateral Debt Obligation falls within the definition of both a CCC Obligation and a Discount Obligation, such Collateral Debt Obligation shall be classified as a CCC Obligation and further provided that if any Collateral Debt Obligation is both a Discount Obligation and a Current Pay Obligation, such Collateral Debt Obligation shall be classified as a Current Pay Obligation.

"Discounted Collateral Haircut" means:

(a) the Aggregate Principal Balance of all Discount Obligations; less

(b) the purchase price (expressed as a percentage) paid by the Issuer for each Discount Obligation multiplied by the Principal Balance of each such Discount Obligation.

"Distribution" means any payment of principal or interest or any dividend or premium or other amount (including any proceeds of sale) or asset paid or delivered on or in respect of any Collateral Debt Obligation, any Collateral Enhancement Obligation, any Eligible Investment, any Exchanged Equity Security or under or in respect of any Interest Rate Hedge Agreement or Asset Swap Agreement, as applicable.

"Due Period" means, with respect to any Payment Date, the period commencing on and including the day immediately following the seventh Business Day prior to the preceding Payment Date (or on the Closing Date, in the case of the Due Period relating to the first Payment Date) and ending on the seventh Business Day prior to such Payment Date (or, in the case of the Due Period applicable to the Payment Date on which the Notes are redeemed in full, ending on and including the Business Day preceding such Payment Date).

"Effective Date" means the earlier of:

(a) the date designated as such by the Portfolio Manager by written notice to the Trustee, the Issuer and the Collateral Administrator pursuant to the Portfolio Management Agreement, subject to the Effective Date Requirements having been satisfied; and

(b) the 360th day from (but excluding) the Closing Date, or if such day is not a Business Day, the immediately following Business Day.

"Effective Date Rating Event" means:

(a) either (i) the Initial Ratings of the Rated Notes being downgraded or withdrawn or (ii) either or both of the Rating Agencies notifying the Portfolio Manager (on behalf of the Issuer) that such Rating Agency intends to reduce or withdraw its Initial Ratings of the Notes, in each case, upon request for confirmation thereof by the Portfolio Manager, acting on behalf of the Issuer, following the Effective Date; and

(b) either the failure by the Portfolio Manager (acting on behalf of the Issuer) to present to the Rating Agencies a Rating Confirmation Plan, or Rating Agency Confirmation not being received in respect of such Rating Confirmation Plan,

provided that any downgrade or withdrawal of any of the Initial Ratings of the Rated Notes which is not directly related to the confirmation thereof required following the Effective Date or which occurs after confirmation thereof by the Rating Agencies shall not constitute an Effective Date Rating Event.

"Effective Date Requirements" means each of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests being satisfied, and the Issuer having acquired or entered into binding commitments to acquire Collateral Obligations the Aggregate Principal Balance of which equals or exceeds the Closing Date Target Par Amount by such date (provided that, for the purposes of determining the Aggregate Principal Balance as provided above, any repayments or prepayments of any Collateral Debt Obligations subsequent to the date of acquisition thereof and not subsequently reinvested shall be treated as if they had not been repaid or prepaid).

"Eligibility Criteria" means the Eligibility Criteria specified in the Portfolio Management Agreement which are required to be satisfied in respect of each Collateral Obligation acquired by, or on behalf of, the Issuer at the time of entering into a binding commitment to purchase such obligation (for the avoidance of doubt, the failure of any obligation to satisfy the Eligibility Criteria at any time after the Issuer or the Portfolio Manager (on behalf of the Issuer) has entered into a binding agreement to purchase it, shall not cause such obligation to cease to constitute a Collateral Obligation).

"Eligible Investments" means any investment denominated in Euro (save to the extent that the Issuer is contractually bound to pay third parties such amounts in the currency received) and that, if it is an obligation of a company incorporated in, or a sovereign issuer of, the United States, is in registered form at the time it is acquired, and is one or more of the following obligations or securities, including, without limitation, any Eligible
Investments for which the Custodian, the Trustee or the Portfolio Manager or an Affiliate of any of them provides services:

(a) direct obligations of, and obligations the timely payment of principal of and interest under which is fully and expressly guaranteed by, a Qualifying Country or any agency or instrumentality of a Qualifying Country, the obligations of which are fully and expressly guaranteed by a Qualifying Country;

(b) demand and time deposits in, certificates of deposit of and bankers' acceptances issued by any depository institution or trust company (including the Account Bank) incorporated under the laws of a Qualifying Country with, in each case, a maturity of no more than 180 days and subject to supervision and examination by governmental banking authorities so long as the commercial paper and/or the debt obligations of such depository institution or trust company (or, in the case of the principal depository institution in a holding company system, the commercial paper or debt obligations of such holding company) at the time of such investment or contractual commitment providing for such investment have:

(i) a long-term senior unsecured debt credit rating of at least:
   
   (A) "AA" from S&P; and
   
   (B) "Aa2" from Moody's,
   
   in each case, for so long as there are Rated Notes which are Outstanding which are rated by such Rating Agency (together, the "Eligible Investments Minimum Long-Term Rating"); and

(ii) a short-term debt or issuer (as applicable) credit rating of at least:
   
   (A) "A-1+" from S&P; and
   
   (B) "P-1" from Moody's,
   
   in each case, for so long as there are Rated Notes which are Outstanding which are rated by such Rating Agency (together, the "Eligible Investments Minimum Short-Term Rating");

(c) subject to receipt of Rating Agency Confirmation relating thereto, unleveraged repurchase obligations with respect to:

(i) any obligation described in paragraph (a) above; or

(ii) any other security issued or guaranteed by an agency or instrumentality of a Qualifying Country, in either case entered into with a depository institution or trust company (acting as principal) described in paragraph (b) above or entered into with a corporation (acting as principal) whose long-term debt obligations are rated not less than the Eligible Investments Minimum Long-Term Rating or whose short-term debt obligations are rated not less than the Eligible Investments Minimum Short-Term Rating at the time of such investment provided that, if such security has a maturity of longer than 91 days, the issuer thereof must also have, at the time of such investment, a long-term credit rating of not less than the Eligible Investments Minimum Long-Term Rating;

(d) securities bearing interest or sold at a discount to the face amount thereof issued by any corporation incorporated under the laws of a Qualifying Country, having a maturity of no more than 180 days and that have a credit rating of not less than the Eligible Investments Minimum Long-Term Rating at the time of such investment or contractual commitment providing for such investment;

(e) off-shore funds investing in the money markets rated, at all times, "AAAm" or "AAAm-G" by S&P, "AAA" and "AAA/MR1+" by Moody's; and

(f) any other investment similar to those described in paragraphs (a) to (e) (inclusive) above:

(i) in respect of which Rating Agency Confirmation has been received as to its inclusion in the Portfolio as an Eligible Investment; and

(ii) which has, in the case of an investment with a maturity of longer than 91 days, a long-term credit rating not less than the Eligible Investments Minimum Long-Term Rating or, in the case of an investment with a maturity of 91 days or less, a short-term credit rating of not less than the Eligible Investments Minimum Short-Term Rating,
and, in each of the above paragraphs, such instrument or investment provides for payment of a pre-determined fixed amount of principal on maturity that is not subject to change and (i) either (A) has a Stated Maturity (giving effect to any applicable grace period) no later than the second Business Day immediately preceding the next following Payment Date or (B) may (and in the case of Eligible Investments standing to the credit of the Synthetic Collateral Account or the Counterparty Downgrade Collateral Account and any Eligible Investments constituting Synthetic Collateral must) be capable of being liquidated at par on demand without penalty, and (ii) is publicly or shadow rated, provided, however, that Eligible Investments shall not include any mortgage-backed security, interest-only security, security subject to withholding or similar taxes, security rated with an "r" or "t" subscript by S&P, security purchased at a price in excess of 100 per cent. of par or security whose repayment is subject to substantial non credit-related risk, as determined by the Portfolio Manager in its discretion.

"Enforcement Action" has the meaning given to it in Condition 11(b) (Enforcement).

"Equity OAT Strip Component" means with respect to a Principal Protected Equity Obligation, the component thereof which comprises an Equity OAT Strip.

"Equity OAT Strip Custody Account" means the custody account or accounts (including any cash account relating to any securities account) established on the books of the Custodian in accordance with the provisions of the Agency Agreement and to which the Equity OAT Strips are credited.

"Equity OAT Strip Principal Proceeds" means the net proceeds of sale received by the Custodian on behalf of the Issuer in relation to the sale to the Custodian, acting on behalf of the Issuer pursuant to the terms of the Agency Agreement, of Equity OAT Strips in accordance with the terms of the Portfolio Management Agreement or any proceeds of redemption thereof received by the Issuer.

"Equity OAT Strip Purchase Price" means in relation to an Equity OAT Strip, the purchase price thereof paid by the Issuer, expressed as a percentage of the face value thereof.

"Equity OAT Strips" means Obligation Assimilable du Trésor securities issued by the French treasury which have been stripped by Spécialistes en Valeurs du Trésor into zero coupon bonds and which have been selected by the Portfolio Manager in accordance with the Portfolio Management Agreement.

"Equity OAT Strips Face Value" means at any time the aggregate of the face value of each Equity OAT Strip Component comprised in the Portfolio at that time.

"Equity OAT Strips Market Value" means at any time the aggregate of the Market Values of each Equity OAT Strip Component comprised in the Portfolio at that time.

"Equity Obligation" means an equity security the acquisition of which will not result in the imposition of any present or future, actual or contingent liabilities or obligations on the Issuer other than those which may arise at its option.

"Equity Obligation Component" means with respect to a Principal Protected Equity Obligation, the component thereof which comprises an Equity Obligation.

"Equity Obligation Distribution" means with respect to an Equity Obligation, a dividend thereon (whether in cash or a strip dividend) or a return of capital or redemption thereof.

"Equity Obligation Disposal" means, with respect to an Equity Obligation, the sale in whole or in part thereof by or on behalf of the Issuer.


"EURIBID" means EUR-LIBOR-BBA minus 0.125 per cent., where "EUR-LIBOR-BBA" shall have the meaning set out in the Annex to the 2000 ISDA Definitions (June 2000 Version) as published by the International Swaps and Derivatives Association Inc.

"EURIBOR" means the rate determined in accordance with Condition 6(e) (Interest on the Floating Rate Notes (other than the Class A-1R Notes)) as applicable to 6 month Euro deposits and, in the case of the Class A-1R Notes, has the meaning given thereto in Condition 6(g) (Interest on the Class A-1R Notes).

"Euro", "Euros" and "€" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"Euroclear Pledge Agreement" means the Belgian law pledge agreement entered into between the Issuer and the Trustee on or about the Closing Date pursuant to the terms of the Trust Deed.
"European Second Lien Loan" means:

(a) a loan or similar obligation (but not a high yield bond or a Mezzanine Obligation), which in the reasonable business judgement of the Portfolio Manager is secured but which ranks for priority of application of proceeds of enforcement of security after Secured Senior Loans but before Mezzanine Obligations or High Yield Bonds (if any in the capital structure) and which may or may not be subordinated to the Secured Senior Loans and which may be documented in the same loan or other instrument which records the Secured Senior Loans or in a separate loan or other instrument; or

(b) a Synthetic Security, the relevant Reference Obligation of which is an obligation of a type described in (a) above.

"Euro-zone" means the region comprised of Member States of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended.

"Event of Default" means each of the events defined as such in Condition 10(a) (Events of Default).

"Exchanged Equity Security" is an equity security which is not a Collateral Enhancement Obligation, the acquisition of which would not cause the breach of applicable selling or transfer restrictions relating to the offering of securities or of collective investment schemes which is delivered to the Issuer upon acceptance of an Offer in respect of a Defaulted Obligation or received by the Issuer as a result of restructuring of the terms of a Defaulted Obligation in effect as of the later of the Closing Date or date of issuance thereof.

"Expected Net Proceeds" means the net proceeds resulting from any proposed (i) entry into a binding agreement with a financial institution or (ii) liquidation of the Portfolio and shall be the sum of:

(a) in respect of each Collateral Obligation in the Portfolio, one of the following:

(i) in the case of entry into a binding agreement with a financial institution satisfying the requirements set out in Condition 7(b)(iii) (Terms and Conditions of Redemption at the Option of the Noteholder), the purchase price payable in respect thereof;

(ii) otherwise, the percentage of the Market Value thereof set out in the applicable column of the table set out in Condition 7(b)(iii) (Terms and Conditions of Redemption at the Option of the Noteholder) based upon the period of time between the certification of such Expected Net Proceeds and the expected date of sale of such Collateral Obligation.

(b) the sum of the Balances of the Accounts (to the extent not payable to any entity other than the Issuer); and

(c) amounts receivable under any Asset Swap Agreement, Interest Rate Hedge Agreement, Offsetting Credit Default Swap and Credit Short Obligation prior to the Redemption Date.

"Expense Reserve Account" means the interest bearing account of the Issuer with the Account Bank into which amounts are to be paid in accordance with Condition 3(c)(i) (Application of Interest Proceeds) and out of which certain Trustee Fees and Expenses and Administrative Expenses may be paid.

"Extraordinary Resolution" means an Extraordinary Resolution as described in Condition 14 (Meetings of Noteholders, Modification, Waiver and Substitution) and as further described in, and as defined in, the Trust Deed.

"Fitch" means Fitch, Inc., Fitch Ratings Ltd. and their subsidiaries including Derivative Fitch, Inc. and Derivative Fitch Ltd. and any successor or successors thereto.

"Fixed Rate Collateral Debt Obligation" means a Collateral Debt Obligation which bears interest at a fixed rate.

"Fixed Rate Notes" means the Class A-2B Notes.

"Floating Interest Amount" has the meaning given to it in Condition 6(e)(ii) (Determination of Floating Rate of Interest and Calculation of Interest Amounts).

"Floating Rate Collateral Debt Obligation" means a Collateral Debt Obligation, interest payable in respect of which is calculated by reference to a floating interest rate or index.

"Floating Rate Notes" means the Class A-1R Notes, the Class A-1T Notes, the Class A-2A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes.
"Floating Rate of Interest" means any of the Class A-1R Interest Rate, the Class A-1T Floating Rate of Interest, the Class A-2A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest.

"Form-Approved Asset Swap" means an Asset Swap Transaction the documentation for and structure of which conforms (save for the amount and timing of periodic payments, the name and economics of the related Non-Euro Obligation, the notional amount, the effective date, the termination date and other consequential and immaterial changes) to a form previously presented to the Rating Agencies and in respect of which Rating Agency Confirmation has been received, providing that Rating Agency Confirmation shall be deemed to have been so received in respect of any such form-approved by the Rating Agencies prior to the Closing Date.

"Form-Approved Credit Short Obligation" means a Credit Short Obligation the documentation for and structure of which conforms to a form which has previously received Rating Agency Confirmation, save for the amount and timing of periodic payments, the name of the Reference Entity, the notional amount, the effective date and/or the termination date.

"Form-Approved Hedge" means any Form-Approved Interest Rate Hedge or Form-Approved Asset Swap (as applicable) and "Form-Approved Hedges" means any of them.

"Form-Approved Interest Rate Hedge" means an Interest Rate Hedge Transaction, the documentation for and structure of which conforms (save for the amount and timing of periodic payments, the name and economics of the related Collateral Debt Obligation, the notional amount, the effective date, the termination date and other consequential and immaterial changes) to a form previously presented to the Rating Agencies and in respect of which Rating Agency Confirmation has been received, providing that Rating Agency Confirmation shall be deemed to have been so received in respect of any such form-approved by the Rating Agencies prior to the Closing Date.

"Form-Approved Offsetting Credit Default Swap" means an Offsetting Credit Default Swap the documentation for and structure of which conforms to a form which has previously received Rating Agency Confirmation, save for the amount and timing of periodic payments, the name of the Reference Obligation, the notional amount, the effective date and/or the termination date.

"Form-Approved Synthetic Security" means a Synthetic Security the documentation for and structure of which conforms to a form previously approved by the Rating Agencies, save for:

(a) the amount and timing of periodic payments, the name of the Reference Obligation, the notional amount, the effective date and/or the termination date; and

(b) other inconsequential and immaterial changes which have been notified to the Rating Agencies in writing, and a Form-Approved Synthetic Security shall be deemed to constitute a Senior Loan or Mezzanine Obligation, as applicable, if the Reference Obligation thereunder (if it were a Collateral Debt Obligation) would be a Senior Loan, Unsecured Senior Loan or Mezzanine Obligation as determined by the Portfolio Manager.

"Funded Amount" means, at any time:

(a) with respect to any Revolving Collateral Obligation (excluding a Synthetic Security) or Delayed Drawdown Collateral Obligation at any time, the aggregate principal amount of advances or other extensions of credit made thereunder by the Issuer that are outstanding at such time; and

(b) with respect to any Unfunded Synthetic Security or any Revolving Collateral Obligation that is a Synthetic Security at any time, the aggregate principal amount paid by the Issuer to the related Synthetic Counterparty thereunder.

"Haircut CCC Balance" means:

(a) if the CCC Proportion is less than or equal to 5 per cent., the CCC Obligations Balance;

(b) if the CCC Proportion is greater than 5 per cent. but less than or equal to 10 per cent., the sum of (i) and (ii) below:

(i) the lower of:

   (A) 0.85; and

   (B) the CCC Average Market Value,

    multiplied by the CCC Excess Balance A; and
(ii) 5 per cent. of the Aggregate Principal Balance.

(c) if the CCC Proportion is greater than 10 per cent., the sum of (i), (ii) and (iii) below:

(i) the lower of:
   (A) the CCC Average S&P Recovery Rate;
   (B) the CCC Average Moody's Recovery Rate; and
   (C) the CCC Average Market Value; and
   multiplied by the CCC Excess Balance B;

(ii) the lower of:
   (A) 0.85; and
   (B) the CCC Average Market Value,
   multiplied by the CCC Excess Balance A; and

(iii) 5 per cent. of the Aggregate Principal Balance.

"Hedge Agreement" means any Interest Rate Hedge Agreement or Asset Swap Agreement (as applicable).

"Hedge Counterparty" means any Interest Rate Hedge Counterparty or Asset Swap Counterparty (as applicable) or any financial institution (or its credit support provider) which satisfies the applicable Rating Requirement.

"Hedge Counterparty Termination Payment" means any Asset Swap Counterparty Termination Payment or Interest Rate Hedge Counterparty Termination Payment.

"Hedge Issuer Termination Payment" means any Asset Swap Issuer Termination Payment or Interest Rate Hedge Issuer Termination Payment.

"Hedge Replacement Payment" means Asset Swap Replacement Payments and Interest Rate Hedge Replacement Payments.

"Hedge Replacement Receipts" means Asset Swap Replacement Receipts and Interest Rate Replacement Receipts.

"Hedge Transaction" means any Interest Rate Hedge Transaction or any Asset Swap Transaction (as applicable).

"High Yield Bond" means:

(a) a debt security which, on acquisition by the Issuer, is either rated below investment grade by at least one internationally recognised credit rating agency (provided that, if such debt security is, at any time following acquisition by the Issuer, no longer rated by at least one internationally recognised credit rating agency as below investment grade it will not, as a result of such change in rating, fall outside this definition) or which is a high yielding debt security, in each case as determined by the Portfolio Manager, excluding any Structured Finance Security; or

(b) a Synthetic Security, the Reference Obligation applicable to which is a high-yield bond of the type described in paragraph (a) above.

"Home Jurisdiction" means Ireland or, in the event that the place of residence of the Issuer is changed in accordance with Condition 14(e) (Substitution), the jurisdiction of the new place of residence of the Issuer.

"Initial Investment Period" means the period from, and including, the Closing Date to, but excluding, the Effective Date.

"Initial Payment Period" means the period commencing on and including the Closing Date to, but excluding the first Payment Date.

"Initial Purchaser" means Merrill Lynch International as initial purchaser pursuant to the Subscription Agreement between it and the Issuer dated on or about 16 October 2007.
"Initial Ratings" means in respect of any Class of Notes and any Rating Agency, the ratings assigned to such Class of Notes by such Rating Agency as at the Closing Date and "Initial Rating" means each such rating.

"Interest Account" means an interest-bearing account of the Issuer with the Account Bank into which Interest Proceeds are to be paid.

"Interest Amount" means, on each Payment Date, the amount of interest payable in respect of each Minimum Denomination and Authorised Integral Amount in original principal amount of the Notes of any Class indicated for any Accrual Period being:

(a) in the case of the Class A-1T Notes, the Class A-2A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as the case may be, the amount calculated by the Calculation Agent as soon as practicable after 11.00 a.m. (Brussels time) on the relevant Interest Determination Date in accordance with Condition 6(e) (Interest on the Floating Rate Notes (other than the Class A-1R Notes));

(b) in the case of the Class A-1R Notes, the Class A-1R Interest Amount and shall include any Class A-1R Commitment Fees and Class A-1R Make Whole Amount to the extent applicable; and

(c) in the case of the Class A-2B Notes the amount calculated by the Calculation Agent as soon as practicable after 11.00 a.m. (Brussels time) on the relevant Interest Determination Date in accordance with Condition 6(f) (Interest on the Fixed Rate Notes); and

(d) in the case of the Subordinated Notes, the amount calculated by the Calculation Agent as soon as practicable after 11.00 a.m. (Brussels time) on the relevant Interest Determination Date in accordance with Condition 6(h) (Interest on the Subordinated Notes),

together with, in each case, any interest payable on unpaid amounts pursuant to the terms of the Trust Deed (which for the avoidance of doubt shall only be payable to the extent that any such non-payment constitutes an Event of Default).

"Interest Coverage Amount" means, on any particular Measurement Date, (without duplication):

(a) the Balance standing to the credit of the Interest Account, the Interest Reserve Account and the Expense Reserve Account (with any non-Euro amounts being converted into Euro at the then prevailing Spot Rate);

(b) plus the scheduled interest payments (and any commitment fees due but not yet received in respect of any Revolving Collateral Obligations or Delayed Drawdown Collateral Obligations) due but not yet received (in each case regardless of whether the applicable due date has yet occurred) (including for the avoidance of doubt (i) interest on any Collateral Debt Obligation that is the subject of an Offsetting Credit Default Swap and (ii) deferred interest on a Deferring Mezzanine Obligation and a PIK Only Obligation that will be treated as Interest Proceeds when realised and that is scheduled to pay in the Due Period in which such Measurement Date occurs unless the Portfolio Manager has designated such proceeds as Principal Proceeds) in the Due Period in which such Measurement Date occurs on the Collateral Debt Obligations excluding:

(i) accrued and unpaid interest on Defaulted Obligations;

(ii) interest on any Collateral Debt Obligation to the extent that such Collateral Debt Obligation does not provide for the scheduled payment of interest in cash;

(iii) any amounts, to the extent that such amounts if not paid, will not give rise to a default under the relevant Collateral Debt Obligation;

(iv) any amounts expected to be withheld at source or otherwise deducted in respect of taxes other than amounts expected to be reimbursed in respect of taxes withheld at source or otherwise deducted;

(v) interest on any Collateral Debt Obligation which has not paid cash interest on a current basis for the lesser of twelve months and its most recent two accrual periods;

(vi) any scheduled interest payments as to which the Issuer or the Portfolio Manager has actual knowledge that such payment will not be made;

(vii) any Purchased Accrued Interest;
(viii) any scheduled interest payments added to the Interest Coverage Amount pursuant to paragraph (i) below in the prior Due Period; and

(ix) scheduled interest payments on Non-Euro Obligations.

(c) minus (to the extent not already covered in (d) below) any Upfront Credit Short Obligation Issuer Payment and Scheduled Periodic Offsetting Credit Default Swap Issuer Payment payable on or prior to the next Payment Date;

(d) minus the amounts payable pursuant to paragraphs (A) to (G) (inclusive) of the Interest Proceeds Priority of Payments on the following Payment Date;

(e) minus any interest payments received in a Due Period that were included in the Interest Coverage Amount in a prior Due Period as due but not yet received pursuant to paragraph (b) above;

(f) plus any Scheduled Periodic Asset Swap Counterparty Payments under any Asset Swap Transaction payable on or before the following Payment Date;

(g) plus any Scheduled Periodic Interest Rate Hedge Counterparty Payments under any Interest Rate Hedge Transaction payable on or before the following Payment Date;

(h) plus scheduled interest on the Eligible Investments and on the amounts standing to the credit of the Accounts (including any portion of principal payments on any Eligible Investment purchased at a discount which represent interest, but excluding (i) any accrued interest on any Account balance or Eligible Investment to the extent such amounts constitute proceeds from interest purchased with Principal Proceeds, each as determined by the Portfolio Manager in accordance with the Portfolio Management Agreement and (ii) interest which is contractually payable by the Issuer to a third party) to be received in the Due Period in which such Measurement Date occurs;

(i) plus Accrued Collateral Debt Obligation Interest to the extent not scheduled to be paid on any Collateral Debt Obligation during the Due Period in which such Measurement Date falls up to an aggregate amount equal to the amount capable of being transferred (and not so transferred) from the Unused Proceeds Account and/or the Principal Account to the Interest Account at the discretion of the Portfolio Manager pursuant to paragraph (5) of Condition 3(k)(iii) (Unused Proceeds Account) and paragraph (2) of Condition 3(k)(i) (Principal Account) prior to the next following Payment Date.

(j) plus an amount equal to 85 per cent. of the scheduled interest payments due but not yet received in respect of Non-Euro Obligations which (i) are denominated in Sterling or U.S. Dollars, (ii) are Primary Market Collateral Debt Obligations, and (iii) in respect of which the Par Value Tests were satisfied immediately following the acquisition thereof by the Issuer; the Aggregate Principal Balance of which does not exceed five per cent. of the Aggregate Principal Balance, converted into Euros at the then prevailing Spot Rate.

For the purposes of calculating the Interest Coverage Amount, the expected or scheduled interest income on the Collateral Debt Obligations and on any relevant Account shall be calculated using the then current interest rates applicable thereto.

"Interest Coverage Ratio" means the Class A Interest Coverage Ratio, the Class B Interest Coverage Ratio, the Class C Interest Coverage Ratio, the Class D Interest Coverage Ratio and the Class E Interest Coverage Ratio. For the purposes of calculating an Interest Coverage Ratio, the expected interest income on Collateral Debt Obligations, Eligible Investments and the Accounts (to the extent applicable) and the expected interest payable on the relevant Rated Notes will be calculated using the then current interest rates applicable thereto.

"Interest Coverage Test" means the Class A Interest Coverage Test, the Class B Interest Coverage Test, the Class C Interest Coverage Test, the Class D Interest Coverage Test and the Class E Interest Coverage Test.

"Interest Determination Date" shall have the meaning given thereto in Condition 6(e)(i)(1) (Floating Rate of Interest).

"Interest Proceeds" means all amounts paid or payable into the Interest Account from time to time, together with all amounts received under the Liquidity Facility (if any) together with any other amounts to be disbursed as Interest Proceeds on such Payment Date pursuant to the Interest Proceeds Priority of Payments and, in each case, shall include any other amounts to be disbursed out of the Payment Account as Interest Proceeds on such Payment Date pursuant to Condition 3(j) (Accounts)), and, with respect to any Payment Date, means the Interest Proceeds received by or on behalf of the Issuer during the related Due Period but, in respect of a Collateral Debt Obligation which is the subject of an Offsetting Credit Default Swap, excluding the proportion (which the notional amount of the relevant Offsetting Credit Default Swap bears to the outstanding principal amount of the related Collateral
Debt Obligation) of any proceeds received in respect of the applicable spread or margin of a Collateral Debt Obligation which is the Reference Obligation pursuant to such Offsetting Credit Default Swap which would, but for the existence of such Offsetting Credit Default Swap, have constituted Interest Proceeds pursuant to the foregoing terms and, in respect of such excluded proportion, the net amount (if positive) to which such proportion of the applicable spread or margin exceeds the fixed amounts payable by the Issuer under the related Offsetting Credit Default Swap together with all interest received under the related Collateral Debt Obligation in respect of such excluded proportion shall be treated as Interest Proceeds.

"Interest Proceeds Priority of Payments" means the priority of payments in respect of Interest Proceeds set out in Condition 3(c)(i) (Application of Interest Proceeds).

"Interest Rate Hedge Agreement" means each 1992 or 2002 (as applicable) ISDA Master Agreement (Multicurrency – Cross-Border) (or such other ISDA pro forma Master Agreement as may be published by ISDA from time to time), together with the schedule and, where the context admits, any confirmations and ISDA Credit Support Annex relating thereto, entered into by the Issuer with an Interest Rate Hedge Counterparty in connection with Interest Rate Hedge Transactions entered into between the Issuer and such Interest Rate Hedge Counterparty from time to time, as the same may be supplemented, amended or replaced from time to time and including any Replacement Interest Rate Hedge Agreement entered into in replacement thereof.

"Interest Rate Hedge Counterparty" means any financial institution which, at the time it enters into an Interest Rate Hedge Agreement, satisfies the applicable Rating Requirement and is authorised to conduct derivatives business with residents domiciled in the Home Jurisdiction.

"Interest Rate Hedge Counterparty Termination Payment" means the amount payable by an Interest Rate Hedge Counterparty to the Issuer upon termination or modification of an Interest Rate Hedge Agreement and unpaid amounts as described therein.

"Interest Rate Hedge Issuer Termination Payment" means the amount payable to an Interest Rate Hedge Counterparty by the Issuer upon termination or modification of an Interest Rate Hedge Agreement in whole or in part and unpaid amounts as described therein excluding any Defaulted Hedge Termination Payment.

"Interest Rate Hedge Replacement Payment" means any amount payable to an Interest Rate Hedge Counterparty by the Issuer upon entry into a Replacement Interest Rate Hedge Agreement which is replacing an Interest Rate Hedge Agreement which was terminated in whole or in part.

"Interest Rate Hedge Replacement Receipt" means any amount payable to the Issuer by an Interest Rate Hedge Counterparty upon entry into a Replacement Interest Rate Hedge Agreement which is replacing an Interest Rate Hedge Agreement which was terminated in whole or in part.

"Interest Rate Hedge Termination Account" means the interest bearing account of the Issuer with the Account Bank into which Interest Rate Hedge Counterparty Termination Payments and Interest Rate Hedge Replacement Receipts will be deposited.

"Interest Rate Hedge Transaction" means each interest rate protection transaction entered into under an Interest Rate Hedge Agreement which may be an interest rate swap transaction or an interest rate cap or an interest rate floor transaction. The entry into of any Interest Rate Hedge Transaction save for a Form-Approved Interest Rate Hedge, will be subject to (among other things) Rating Agency Confirmation.

"Interest Reserve Account" means an interest bearing account of the Issuer with the Account Bank.

"Interest Reserve Amount" means the amount of €2,000,000 to be deposited into the Interest Reserve Account on the Closing Date.

"Interest Reserve Replenishment Threshold" means, in respect of any Payment Date, the threshold which is attained when all payments of interest on the Subordinated Notes amount to at least 15 per cent. of the Principal Amount Outstanding of the Subordinated Notes on such Payment Date (taking into account all prior payments of interest made to the Subordinated Notes on the preceding Payment Date and taking into account any payments of interest to be made on such Payment Date).

"Intermediary Obligation" means an interest in a loan which is structured by the arranger of such loan to be syndicated in primary syndication by means of a collateralised deposit or guarantee, a sub-participation, a credit default swap or other arrangement which has the same commercial effect and which, in each case, is 100 per cent. collateralised by the lenders to whom the loan is syndicated.

"Investment Company Act" means the United States Investment Company Act of 1940, as amended.
"Irish Account" means the bank account in the name of the Issuer with the Bank of Ireland in which the Issuer's share capital and Issuer Fee are deposited.

"Issuer Fee" means €500 per annum payable semi-annually in arrears in accordance with the Priorities of Payments.

"Leverage Scenario" means the applicable Aggregate Class A-1R Commitment selected by the Portfolio Manager and which shall apply in accordance with the Class A-1R Note Purchase Agreement.

"Leverage Scenario Grid" means the leverage scenario grid set out in the Portfolio Management Agreement that will apply on the Closing Date and each of the other four grids specified as such in the Portfolio Management Agreement, each of which shall apply in respect of a different specified Aggregate Class A-1R Commitment and which shall specify the required levels for satisfaction of each of the Leverage Scenario Tests for the purposes of that Leverage Scenario Grid.

"Leverage Scenario Tests" means, in respect of the proposed application of a Leverage Scenario Grid, each of the following:

(a) each of the Coverage Tests;
(b) the Additional Reinvestment Test;
(c) each of the Collateral Quality Tests (save for the CDO Monitor Test);
(d) the S&P Model Test; and
(e) each of the Portfolio Profile Tests,

applicable to the proposed Leverage Scenario Grid.

"Liquidity Drawing" means a loan made or to be made under the Liquidity Facility Agreement or deemed to be made under the Liquidity Facility Agreement.

"Liquidity Facility" means the liquidity facility granted by the Liquidity Facility Provider to the Issuer pursuant to the Liquidity Facility Agreement.

"Liquidity Facility Available Commitment" means at any time the maximum amount allowed to be drawn by the Issuer on a Payment Date pursuant to the terms of the Liquidity Facility Agreement.

"Liquidity Facility Interest Amounts" has the meaning given to such term in Condition 3(c)(i) (Application of Interest Proceeds).

"Liquidity Payment Account" means the interest bearing account described as such in the name of the Issuer with the Account Bank.

"Loss Differential" means in respect of any Class of Notes, at any time, the rate calculated by subtracting the Scenario Loss Rate in respect of such Class from the Break-even Loss Rate in respect of such Class at such time.

"Make Whole EURIBID" means a linear interpolation of two EURIBID rates, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the period for which interest is then to be calculated (the "EURIBID Calculation Period") and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the EURIBID Calculation Period.

"Make Whole EURIBOR" means a linear interpolation of two EURIBOR rates, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the period for which interest is then to be calculated (the "EURIBOR Calculation Period") and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the EURIBOR Calculation Period.

"Make Whole Rate" means, in respect of Class A-1R Advances, the rate per annum which is the difference between Make Whole EURIBOR and Make Whole EURIBID.

"Market Value" means on any date of determination:

(a) the mean of bid prices determined by an independent pricing service; or
(b) if such service is not available, the mean of the bid prices determined by three independent broker-dealers active in the trading of one or more Collateral Obligation or if such three broker-dealer prices are not available, the lower of the bid prices determined by two such broker-dealers, or, if two such broker-dealer prices are not available, the bid price determined by one such broker-dealer (unless a fair market value thereof determined by the Portfolio Manager pursuant to (c) below would be lower); or

(c) if the determinations of such broker-dealers are not available, then the fair market value thereof determined by the Portfolio Manager on a best efforts basis in a manner consistent with reasonable and customary market practice for Collateral Obligations of the relevant type and for the purpose of the definition of "CCC Average Market Value" the lower of (i) the fair market value thereof determined by the Portfolio Manager on a best efforts basis in a manner consistent with reasonable and customary market practice for Collateral Obligations of the relevant type and (ii) the higher of (A) the S&P Recovery Rate thereof and (B) 70 per cent. of the par value thereof;

which shall, in each case, be a percentage, in each case, multiplied by (i) the principal amount of such Collateral Obligation and as notified to the Collateral Administrator on the date of determination thereof, or (ii) in the case of an Asset Swap Obligation, the notional amount of such Asset Swap Obligation, converted into Euro at the Asset Swap Transaction Exchange Rate or (iii) in the case of an Unhedged Collateral Debt Obligation, the principal amount of such Collateral Debt Obligation converted into Euro at the prevailing Spot Rate.

"Margin Stock" has the meaning given to such term in Regulation U issued by the Board of Governors of the Federal Reserve System.

"Maturity Date" means 16 December 2029 or in the event that such day would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day that is a Business Day (unless it would thereby fall in the following month, in which case it shall be brought forward to the immediately preceding Business Day).

"Maximum Class A-1R Commitment" means, at any time, €200,000,000 minus the Class A-1R Redemption Amount.

"Measurement Date" means:

(a) the Effective Date;

(b) for the purposes of determining satisfaction of the Reinvestment Criteria after the Effective Date, first, immediately prior to receipt of any Principal Proceeds which are to be reinvested without taking into account and, secondly, taking into account the proposed sale and reinvestment of the Sale Proceeds thereof in Substitute Collateral Obligations;

(c) the date of acquisition of any additional Collateral Obligation following the Effective Date (which calculation shall, if such acquisition is to be funded by a Class A-1R Advance, be made within two Business Days after receipt of the Class A-1R Advance Request in respect thereof) or of any Special Situation Investment Obligation at any time;

(d) each Determination Date;

(e) the date as at which any Report is prepared; and

(f) with reasonable (and not less than two Business Days') notice in writing, any Business Day requested by any Rating Agency or Portfolio Manager, provided that no Measurement Date shall be deemed to occur prior to the Effective Date.

"Mezzanine Obligation" means (a) a mezzanine loan obligation, (b) a Deferring Mezzanine Obligation, (c) a Senior Obligation of a holding company that has a direct or indirect subsidiary with debt outstanding (but is not a High Yield Bond) or (d) a PIK Only Obligation or any other comparable debt obligation (including any such loan or debt obligation with attached warrants and including any such obligation which is evidenced by an issue of notes), as determined in the reasonable opinion of the Portfolio Manager, or a Participation therein; and/or (e) a Synthetic Security, the Reference Obligation applicable to which is an obligation of the type described in (a), (b), (c) or (d) above.

"Minimum Denomination" means in respect of each Class of Notes, €50,000.

"Moody's" means Moody's Investors Service, Inc. and any successor or successors thereto.

"Moody's Collateral Value" means in the case of any applicable Collateral Debt Obligation the lower of:

(a) its prevailing Market Value; and
the relevant Moody's Recovery Rate,

in each case, multiplied by its outstanding principal amount (in the case of any Asset Swap Obligation, converted into Euro at the relevant Asset Swap Transaction Exchange Rate or in the case of an Unhedged Collateral Debt Obligation, converted into Euro at the then prevailing Spot Rate), provided that if the Market Value cannot be determined for any reason, the Market Value shall be deemed to be for this purpose the relevant Moody's Recovery Rate multiplied by its outstanding principal amount (in the case of any Asset Swap Obligation, converted into Euro at the applicable Asset Swap Transaction Exchange Rate or in the case of an Unhedged Collateral Debt Obligation, converted into Euro at the then prevailing Spot Rate).

"Moody's Recovery Rate" means, in respect of each Collateral Obligation, the recovery rate determined in accordance with the Portfolio Management Agreement or as so advised by Moody's, provided always that Moody's shall be required to confirm the Moody's Recovery Rate applicable to any Intermediary Obligation that is a Credit Default Swap.

"Monthly Report" means any monthly report defined as such in the Portfolio Management Agreement which is prepared by the Collateral Administrator (in consultation with the Portfolio Manager) on behalf of the Issuer on such dates as are set forth in the Portfolio Management Agreement, and which is deliverable to the Issuer, the Trustee, the Portfolio Manager and the Rating Agencies and, upon request therefor in accordance with Condition 4(e) (Information Regarding the Collateral), to any Noteholder and which shall include information regarding the status of certain of the Collateral pursuant to the Portfolio Management Agreement.

"Non-Call Period" means the period from and including, the Closing Date, up to, but excluding, the Payment Date falling in 16 December 2012.

"Non-Compliant Class A-1R Noteholder" has the meaning given to it in Condition 2(j) (Class A-1R Notes).

"Non-Euro Obligation" means any Collateral Debt Obligation purchased by or on behalf of the Issuer which is denominated in a Non-Euro Qualifying Currency.

"Non-Euro Qualifying Currency" means a Qualifying Currency other than Euro.

"Note Tax Event" means, at any time, the introduction of a new, or any change in, any Home Jurisdiction or foreign tax statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final) which results in (or would on the next Payment Date result in) any payment of principal or interest on any Class of Notes (including any Class-A-1R Commitment Fee and each Class A-1R Noteholder's proportionate share of any Class A-1R Make Whole Amount) becoming properly subject to any withholding tax, other than any withholding tax or deduction on account of tax arising in the circumstances referred to in paragraphs (a) to (d) (inclusive) of Condition 9 (Taxation).

"Noteholders" means the persons in whose name the Notes are registered from time to time (or in the case of a joint holding, the first named thereof).

"Obligor" means, in respect of a Collateral Obligation or Eligible Investment, the borrower thereunder or issuer thereof or, in either case, the guarantor thereof (as determined by the Portfolio Manager (on behalf of the Issuer)) including, where the context requires, the reference entity under any Synthetic Security and in respect of a Principal Protected Equity Obligation, means the French Treasury.

"Offer" means, with respect to any Collateral Debt Obligation, (a) any offer by the Obligor under such obligation or by any other Person made to all of the creditors of such Obligor in relation to such obligation to purchase or otherwise acquire such obligation (other than pursuant to any redemption in accordance with the terms of the related Underlying Instruments) or to convert or exchange such obligation into or for cash, securities or any other type of consideration or (b) any solicitation by the Obligor of such obligation or any other Person to amend, modify or waive any provision of such obligation or any related Underlying Instrument.

"Offsetting Credit Default Swap" means an unfunded credit default swap entered into by the Issuer (as protection buyer) under an ISDA Master Agreement pursuant to which the Offsetting Credit Default Swap Counterparty (as protection seller) is required to make payments to the Issuer upon the occurrence of specified Credit Events in respect of the related Reference Obligation, provided that:

(a) the Reference Obligation the subject of such Offsetting Credit Default Swap is a Collateral Debt Obligation already owned by the Issuer;

(b) the Offsetting Credit Default Swap has a notional amount less than or equal to the principal amount of the related Collateral Debt Obligation that is the Reference Obligation;
the Scheduled Termination Date or the Term (as defined in such Offsetting Credit Default Swap) is equal to the maturity of the related Collateral Debt Obligation that is the Reference Obligation (or must not fall more than one month prior to such maturity); and

(d) the Offsetting Credit Default Swap contains limited recourse provisions and non-petition provisions in each case in substantially the same form as those set out in Condition 4(c) (Limited Recourse) save to the extent otherwise agreed by the Rating Agencies.

The entry into, or acquisition of any Offsetting Credit Default Swap, save for a Form-Approved Offsetting Credit Default Swap, will be subject to (among other things) Rating Agency Confirmation. For the avoidance of doubt, an Offsetting Credit Default Swap which ceases to satisfy the requirements of paragraphs (a) or (b) above shall be treated as a Credit Short Obligation, in the case of non-compliance with paragraph (b) above to the extent of such excess of the notional amount only.

"Offsetting Credit Default Swap Counterparty" means, pursuant to the terms of an Offsetting Credit Default Swap, any entity or person which:

(a) is required to make payments as protection seller directly to the Issuer, or any guarantor of such entity;

(b) is authorised to conduct derivatives business with counterparties in the Home Jurisdiction; and

(c) satisfies the Rating Requirement.

"Offsetting Credit Default Swap Termination Payment" means any amount payable to the Offsetting Credit Default Swap Counterparty by the Issuer upon termination or modification of any Offsetting Credit Default Swap in whole or in part excluding any Defaulted Offsetting Credit Default Swap Issuer Termination Payment or amounts which are netted off against sale proceeds received in accordance with the definition of "Sale Proceeds".

"Offsetting Credit Default Swap Termination Receipt" means any amount payable to the Issuer by the Offsetting Credit Default Swap Counterparty upon termination or modification of an Offsetting Credit Default Swap in whole or in part including any Defaulted Offsetting Credit Default Swap Issuer Termination Receipt, but excluding any Cash Settlement Amount and Physical Settlement Amount.

"Offsetting Credit Default Swap Replacement Payment" means any amount payable by the Issuer to an Offsetting Credit Default Swap Counterparty upon entry into a Replacement Offsetting Credit Default Swap.

"Offsetting Credit Default Swap Replacement Receipt" means any amount payable by an Offsetting Credit Default Swap Counterparty to the Issuer upon entry into a Replacement Offsetting Credit Default Swap.

"Ordinary Resolution" means an Ordinary Resolution as described in Condition 14 (Meetings of Noteholders, Modification, Waiver and Substitution) and as further described in, and as defined in, the Trust Deed.

"Outstanding" means in relation to the Notes of a Class as of any date of determination, all of the Notes of such Class (including, without duplication, the Components representing such Class) issued other than:

(a) those Notes which have been redeemed in full and cancelled in accordance with the Conditions;

(b) those Notes in respect of which the date for redemption in accordance with the relevant Conditions has occurred and the redemption moneys (including premium (if any) and all interest payable in respect thereof and any interest payable under the relevant Conditions after such date) have been duly paid to the Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relevant Noteholders in accordance with Condition 16 (Notices)) and remain available for payment against presentation of the relevant Notes;

(c) those which have been purchased and surrendered for cancellation as provided in Condition 7 (Redemption) and notice of the cancellation of which has been given to the Trustee;

(d) those Notes which have become void under Condition 12 (Prescription);

(e) Notes represented by any Global Certificate to the extent that such Global Certificate shall have been exchanged for Notes represented by Definitive Certificates pursuant to its provisions; and

(f) those mutilated and defaced Notes which have been surrendered and those Notes which are alleged to have been lost, stolen or destroyed and in each case in respect of which replacement Notes have been issued pursuant to Condition 13 (Replacement of Notes).

provided that:
(i) for each of the following purposes, namely:

(A) the right to attend and vote at any meeting of the Noteholders of a Class;

(B) the determination of how many and which of the relevant Notes are for the time being Outstanding for the purposes of clause 7.2 (Enforcement) of the Trust Deed and Conditions 10 (Events of Default), 11 (Enforcement) and 14 (Meetings of Noteholders, Modification, Waiver and Substitution);

(C) any discretion, power or authority (whether contained in the Trust Deed or vested by operation of law) which the Trustee is required, expressly or implicitly, to exercise in or by reference to the interests of the Noteholders or any of them; and

(D) the determination (where relevant) by the Trustee whether any event, circumstance, matter or thing, in its opinion, is materially prejudicial to the interests of the Noteholders of any Class,

those Notes (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer and not cancelled shall (unless and until ceasing to be so held) be deemed not to remain Outstanding. The Trustee shall be entitled to assume that there are no such holdings except to the extent it is otherwise expressly aware and shall not be bound or concerned to make any enquiry;

(ii) for the purposes of votes required in connection with the termination of the appointment of the Portfolio Manager pursuant to clause 9.4 (Removal of Portfolio Manager with Cause) of the Portfolio Management Agreement or for the giving of consent to enable the Portfolio Manager to delegate any of its obligations under the Portfolio Management Agreement pursuant to clause 32.1 (Delegation) of the Portfolio Management Agreement, those Notes (if any) which are for the time being held by (but not on behalf of) the Portfolio Manager, one or more of its Affiliates or one or more directors thereof shall (unless and until ceasing to be so held) be deemed not to remain Outstanding;

(iii) in relation to the Class A-1R Notes and only in respect of calculating voting on any matter, giving instructions or determining whether any relevant quorum requirements have been met at any time, votes shall be determined by reference to the Class A-1R Commitment (including any Class A-1R Drawn Amounts and Class A-1R Undrawn Amount), as applicable, which has not been cancelled at such time; and

(iv) for the purposes of the Conditions, the Trust Deed and all agreements entered into in connection therewith, the Notes of each Class which correspond to Components of which the Class P Combination Notes are comprised shall not be issued and Outstanding for so long as they are comprised in such Class P Combination Notes but shall be deemed to be issued and Outstanding for the purposes of determining the rights attaching to the Components corresponding thereto and the Registrar and Trustee, to the extent applicable, shall determine what amounts are payable in respect of, and what rights attach to, the Components of which each Combination Note, are comprised by reference to the Notes corresponding thereto as if they were issued and Outstanding in a principal amount equal to the principal amount of the Components corresponding thereto and amounts had been paid in respect thereof in accordance with the Conditions of the Notes.

"Participation" means an interest in a Mezzanine Obligation, Second Lien Loan, Unsecured Senior Loan or a Secured Senior Loan acquired indirectly by the Issuer by way of sub-participation from a Selling Institution, which shall include any Intermediary Obligation.

"Participation Agreement" means an agreement between the Issuer and a Selling Institution in relation to the purchase by the Issuer of a Participation.

"Par Preservation Amount" means, on any Measurement Date, falling after the Effective Date, the Aggregate Collateral Balance at the Measurement Date minus the amount specified in the Leverage Scenario Grid applicable as at such Measurement Date, provided that all Collateral Obligations in respect of which the Issuer has entered into a binding commitment to sell but which have not at the relevant time settled shall be included as settled Collateral Obligations for the Par Preservation Test.

"Par Preservation Test" means a test which will be satisfied on any Measurement Date on or after the Effective Date if the Par Preservation Amount is greater than zero.
"Par Value Ratio" means the Class A Par Value Ratio or the Class B Par Value Ratio or the Class C Par Value Ratio or the Class D Par Value Ratio or the Class E Par Value Ratio (as applicable).

"Par Value Test" means the Class A Par Value Test, or the Class B Par Value Test or the Class C Par Value Test or the Class D Par Value Test or the Class E Par Value Test (as applicable).

"Par Value Test Excess Adjustment Amount" means, on any date of determination, the sum of the CCC Excess Haircut and the Discounted Collateral Haircut.

"Payment Account" means the account in the name of the Issuer held with the Account Bank to which amounts shall be transferred by the Account Bank on the instructions of the Collateral Administrator on the second Business Day prior to each Payment Date out of certain of the other Accounts in accordance with Condition 3(j) (Accounts) and out of which the amounts required to be paid on each Payment Date pursuant to the Priorities of Payments shall be paid.

"Payment Date" means 16 June and 16 December in each year, commencing in 16 June 2008 and ending on the earlier of Maturity Date and any Redemption Date provided that if any Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day that is a Business Day (unless it would thereby fall in the following month, in which case it shall be brought forward to the immediately preceding Business Day).

"Payment Date Report" means the accounting report defined as such in the Portfolio Management Agreement which is prepared by the Collateral Administrator (in consultation with the Portfolio Manager) on behalf of the Issuer and deliverable to the Issuer, the Trustee, the Portfolio Manager, the Initial Purchaser, any holder of a beneficial interest in any Note (upon written request of such holder) and each Rating Agency not later than the third Business Day preceding the related Payment Date.

"Payment Period" means each of the Initial Payment Period and the period from and including any Payment Date to but excluding the next successive Payment Date.

"Person" means an individual, corporation (including a business trust), partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

"Physical Settlement" means the settlement of an Offsetting Credit Default Swap or Credit Short Obligation following the occurrence of an "Event Determination Date" (as such term is defined therein) and satisfaction of any other conditions to settlement specified therein by the Issuer delivering deliverable obligations in an amount specified in the applicable Offsetting Credit Default Swap or Credit Short Obligation to the Offsetting Credit Default Swap Counterparty or the Credit Short Obligation Counterparty, as the case may be, against payment of the Physical Settlement Amount relating to such deliverable obligations.

"Physical Settlement Amount" means, in respect of any Offsetting Credit Default Swap or Credit Short Obligation the terms of which specify that "Physical Settlement" applies, the amount payable by the Offsetting Credit Default Swap Counterparty or the Credit Short Obligation Counterparty, as the case may be to the Issuer thereunder against delivery of deliverable obligations in the amount and with the characteristics required pursuant to the terms of such Offsetting Credit Default Swap or Credit Short Obligation.

"PIK Only Obligation" means a Collateral Debt Obligation that pursuant to its terms defers all cash payments of interest due thereon, including, without limitation, by the issuance of additional debt obligations identical thereto or through additions to the principal amount thereof, provided that the Obligor may have an obligation to pay cash interest, upon satisfaction of certain conditions relating to, amongst others, debt coverage ratio and leverage. For the avoidance of doubt a Deferring Mezzanine Obligation shall not be construed as a PIK Only Obligation and a PIK Only Obligation shall not include any Structured Finance Security.

"PM Class A-1R Advance Request" means each request prepared and sent by the Portfolio Manager (on behalf of the Issuer) to the Class A-1R Note Agent giving notice of the Issuer's intention to effect a Class A-1R Advance in accordance with the provisions of the Class A-1R Note Purchase Agreement.

"Potential Event of Default" means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration and/or request and/or the taking of any similar action and/or the fulfillment of any similar condition would be an Event of Default.

"Portfolio" means the Collateral Obligations, Collateral Enhancement Obligations, Exchanged Equity Securities, Eligible Investments, Credit Short Obligations, Offsetting Credit Default Swaps and Special Situation Investment Obligations held by or on behalf of the Issuer from time to time.
"Portfolio Management Fee" means each of the Senior Portfolio Management Fee and the Subordinated Management Fee.

"Portfolio Manager Advance" means any amount which may be advanced by the Portfolio Manager to the Issuer pursuant to the Portfolio Management Agreement on the terms set out therein for the purpose of acquiring or exercising rights under any Collateral Enhancement Obligation.

"Portfolio Profile Tests" means the Portfolio Profile Tests each as defined in the Portfolio Management Agreement.

"Presentation Date" means a day which (subject to Condition 12 (Prescription)):

(a) is a Business Day;

(b) is or falls after the relevant due date or, if the due date is not or was not a Business Day in the place of presentation, is or falls after the next following Business Day which is a Business Day in the place of presentation; and

(c) is a Business Day in which the account specified by the payee is open.

"Primary Market Collateral Debt Obligation" means at any time, a Collateral Debt Obligation which was issued not more than six months prior to such time.

"Principal Account" means the interest bearing account of the Issuer with the Account Bank into which Principal Proceeds are to be paid.

"Principal Amount Outstanding" means in relation to any Notes and at any time, the aggregate principal amount outstanding under such Notes at that time, which in the case of:

(a) the Class P Combination Notes shall be the aggregate principal amount thereof as at the Closing Date, as reduced from time to time by any payments applied in redemption thereof; and

(b) the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes shall, for the avoidance of doubt, include that element of the principal amount outstanding which represents Deferred Interest which has been capitalised pursuant to Condition 6(c)(i) (Deferred Interest), save that for the purpose of determining voting rights attributable to any Class B Note, Class C Note, Class D Note or Class E Note and the applicable quorum at any meeting of Noteholders pursuant to the provisions of the Trust Deed and Condition 14 (Meetings of Noteholders, Modification, Waiver and Substitution) such capitalised Deferred Interest amounts shall be excluded; and

(c) the Class A-1R Notes, shall be the Class A-1R Drawn Amount of such Class A-1R Notes and in respect of the redemption thereof in accordance with the Priorities of Payment, such amount shall include the Class A-1R Allocated Commitment, save for the purpose of voting on any matter, giving instructions or determining whether any relevant quorum requirements have been met or in the event of any conflict between or within the Notes of such Class, for which purposes the Principal Amount Outstanding of the Class A-1R Notes shall be determined by reference to the Maximum Class A-1R Commitment, which has not been cancelled at such time, as more fully set out in Condition 14 (Meetings of Noteholders, Modification, Waiver and Substitution).

"Principal Balance" means:

(a) with respect to any Collateral Debt Obligation or Special Situation Investment but, for the avoidance of doubt, excluding Offsetting Credit Default Swaps and Credit Short Obligations, as of any date of determination, the outstanding principal amount thereof (and (i) including any deferred interest on a Deferring Mezzanine Obligation and on a PIK Only Obligation which has been capitalised and/or accrued up to (and including) the date of acquisition thereof; (ii) including any deferred interest on a Deferring Mezzanine Obligation (other than Deferring Mezzanine Obligations that are Structured Finance Securities) and on a PIK Only Obligation which has been capitalised and/or accrued from (and excluding) the date of acquisition thereof only if such deferred interest has been irrevocably designated as Principal Proceeds by the Portfolio Manager and (iii) including any Purchased Accrued Interest on a Collateral Debt Obligation); and

(b) with respect to any Principal Protected Equity Obligation, the face value of the Equity OAT Strip Component thereof,

provided however that:
(a) for all purposes other than as set forth in paragraphs (b) and (c) below, the Principal Balance of a Collateral Debt Obligation received upon acceptance of an Offer to exchange a Collateral Debt Obligation for such Collateral Debt Obligation where such Offer expressly states that failure to accept such offer may result in a default under any applicable Underlying Instrument shall be deemed to be the lowest of:

(i) a percentage of the outstanding principal amount thereof equal to the S&P Recovery Rate for such Collateral Debt Obligation based upon its S&P Priority Category, until such time as Interest Proceeds or Principal Proceeds, as applicable, are first received when due with respect to such Collateral Debt Obligation;

(ii) a percentage of the outstanding principal balance thereof equal to the Moody's Recovery Rate for such Collateral Debt Obligation, until such time as Interest Proceeds or Principal Proceeds, as applicable, are first received when due with respect to such Collateral Debt Obligation; and

(iii) a percentage of the outstanding principal amount thereof equal to the Market Value thereof, until such time as any payment is received by or on behalf of the Issuer in respect of such Collateral Debt Obligation (provided that this sub-paragraph (iii) shall not apply if the Market Value cannot be determined for any reason);

(b) for the purpose of calculating the Portfolio Profile Tests; the Moody's Weighted Average Rating; the Weighted Average Moody's Recovery Rate; the Weighted Average Spread; the Maximum Weighted Average Life and the Diversity Score (each as defined in the Portfolio Management Agreement) the Principal Balance of:

(i) each Defaulted Obligation shall be zero;

(ii) a Collateral Debt Obligation of the type referred to in (a) above shall be zero;

(iii) a Current Pay Obligation shall be zero; and

(iv) a Special Situation Investment Obligation shall be zero;

(c) for the purpose of calculating the S&P Weighted Average Recovery Rate and the CDO Monitor Test, the Principal Balance of:

(i) each Defaulted Obligation shall be its full par value;

(ii) a Collateral Debt Obligation of the type referred to in (a) above shall be its full par value; and

(iii) a Current Pay Obligation shall be its full par value;

(d) for the purpose of calculating the Average Aggregate Collateral Balance used in calculating the Senior Portfolio Management Fee, the Principal Balance of:

(i) each Defaulted Obligation shall be the highest of:

(A) its Market Value;

(B) the relevant S&P Recovery Rate, multiplied by its outstanding principal amount (in the case of any Asset Swap Obligation, converted into Euro at the relevant Asset Swap Transaction Exchange Rate, or, in the case of an Unhedged Collateral Debt Obligation, converted into Euro at the then prevailing Spot Rate); and

(C) the relevant Moody's Recovery Rate, multiplied by its outstanding principal amount (in the case of any Asset Swap Obligation, converted into Euro at the relevant Asset Swap Transaction Exchange Rate, or, in the case of an Unhedged Collateral Debt Obligation, converted into Euro at the then prevailing Spot Rate); and

(ii) a Current Pay Obligation shall be its full par value;

(e) for all purposes other than as set forth in paragraphs (b), (c) and (d) above, the Principal Balance of each Defaulted Obligation and each Special Situation Investment Obligation (in relation to a Defaulted Obligation) shall be the lower of its S&P Collateral Value, and its Moody's Collateral Value;

(f) for all purposes other than as set forth in paragraphs (b), (c) and (d) above, the Principal Balance of each Collateral Debt Obligation which would have constituted a Defaulted Obligation were it not treated as a Current Pay Obligation shall be the lesser of (A) the Market Value of such Current Pay
Obligation, (B) 80 per cent. of the Principal Balance of such Current Pay Obligation and (C) in the event that the Market Value of such Current Pay Obligation is less than 80 per cent. of the Principal Balance thereof, the relevant S&P Recovery Rate multiplied by its outstanding principal amount (in the case of any Asset Swap Obligation, converted into Euro at the relevant Asset Swap Transaction Exchange Rate or in the case of an Unhedged Collateral Debt Obligation, converted into Euro at the then prevailing Spot Rate);

(g) the Principal Balance of any Non-Euro Obligation shall be:

(i) in the case of an Asset Swap Obligation, the Euro outstanding notional amount of the Asset Swap Transaction entered into in respect thereof;

(ii) in the case of an Unhedged Collateral Debt Obligation, for the purpose of calculating (1) the Coverage Tests, (2) the Aggregate Collateral Balance for the purposes of the Reinvestment Criteria, (3) the definition of "CCC Market Value" and (4) the definition of "Market Value", 70 per cent. of the outstanding principal amount of such Unhedged Collateral Debt Obligation where such Unhedged Collateral Debt Obligation is denominated in U.S. Dollars or Sterling and is not a Deferring Mezzanine Obligation or a PIK Only Obligation or a Zero Coupon Security and 50 per cent. of the outstanding principal amount of such Unhedged Collateral Debt Obligation where such Unhedged Collateral Debt Obligation is denominated in a currency other than U.S. Dollars or Sterling or is a Deferring Mezzanine Obligation, a PIK Only Obligation or a Zero Coupon Security (or, in each case, where such Unhedged Collateral Debt Obligation is sold, repaid or prepaid, 100 per cent.), converted into Euro at the then prevailing Spot Rate, provided that the Principal Balance of an Unhedged Collateral Debt Obligation shall be zero in the following circumstances:

(A) to the extent that the Aggregate Principal Balance of Unhedged Collateral Debt Obligations exceeds 5 per cent. of the Aggregate Collateral Balance, such amount in excess in respect thereof; or

(B) where such Unhedged Collateral Debt Obligation either (a) is not denominated in Sterling or U.S. Dollars or (b) is not a Primary Market Collateral Debt Obligation and was not hedged on or around the settlement date of the acquisition thereof;

(h) the Principal Balance of any Collateral Debt Obligation that is a Synthetic Security shall be the notional amount specified as such in the Synthetic Security as reduced from time to time as a result of certain "credit events" occurring in respect of the Reference Obligation thereof;

(i) the Principal Balance of any Revolving Collateral Obligation and Delayed Drawdown Collateral Obligation as at any date of determination, shall be the outstanding principal amount of such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation, plus any undrawn commitments that have not been irrevocably reduced with respect to such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation;

(j) the Principal Balance of a Zero Coupon Security shall be its Accreted Value; and

(k) for all purposes, and notwithstanding paragraphs (b), (c) and (g) above, the Principal Balance of any Collateral Debt Obligation that is the subject of an Offsetting Credit Default Swap shall be the outstanding principal amount of such Collateral Debt Obligation.

"Principal Proceeds" means all amounts paid or payable into the Principal Account from time to time and, with respect to any Payment Date, means Principal Proceeds to be applied in accordance with the Priorities of Payments on such Payment Date, and, in each case, shall include any other amounts to be disbursed as Principal Proceeds on such Payment Date pursuant to Condition 3(c)(ii) (Application of Principal Proceeds).

"Principal Proceeds Priority of Payments" means the priority of payments in respect of Principal Proceeds set out in Condition 3(c)(ii) (Application of Principal Proceeds).

"Principal Protected Equity Obligation" means an Equity Obligation together with its related Equity OAT Strip purchased or acquired by or on behalf of the Issuer from time to time (or if the context so requires, to be purchased by or on behalf of the Issuer) in accordance with the provisions of the Portfolio Management Agreement, each of which satisfies the Eligibility Criteria (as determined by the Portfolio Manager in accordance with the Portfolio Management Agreement) to the extent required to do so. For the avoidance of doubt, the failure of any obligation to satisfy the Eligibility Criteria at any time after the Issuer or the Portfolio Manager (on behalf of the Issuer) has entered into a binding agreement to purchase it, shall not cause such obligation to cease to constitute a Principal Protected Equity Obligation.
"Principal Protected Equity Obligation Ledger" means the ledger which shall be maintained by the Collateral Administrator the balance of which at any time shall equal the amount, if any, by which the Equity OAT Strips Face Value minus the aggregate of the Principal Protected Equity Obligation Principal Proceeds received on or before that date in respect of the Equity OAT Strip Components comprised in the Portfolio at that time exceeds the Equity OAT Strips Market Value at that time.

"Principal Protected Equity Obligation Ledger Deficiency" means the amount by which the Principal Protected Equity Obligation Ledger Required Balance exceeds the Equity OAT Strips Market Value.

"Principal Protected Equity Obligation Ledger Required Balance" means at any time the Equity OAT Strips Face Value minus the Principal Protected Equity Obligation Principal Proceeds at that time.

"Principal Protected Equity Obligation Principal Proceeds" means at any time the sum of the aggregate of amounts credited to the Principal Account pursuant to paragraphs (B) and (C) of Condition 3(k)(i) (Principal Account) minus:

(a) any such amounts withdrawn from the Principal Account pursuant to paragraphs (5), (16) and (17) of Condition 3(k)(i) (Principal Account);

(b) any such amounts which the Portfolio Manager has designated in its discretion in accordance with the Portfolio Management Agreement as not comprising Principal Protected Equity Obligation Principal Proceeds; and

(c) the amount (if any) by which the face value of any Equity OAT Strips sold exceeds the Sale Proceeds thereof.

"Priorities of Payments" means, in the case of Interest Proceeds, the Interest Proceeds Priority of Payments and, in the case of Principal Proceeds, the Principal Proceeds Priority of Payments and, in the case of Collateral Enhancement Obligation Proceeds, the Collateral Enhancement Obligation Proceeds Priority of Payments and, in the case of the proceeds of realisation of the Collateral following Enforcement Action, the Collateral Proceeds Priority of Payments.

"Proposed Portfolio" means the portfolio of Collateral Obligations (included at their Principal Balance) and Eligible Investments resulting from the sale, maturity or other disposition of a Collateral Debt Obligation or a proposed reinvestment of Principal Proceeds in a Substitute Collateral Debt Obligation, as the case may be.

"Purchased Accrued Interest" means, with respect to any Due Period, all payments of interest and proceeds of sale received during such Due Period in relation to any Collateral Debt Obligation, in each case, to the extent that such amounts represent accrued interest in respect of such Collateral Debt Obligation which was purchased at the time of acquisition thereof with Principal Proceeds and/or monies standing to the credit of the Unused Proceeds Account, for the avoidance of doubt.

"Qualifying Currency" means, at any time, the lawful currency of any Qualifying Country.

"Qualifying Country" means any of Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States, Australia, New Zealand or Canada and any other country in respect of which Rating Agency Confirmation and consent of the holders of the Senior Outstanding Class, acting by Ordinary Resolution, for so long as the Class A-1 Notes are the Senior Outstanding Class, has been received.

"Rated Balance" means an amount equal to (a) the aggregate principal amount of the Class P Combination Notes upon issuance thereof on the Closing Date or (b) on any Payment Date, the greater of:

(a) zero; and

(b) the aggregate of:

(i) the product of (1) the Rated Balance of such Class P Combination Note on the immediately preceding Payment Date (or, if there is no such date, the Closing Date) and (2) 1 plus the Class P Rated Coupon, minus

(ii) the aggregate amount of all cash distributions (interest and principal) in respect of the Class P Combination Notes payable to the Class P Combination Noteholders on such Payment Date.

"Rated Notes" means, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.
"Rating Agency" means S&P and Moody’s, provided that if at any time S&P and/or Moody’s ceases to provide rating services, any other nationally recognised investment rating agency or rating agencies (as applicable) selected by the Issuer and satisfactory to the Trustee (a "Replacement Rating Agency", and "Rating Agency" means any such rating agency). If at any time a Rating Agency is replaced by a Replacement Rating Agency, references to rating categories of the original Rating Agency in these Conditions, the Trust Deed and the Portfolio Management Agreement shall be deemed instead to be references to the equivalent categories of the relevant Replacement Rating Agency as of the most recent date on which such other rating agency published ratings for the type of security in respect of which such Replacement Rating Agency is used and all references herein to "Rating Agencies" shall be construed accordingly.

"Rating Agency Confirmation" means, with respect to any specified action or determination, receipt by the Issuer and the Trustee of written confirmation by each Rating Agency which has assigned ratings to the Rated Notes that are Outstanding (or, if applicable, the Rating Agency specified) that such specified action, determination or appointment will not result in the reduction or withdrawal of any of the ratings currently assigned to the Rated Notes by such Rating Agency.

"Rating Confirmation Plan" means a plan provided by the Portfolio Manager (acting on behalf of the Issuer) to the Rating Agencies setting forth the timing and manner of acquisition of additional Collateral Obligations and/or any other intended action which will cause confirmation of the Initial Ratings, as further described and as defined in the Portfolio Management Agreement.

"Rating Requirement" means:

(a) in the case of the Account Bank, a short-term unsecured debt rating of at least "A-1" from S&P and "P-1" from Moody’s and a long term unsecured rating of "A2" from Moody’s;

(b) in the case of the Custodian, a short-term unsecured debt rating of at least, "A-1" from S&P and "P-1" from Moody’s and a long-term senior unsecured rating of "A2" from Moody’s;

(c) in the case of the Principal Paying Agent, a short-term senior issuer credit rating of "P-1" from Moody’s;

(d) in the case of any Selling Institution, a long-term senior unsecured rating of at least, a long-term issuer credit rating of at least "A" from S&P and a long-term senior unsecured debt rating of at least "A3" from Moody’s;

(e) in the case of any Asset Swap Counterparty, a long-term and short-term senior short-term senior unsecured ratings of at least "A+" and "A-1" from S&P and if the Asset Swap Counterparty has a short-term senior unsecured rating from Moody’s, a long-term and a short-term senior unsecured rating of at least "A2" and "P-1" from Moody’s or if the Asset Swap Counterparty does not have a short-term senior unsecured rating from Moody’s, a long-term senior unsecured rating of at least "A1" from Moody’s;

(f) in the case of any Interest Rate Hedge Counterparty, short-term senior unsecured rating of at least "A-1" from S&P and a long-term and short-term senior unsecured ratings of at least "A1" and "P-1" from Moody’s;

(g) in the case of any Synthetic Counterparty, long-term and short-term unsecured debt rating of at least, short-term unsecured debt ratings of at least "A-1" from S&P and a long-term senior secured rating of at least "A3" from Moody’s; and

(h) in the case of any Offsetting Credit Default Swap Counterparty or Credit Short Obligation Counterparty, long-term and short-term unsecured debt ratings of at least, short-term unsecured debt rating of at least "A-1" from S&P and long-term and short-term unsecured debt ratings of at least "A1" and "P-1" from Moody’s,

provided that in each case, if any of the requirements are not satisfied by any of the parties referred to above, Rating Agency Confirmation is received in respect of such party or where the obligations of such party are guaranteed by an entity which satisfies the applicable Rating Requirement, provided further that if any such obligations are to be guaranteed, the terms of such guarantee shall be subject to Rating Agency Confirmation unless the form of such guarantee has been approved by the Rating Agencies prior to the Closing Date.

"Record Date" means the fifteenth day before the relevant due date for payment of principal and interest in respect of a Note.

"Redemption Date" means each date specified for a redemption of the Notes of a Class pursuant to Condition 7 (Redemption) or the date on which the Notes of such Class are accelerated pursuant to Condition 10 (Events of Default), or in each case, if such day is not a Business Day, the next day that is a Business Day (unless it would
fall in the following month, in which case such date shall be brought forward to the immediately preceding Business Day).

"Redemption Determination Date" has the meaning given thereto in Condition 7(b)(iii) (Terms and Conditions of Redemption at the Option of the Noteholders).

"Redemption Notice" means a redemption notice in the form available from any of the Transfer Agents which has been duly completed by a Noteholder and which specifies, amongst other things, the applicable Redemption Date.

"Redemption Price" means, when used with respect to:

(a) any Subordinated Note, such Subordinated Note's pro rata share (calculated in accordance with paragraph (X) of the Principal Proceeds Priority of Payments) of the aggregate proceeds of liquidation of the Collateral, or realisation of the security thereover in such circumstances, remaining following application thereof in accordance with the Priorities of Payments;

(b) any Class A-1T Note, Class A-2A Note, Class B Note, Class C Note, Class D Note, Class E Note, 100 per cent. of the Principal Amount Outstanding thereof (if any), together with any accrued but unpaid interest thereon to the date of redemption;

(c) any Class A-2B Note, 100 per cent. of the Principal Amount Outstanding thereof (if any), together with any accrued but unpaid interest thereon plus in the case of redemption pursuant to Condition 7(b) (Redemption at the Option of the Noteholders) the Class A-2B Redemption Premium; and

(d) any Class A-1R Note, 100 per cent. of the Principal Amount Outstanding thereof (if any), together with Class A-1R Interest Amounts, Class A-1R Commitment Fee, accrued but unpaid in respect thereof and each Class A Note's proportionate share of any Class A-1R Make Whole Amount (if a Class A-1R Advance is repaid on a Business Day other than a Payment Date in accordance with the provisions of Condition 7 (Redemption)); and

(e) any Combination Note, the amount equal to the Redemption Prices of its respective Components, provided that, if the Notes become subject to redemption in whole (but not in part) pursuant to more than one Condition, the Redemption Price applicable upon redemption thereof shall be that which relates to the redemption of the Notes which would occur first in time pursuant to the relevant provisions thereof.

"Redemption Threshold Amount" means the aggregate of all amounts which would be due and payable on redemption of the Notes on the scheduled Redemption Date, to the extent such amounts are ascertainable following consultation with the Portfolio Manager, pursuant to Condition 3(c) (Priorities of Payments) which rank in priority to payments in respect of the Subordinated Notes in accordance with the Priorities of Payments (taking into account any Asset Swap Issuer Termination Payments and Interest Rate Hedge Issuer Termination Payments payable in such circumstances).

"Reference Banks" has the meaning given thereto in paragraph (2) of Condition 6(e)(i) (Floating Rate of Interest).

"Reference Entity" means the entity to whose credit any Credit Short Obligation is linked.

"Reference Obligation" means a debt obligation to which a Synthetic Security is linked that satisfies the Eligibility Criteria to the extent required pursuant to the Portfolio Management Agreement thereof, and (in the case of cash settled Synthetic Securities only) the requirement that the applicable obligation is capable of being sold, assigned or participated to the Issuer or a Collateral Debt Obligation to which an Offsetting Credit Default Swap is linked, as applicable.

"Register" means the register of holders of the legal title to the Notes kept by the Registrar pursuant to the terms of the Agency Agreement.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S Global Certificates" means the Regulation S Notes of each Class (other than the Class A-1R Notes) sold outside the United States to non-U.S. Persons in reliance on Regulation S under the Securities Act (which will be deposited on or about the Closing Date with Euroclear and Clearstream, Luxembourg) will each be represented on issue of beneficial interests in one or more global certificates of such Class in fully registered form, without interest coupons or principal receipts.

"Regulation S Notes" means Notes offered for sale outside the United States in offshore transactions to non-U.S. Persons in reliance on Regulation S.

"Reinvestment Criteria" has the meaning given to it in the Portfolio Management Agreement.
"Reinvestment Period" means the period from and including the Closing Date up to, and including the earliest of:

(a) the Payment Date falling in 16 December 2014; and

(b) the date of the acceleration of the Notes pursuant to Condition 10(b) (Acceleration).

"Replacement Asset Swap Agreement" means any Asset Swap Agreement entered into by the Issuer in accordance with the provisions of the Portfolio Management Agreement upon termination of an existing Asset Swap Agreement on substantially the same terms as such existing Asset Swap Agreement, that preserves for the Issuer the economic effect of the terminated Asset Swap Transactions outstanding thereunder, subject to such amendments thereto as may be agreed by the Portfolio Manager, acting on behalf of the Issuer and in respect of which Rating Agency Confirmation is obtained unless such Replacement Asset Swap Agreement is a Form-Approved Asset Swap.

"Replacement Asset Swap Transaction" means in respect of each Non-Euro Obligation, any asset swap transaction entered into in respect thereof on the terms described in the Portfolio Management Agreement under a Replacement Asset Swap Agreement.

"Replacement Credit Short Obligation" means any Credit Short Obligation entered into by the Issuer in accordance with the provisions of the Portfolio Management Agreement upon termination of an existing Credit Short Obligation on substantially the same terms as such existing Credit Short Obligation, that preserves for the Issuer the economic effect of the terminated Credit Short Obligation outstanding thereunder, subject to such amendments thereto as may be agreed by the Portfolio Manager, acting on behalf of the Issuer and in respect of which Rating Agency Confirmation is obtained.

"Replacement Interest Rate Hedge Agreement" means any Interest Rate Hedge Agreement entered into by the Issuer upon termination of an existing Interest Rate Hedge Agreement in whole or in part on substantially the same terms as the original Interest Rate Hedge Agreement that preserves for the Issuer the economic equivalent of the terminated Interest Rate Transactions outstanding thereunder subject to such amendments as may be agreed by the Trustee and in respect of which Rating Agency Confirmation is obtained.

"Replacement Offsetting Credit Default Swap" means any Offsetting Credit Default Swap entered into by the Issuer in accordance with the provisions of the Portfolio Management Agreement upon termination of an existing Offsetting Credit Default Swap on substantially the same terms as such existing Offsetting Credit Default Swap, that preserves for the Issuer the economic effect of the terminated Offsetting Credit Default Swap outstanding thereunder, subject to such amendments thereto as may be agreed by the Portfolio Manager, acting on behalf of the Issuer and in respect of which Rating Agency Confirmation is obtained.

"Report" means each Monthly Report, the Payment Date Report and/or the Subordinated Noteholder Report.

"Resolution" means an Ordinary Resolution or an Extraordinary Resolution.

"Revolving Collateral Obligation" means any Collateral Debt Obligation (other than a Delayed Drawdown Collateral Obligation) that (i) satisfies the requirements set forth in the Eligibility Criteria (in the case of a Synthetic Security to the extent required to) and (ii) is a loan (including, without limitation, a revolving loan, funded and unfunded portions of revolving credit lines and letter of credit, guarantee and lending facilities, unfunded commitments under specific and ancillary facilities and other similar loans and investments) that by its terms requires the Issuer to make one or more future advances to the borrower; provided that any such obligation, interest or security will be a "Revolving Collateral Obligation" only until all commitments to make such advances expire or are irrevocably terminated or reduced to zero.

"Revolving Reserve Account" means the interest bearing account of the Issuer with the Account Bank into which amounts equal to the Unfunded Amounts in respect of Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations and certain principal payments received in respect of Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations, are paid.

"Revolving Reserve Commitment" means, in respect of any Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations, an amount in Euros equal to the amount which would cause the Balance standing to the credit of the relevant Revolving Reserve Account to be at least equal to the combined aggregate principal amounts of the Unfunded Amounts under each of the Revolving Collateral Obligations or Delayed Drawdown Collateral Obligations (which Unfunded Amounts will be treated as part of the purchase price for the related Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation).

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor or successors thereto.
"S&P Collateral Value" means in the case of any Collateral Obligation which is a Defaulted Obligation the lower of:

(a) its prevailing Market Value; and

(b) the relevant S&P Recovery Rate, multiplied by its outstanding principal amount (in the case of any Asset Swap Obligation, converted into Euro at the relevant Asset Swap Transaction Exchange Rate, or, in the case of an Unhedged Collateral Debt Obligation, converted into Euro at the then prevailing Spot Rate),

provided that if the Market Value cannot be determined for any reason, the S&P Collateral Value shall be the amount determined in accordance with paragraph (b) above.

"S&P Model Test" means, in respect of a proposed change in the Leverage Scenario, the test which will be satisfied on the later of the Effective Date and the date of change in the Leverage Scenario, if the Loss Differential of the Proposed Portfolio for the proposed Leverage Scenario is positive on such date. The Loss Differential will be considered to be "improved" if the Loss Differential of the Proposed Portfolio is greater than the Loss Differential of the Current Portfolio. The Loss Differential will be calculated by analysing the cash flows for the proposed Leverage Scenario and an assumed Proposed Portfolio.

"S&P Priority Category" means any of the categories set forth in the schedule attached to the Portfolio Management Agreement setting out the S&P Priority Categories as amended from time to time.

"S&P Recovery Rate" means in respect of any Collateral Obligation, the recovery rate determined in accordance with the Portfolio Management Agreement or as so advised by S&P which for all purposes other than determining whether the S&P Minimum Weighted Average Recovery Rate Test (as defined in the Portfolio Management Agreement) is satisfied shall be the recovery rate applicable to the Senior Outstanding Class.

"Sale Proceeds" means:

(a) (1) all proceeds received upon the sale of any Collateral Debt Obligation (save for an Asset Swap Obligation) excluding (i) any sale proceeds representing accrued interest but including (x) any sale proceeds representing accrued interest irrevocably designated as Principal Proceeds by the Portfolio Manager in accordance with the Portfolio Management Agreement, and (y) any deferred interest on a Deferring Mezzanine Obligation or a PIK Only Obligation other than Purchased Accrued Interest which has been capitalised and/or accrued from (and excluding) the date of acquisition irrevocably designated as Principal Proceeds by the Portfolio Manager in accordance with the Portfolio Management Agreement but including any sale proceeds representing deferred interest on a Deferring Mezzanine Obligation or a PIK Only Obligation which has been capitalised and/or accrued up to (and including) the date of acquisition thereof and (2) any recoveries received in respect of a Defaulted Obligation;

(b) in the case of any Asset Swap Obligation, all amounts in Euro (or other currencies if applicable) payable to the Issuer by the applicable Asset Swap Counterparty in exchange for payment by the Issuer of the sale proceeds of any Collateral Debt Obligation as described in paragraph (a) above, under the related Asset Swap Transaction (for the avoidance of doubt after reducing such amount by any Asset Swap Issuer Termination Payment payable by the Issuer in such circumstances), together with any such amounts which are not payable to such Asset Swap Counterparty pursuant to the terms of such Asset Swap Transaction;

(c) in the case of any Synthetic Security, Synthetic Collateral (or any amount received upon liquidation thereof) that ceases to be subject to the applicable Synthetic Counterparty’s security interest on termination (but not expiration) of such Synthetic Security at the option of the Issuer and the proceeds of sale of any deliverable obligation referred to in a Synthetic Security as the "Deliverable Obligation" which is deliverable upon termination prior to the scheduled maturity thereof;

(d) in the case of any Offsetting Credit Default Swap or Credit Short Obligation, Counterparty Downgrade Collateral, if any, (or any amount received upon liquidation thereof) or any Cash Settlement Amount, Physical Settlement Amount or floating amounts (as defined therein), as applicable, received from the Offsetting Credit Default Swap Counterparty or the Credit Short Obligation Counterparty pursuant to such Offsetting Credit Default Swap or Credit Short Obligation, as the case may be, in each case net of any amounts expended by or payable by the Issuer or the Collateral Administrator (on behalf of the Issuer) in connection with the sale, disposition or termination of such Collateral Debt Obligation including any amounts payable by the Issuer upon termination of (i) the relevant Asset Swap Transaction and/or (ii) the relevant Offsetting Credit Default Swap or Credit Short Obligation and, in each case, to the extent applicable, converted into Euro at the then prevailing Spot Rate; and
(c) in the case of any Principal Protected Equity Obligation and any Equity OAT Strips and Equity Obligation all proceeds received upon the sale thereof.

"Scenario Loss Rate" means in respect of any Class of Notes:

(a) in respect of the CDO Monitor Test, at any time, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a rating in respect of any Class of Notes by S&P determined by application of the CDO Monitor at such time; and

(b) in respect of the S&P Model Test, at any time, an estimate of the cumulative default rate for the Proposed Portfolio consistent with a rating in respect of any Class of Notes determined by application of the CDO Evaluator at such time.

"Scheduled Periodic Asset Swap Counterparty Payment" means, with respect to any Asset Swap Transaction, the periodic amounts in the nature of coupon (and not the principal) scheduled to be paid to the Issuer by the applicable Asset Swap Counterparty pursuant to the terms of such Asset Swap Transaction.

"Scheduled Periodic Asset Swap Issuer Payment" means, with respect to any Asset Swap Transaction, the periodic amounts in the nature of coupon (and not the principal) scheduled to be paid by the Issuer to the applicable Asset Swap Counterparty pursuant to the terms of such Asset Swap Transaction, excluding any Asset Swap Issuer Termination Payment and any Asset Swap Issuer Principal Exchange Amounts.

"Scheduled Periodic Credit Short Obligation Counterparty Payment" means, with respect to any Credit Short Obligation, the periodic amounts in the nature of coupon (and not the principal) scheduled to be paid to the Issuer by the applicable Credit Short Obligation Counterparty pursuant to the terms of such Credit Short Obligation, excluding any Credit Short Obligation Counterparty Termination Payments.

"Scheduled Periodic Interest Rate Hedge Counterparty Payment" means, with respect to any Interest Rate Hedge Transaction, the amount scheduled to be paid to the Issuer by the applicable Interest Rate Hedge Counterparty pursuant to the terms of such Interest Rate Hedge Transaction.

"Scheduled Periodic Interest Rate Hedge Issuer Payment" means, with respect to any Interest Rate Hedge Transaction, the amount scheduled to be paid to the applicable Interest Rate Hedge Counterparty by the Issuer pursuant to the terms of such Interest Rate Hedge Transaction excluding any Interest Rate Hedge Issuer Termination Payments.

"Scheduled Periodic Offsetting Credit Default Swap Issuer Payment" means, with respect to any Offsetting Credit Default Swap, the fixed amounts (as defined therein) scheduled to be paid to the applicable Offsetting Credit Default Swap Counterparty by the Issuer under such Offsetting Credit Default Swap, but excluding any Defaulted Offsetting Credit Default Swap Issuer Termination Payment.

"Scheduled Principal Proceeds" means:

(a) in the case of any Collateral Debt Obligation, save for any Asset Swap Obligation, scheduled principal repayments received by the Issuer (including scheduled amortisation, instalment or sinking fund payments);

(b) in the case of any Asset Swap Obligation, scheduled final and interim payments in the nature of principal payable to the Issuer by the applicable Asset Swap Counterparty under the related Asset Swap Transaction;

(c) in the case of any Synthetic Security, any Synthetic Collateral relating thereto (or any amount received upon liquidation thereof) to which the Issuer is entitled upon expiration or termination of such Synthetic Security at its scheduled maturity; and

(d) in the case of a Principal Protected Equity Obligation, the redemption proceeds on maturity of the related Equity OAT Strip.

"Second Lien Loan" means a European Second Lien Loan or a U.S. Second Lien Loan.

"Secured Party" means each of the Noteholders (as described in these conditions), the Initial Purchaser, the Portfolio Manager, the Collateral Administrator, the Trustee, the Agents, the Liquidity Facility Provider, the Corporate Services Provider, each Asset Swap Counterparty, each Interest Rate Hedge Counterparty, any Offsetting Credit Default Swap Counterparty and any Credit Short Obligation Counterparty and "Secured Parties" means any two or more of them as the context so requires.
"Secured Senior Loan" means a collateral debt obligation (which may be a Revolving Collateral Obligation or a Delayed Drawdown Collateral Obligation) that is a senior secured obligation as determined by the Portfolio Manager in its reasonable business judgement, or a Participation therein, provided that:

(a) it is secured either:

(i) by all or substantially all of the assets of the Obligor thereof and the shares therein; or

(ii) (A) by such assets to the extent permissible under applicable law and (in the reasonable business judgement of the Portfolio Manager) consistent with reasonable senior secured lending practices in the relevant market for such collateral debt obligation and (B) by at least the greater of (x) 80 per cent. of the equity interests in the stock of the relevant Obligor, and (y) the percentage of such equity interests in the relevant Obligor that is actually owned by such Obligor's affiliates forming part of the related borrower group for such collateral debt obligation;

provided that, in the case of this paragraph (a), the Obligor may not have (so far as the Portfolio Manager is aware or could reasonably be expected to be aware having made due and careful inquiry), and must be restricted by covenant under the relevant credit documentation from incurring, any other debt which, in the reasonable business judgement of the Portfolio Manager, is material; and

(b) save to the extent specifically permitted under the relevant credit documentation, no other obligation of the relevant Obligor has any higher priority security interest in such shares and/or assets referred to in (a) above; or

(c) if it is a Synthetic Security, the applicable Reference Obligation is an obligation of the type described in paragraphs (a) and (b) above,

provided that, notwithstanding anything to the contrary in paragraphs (a), (b) or (c) above, such senior secured obligation must be secured by assets of the Obligor thereof having a market value at the time of acquisition of such senior secured obligation, in the reasonable business judgement of the Portfolio Manager, equal to at least 100% of the aggregate outstanding principal balance, as at such time of acquisition, of such senior secured obligation and any other obligations of such Obligor (to the extent the Portfolio Manager is aware or could reasonably be expected to be aware having made due and careful inquiry) ranking senior to or pari passu with such senior secured obligation.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Selling Institution" means an institution which satisfies the applicable Rating Requirement from whom a Participation is granted.

"Senior Expenses Cap" means, in respect of each Due Period, an amount equal to 0.10 per cent. per annum of the Average Aggregate Collateral Balance (including amounts to be deposited into the Expense Reserve Account on each Payment Date in accordance with the Interest Proceeds Priority of Payments), payable in semi-annual instalments (calculated on the basis of a 360-day year and the actual number of days elapsed in such Due Period).

"Senior Loan" means a Secured Senior Loan or an Unsecured Senior Loan.

"Senior Outstanding Class" means the Class of Notes Outstanding which is at the relevant time most senior-ranking under the order of priority set out in Condition 3(b) (Relationship Among the Classes) save for Condition 10(b)(i) (Acceleration), Condition 10(c) (Curing of Default) and Condition 11 (Enforcement) in respect of an Event of Default under Condition 10(a)(iv) (Collateral Obligations) whereby the Senior Outstanding Class shall be the Class A-1 Notes and the Class A-2 Notes voting together as a single class.

"Senior Portfolio Management Fee" means the fee payable to the Portfolio Manager in arrear on each Payment Date in respect of the immediately preceding Due Period, pursuant to the Portfolio Management Agreement equal to 0.10 per cent. per annum of the Average Aggregate Collateral Balance, as determined by the Collateral Administrator and in respect of a replacement Portfolio Manager only, the fee specified in the Portfolio Management Agreement.

"Special Redemption" has the meaning given to it in Condition 7(d) (Special Redemption).

"Special Redemption Amount" has the meaning given to it in Condition 7(d) (Special Redemption).

"Special Redemption Date" has the meaning given to it in Condition 7(d) (Special Redemption).

"Special Situation Investment" means an investment which the Portfolio Manager (acting on behalf of the Issuer) may make from time to time during the Reinvestment Period using moneys on deposit in any of the Interest
Account or the Principal Account (or any combination of such Accounts) for the purpose of providing additional capital to Obligors of any Collateral Debt Obligations previously acquired on behalf of the Issuer, provided that:

(a) in the event that the Portfolio Manager so directs, the use of amounts from the Interest Account, the Interest Coverage Tests and the Par Value Tests will be satisfied immediately following such application;

(b) in the event that the Portfolio Manager so directs, the use of amounts from the Principal Account, the Collateral Quality Tests and the Par Preservation Test applicable to such Leverage Scenario will be satisfied immediately following such application;

(c) in the reasonable business judgement of the Portfolio Manager (which shall not be called into question as a result of any subsequent event), such additional lending will result in an improved financial condition of such Obligor;

(d) the consideration for such additional lending will be evidenced in the form of a Special Situation Investment Obligation of equal or prior ranking to the corresponding Collateral Debt Obligation;

(e) as soon as a Special Situation Investment Obligation satisfies the Eligibility Criteria, it will be deemed to be a Collateral Debt Obligation for all purposes and shall no longer be classified as a Special Situation Investment Obligation; and

(f) prior to being classified as a Collateral Debt Obligation, all cash and non-cash distributions on such Special Situation Investment Obligations shall be treated in the same manner as distributions on Collateral Debt Obligations, as applicable.

"Special Situation Investment Obligation" means a debt obligation of an Obligor received by the Issuer as consideration for a Special Situation Investment.

"Spot Rate" means (i) in relation to any amount the subject of an Asset Swap Agreement, the Asset Swap Transaction Exchange Rate, and (ii) in relation to any other exchange of non Euro denominated proceeds, the prevailing market spot rate, in each case determined in the reasonable business judgement (which shall not be called into question in light of subsequent events) of the Portfolio Manager.

"Stated Maturity" with respect to any Collateral Debt Obligation or Eligible Investment, means the date specified in such obligation as the fixed date on which the final payment or repayment of principal of such obligation is due and payable and with respect to any Principal Protected Equity Obligation, means the scheduled maturity date of the related Equity OAT Strip.

"Step-Up Security" means a security (i) which does not pay interest over a specified period of time ending prior to its maturity, but which does provide for the payment of interest after the expiration of such specified period or (ii) the interest rate of which increases over a specified period of time other than due to the increase of the floating rate applicable to such security.

"Structured Finance Security" means any debt security which is secured directly on or represents the ownership of, a pool of consumer receivables, auto loans, auto leases, equipment leases, home or commercial mortgages, corporate debt or sovereign debt obligations, collateralised loan obligations or any similar security, but not including any Synthetic Security.

"Subordinated Noteholders" means the person in whose name the Subordinated Notes are registered from time to time.

"Subordinated Noteholder Report" means the report defined as such in the Portfolio Management Agreement which is prepared by the Collateral Administrator (in consultation with the Portfolio Manager) on behalf of the Issuer, and delivered to the Issuer, the Trustee and the Portfolio Manager and, upon request therefor in accordance with Condition 4(e) (Information Regarding the Collateral), to any Subordinated Noteholder, in each case not later than the third Business Day preceding the related Payment Date, and which shall include information regarding the status of certain of the Collateral pursuant to the Portfolio Management Agreement.

"Subordinated Portfolio Management Fee" means the fee payable to the Portfolio Manager in arrear on each Payment Date in respect of each Due Period pursuant to the Portfolio Management Agreement in accordance with the Interest Proceeds Priority of Payments, the Principal Proceeds Priority of Payments and the Collateral Enforcement Obligations Proceeds Priority of Payments.

"Substitute Collateral Obligation" means a Collateral Obligation purchased out of Principal Proceeds or Interest Proceeds (if the Additional Reinvestment Test is not satisfied) pursuant to the terms of the Portfolio Management Agreement and which satisfies both the Eligibility Criteria and the Reinvestment Criteria.
"Substitute Collateral Debt Obligation" means a Collateral Debt Obligation purchased out of Principal Proceeds or Interest Proceeds (if the Additional Reinvestment Test is not satisfied) pursuant to the terms of the Portfolio Management Agreement and which satisfies both the Eligibility Criteria and the Reinvestment Criteria.

"Synthetic Collateral" means any assets which are cash or Eligible Investments comprising collateral required to be delivered by the Issuer as security for its obligations to, or to the account of, any Synthetic Counterparty under any Synthetic Security pursuant to the terms thereof. References to the price payable upon the acquisition of or entry into of a Synthetic Security acquired or entered into by the Issuer on an unfunded basis shall in this respect be deemed to be the aggregate principal amount of Synthetic Collateral required to be delivered by the Issuer to the applicable Synthetic Counterparty.

"Synthetic Collateral Account" means the account in the name of the Issuer held with the Custodian into which all Synthetic Collateral is to be deposited.

"Synthetic Counterparty" means any counterparty under a Synthetic Security or any guarantor of any such counterparty's obligations under a Synthetic Security.

"Synthetic Security" means any Euro denominated credit default swap transaction, credit-linked note, security issued by a trust or similar vehicle or other investment (excluding any equity investment) purchased from or entered into by the Issuer with a Synthetic Counterparty and that satisfies, save to the extent otherwise agreed by the Rating Agencies and the Senior Outstanding Class, acting by Ordinary Resolution, for as long as the Class A-1 Notes are the Senior Outstanding Class, the Eligibility Criteria (save for paragraph (a) and (k) thereof), the returns on which (as determined by the Portfolio Manager) are linked to the credit and/or price performance of a Reference Obligation (either individually or collectively pursuant to a credit default swap index subject to the consent of the Senior Outstanding Class, acting by Ordinary Resolution, for so long as the Class A-1 Notes are the Senior Outstanding Class), but which may provide for a different maturity, payment dates, interest rate, credit exposure or other credit or non-credit related characteristics than such Reference Obligation; provided that:

(a) such Synthetic Security will not require the Issuer to make any payment to the Synthetic Counterparty after the initial purchase thereof by the Issuer other than the delivery or payment to the Synthetic Counterparty of any Synthetic Collateral pledged in accordance with the terms thereof and provided that any obligations of the Issuer thereunder are limited to such Synthetic Collateral;

(b) where such Synthetic Security is unfunded, it contains limited recourse provisions (with recourse being only to the Synthetic Collateral or to the principal amount of the Synthetic Security) and non-petition provisions, in each case (and save as provided in this paragraph (b)) in substantially the same form as those set out in Condition 4(c) (Limited Recourse);

(c) the ownership of such Synthetic Security will not subject the Issuer to net income tax;

(d) all scheduled payments made pursuant to the terms of such Synthetic Security are at a fixed interest rate, or at a variable interest rate based on an interest rate used for borrowings or financings in domestic or international markets or are linked to the payments on one or more Reference Obligations (which payments are themselves at a fixed interest rate or a variable interest rate based on an interest rate used for borrowings or financings in domestic or international markets); and

(e) such Synthetic Security will not constitute a commodity option, leverage transaction or futures contract that is subject to the jurisdiction of the U.S. Commodity Futures Trading Commission.

The entry into any Synthetic Security will be subject to Rating Agency Confirmation. If such Rating Agency Confirmation is given, the Rating Agencies shall specify whether any Synthetic Security entered into or acquired shall be treated as a Senior Loan, Unsecured Senior Loan or a Mezzanine Obligation. Moody's will provide a Moody's Rating Factor for a Synthetic Security at the time of Rating Agency Confirmation. For the avoidance of doubt, an Asset Swap Obligation or an Intermediary Obligation shall not constitute a Synthetic Security.

"Target Par Amount" means the Closing Date Target Par Amount and in respect of each adjustment to the Leverage Scenario, the Target Par Amount specified in the applicable Leverage Scenario Grid.

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer System (or, if such system ceases to be operative, such other system (if any) determined by the Trustee to be a suitable replacement).

"Transaction Documents" means the Trust Deed, the Agency Agreement, the Portfolio Management Agreement, the Subscription Agreement, the Euroclear Pledge Agreement, the Class A-1R Note Purchase Agreement, the Liquidity Facility Agreement, any Asset Swap Agreements, any Interest Rate Hedge Agreement, any Offsetting Credit Default Swaps, any Credit Short Obligations, the Collateral Acquisition Agreements, the Participation Agreements and the Corporate Services Agreement.
"Trustee Fees and Expenses" means the fees and expenses (including, without limitation, legal fees, costs, liabilities, indemnity amounts), together with value added tax thereon, and other amounts payable to the Trustee or any other agent, delegate or appointee thereof pursuant to the Trust Deed and/or these Conditions from time to time, including any interest payable thereon.

"Uncollateralised CLN" means a Synthetic Security that (a) is not issued by a special purpose vehicle or trust and (b) is not secured by any collateral.

"Underlying Instrument" means the agreements or instruments pursuant to which a Collateral Obligation has been issued or created and each other agreement that governs the terms of, or secures the obligations represented by, such Collateral Obligation or under which the holders or creditors under such Collateral Obligation are the beneficiaries.

"Unfunded Amount" means, with respect to any Revolving Collateral Obligation, Delayed Drawdown Collateral Obligation or Unfunded Synthetic Security, the excess, if any, of (i) the Commitment Amount under such Revolving Collateral Obligation, Delayed Drawdown Collateral Obligation or Unfunded Synthetic Security, as the case may be, at such time over (ii) the Funded Amount thereof at such time.

"Unfunded Synthetic Security" means a Synthetic Security in the form of a credit default swap transaction entered into by the Issuer and under which the Issuer has not provided to the Synthetic Counterparty by way of initial payment or Synthetic Collateral an amount equal to the principal amount of the Synthetic Security.

"Unhedged Collateral Debt Obligation" means a Non-Euro Obligation which is not an Asset Swap Obligation or any portion of a Non-Euro Obligation that is not the subject of an Asset Swap Transaction.

"Upfront Credit Short Obligation Issuer Payment" means, with respect to any Credit Short Obligation, a fixed amount (as defined therein) to be paid upfront to the applicable Credit Short Obligation Counterparty by the Issuer under such Credit Short Obligation, but excluding any Defaulted Credit Short Obligation Issuer Termination Payment.

"Unscheduled Principal Proceeds" means:

(a) with respect to any Collateral Debt Obligation (other than a Non-Euro Obligation, Defaulted Obligation or a Synthetic Security), principal repayments prior to the Stated Maturity thereof received as a result of optional redemptions, prepayments (including any acceleration) or Offers (excluding any premiums or make whole amounts in excess of the principal amount of such Collateral Debt Obligation) and any other principal repayments with respect to Collateral Debt Obligations not constituting Scheduled Principal Proceeds (to the extent not included in Sale Proceeds);

(b) in the case of any Asset Swap Obligation, the Asset Swap Counterparty Principal Exchange Amount payable to the Issuer in such circumstances pursuant to the related Asset Swap Transaction, together with any amounts that are not payable to such Asset Swap Counterparty pursuant to the terms of such Asset Swap Transaction;

(c) in the case of any Synthetic Security, Synthetic Collateral (or any amount received upon liquidation thereof) that ceases to be subject to the applicable Synthetic Counterparty's security interest on termination (but not expiration) of such Synthetic Security other than at the option of the Issuer.

"Unsecured Senior Loan" means a collateral debt obligation (which may be a Revolving Collateral Obligation or a Delayed Drawdown Collateral Obligation) that is:

(a) a loan obligation (other than a Mezzanine Obligation or a high yield bond) senior to any unsecured, subordinated obligation of an Obligor as determined by the Portfolio Manager in its reasonable business judgement or a Participation therein; and

(b) is not a Secured Senior Loan; or

(c) if it is a Synthetic Security, the applicable Reference Obligation is an obligation of the type described in (a) and (b) above.

"Unused Proceeds" means an amount equal to the net proceeds of issue of the Notes remaining after the payment of certain fees and expenses due and payable by the Issuer on the Closing Date (or any other date when Notes are issued pursuant to Condition 17 (Further Issues)).

"Unused Proceeds Account" means an interest bearing account in the name of the Issuer with the Account Bank into which the Issuer will procure amounts are deposited in accordance with Condition 3(k)(iii) (Unused Proceeds Account).
"U.S. Person" has the meaning given thereto in Regulation S.

"U.S. Second Lien Loan" means:

(a) a loan or similar obligation (but not a high yield bond or a Mezzanine Obligation) in the reasonable business judgement of the Portfolio Manager (i) that is not (and cannot by its terms become) subordinated in right of payment to any unsecured obligation of the obligor in any bankruptcy reorganisation, arrangement, insolvency, oratorio, or liquidation proceeds; (ii) that is secured by a pledge of collateral that is subordinate only to debt that is not subordinate to any other debt and (iii) with respect to which the Portfolio Manager determines in good faith that the value of the collateral securing the loan on or about the time of origination equals or exceeds the outstanding principal balance of the loan plus the aggregate outstanding principal amounts of all other loans of equal or higher seniority secured by the same collateral; or

(b) a Synthetic Security, the relevant Reference Obligation of which is an obligation of the type described in (a) above.

"U.S. Source Income" means income that is treated for U.S. income tax purposes as being from sources within the United States.

"Withholding Tax Event" means either a Collateral Tax Event or a Note Tax Event.

"Written Resolution" means any Resolution of the Noteholders in writing, as described in Condition 14 (Meetings of Noteholders, Modification, Waiver and Substitution) and as further described in, and as further defined in, the Trust Deed.

"Zero Coupon Security" means a security (other than a Step-Up Security) that, at the time of determination, does not provide for periodic payments of interest.

2. Form and Denomination, Title and Transfer

(a) Form and Denomination The Notes are in definitive fully registered form, without interest coupons or principal receipts attached, in the applicable Authorised Denomination. A Definitive Certificate will be issued to each Noteholder in respect of its registered holding or holdings of Notes. Each Definitive Certificate will be numbered serially with an identifying number which will be recorded in the Register which the Issuer shall procure to be kept by the Registrar.

(b) Title to the Registered Notes Title to the Notes passes upon registration of transfers in the Register in accordance with the provisions of the Agency Agreement and the Trust Deed. Notes will be transferable only on the books of the Issuer and its agents. The registered holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder. A up-to-date duplicate copy of the Register shall be kept at the registered office of the Issuer. In case of inconsistency between the duplicate copy of the Register kept at the registered office of the Issuer and the Register kept by the Registrar, the duplicate copy of the Register at the registered office of the Issuer shall prevail.

(c) Transfer One or more Notes may be transferred in whole or in part in nominal amounts of the applicable Authorised Denomination only upon the surrender, at the specified office of the Registrar or any Transfer Agent, of the Definitive Certificate representing such Note(s) to be transferred, with the form of transfer endorsed on such Definitive Certificate duly completed and executed and together with such other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Definitive Certificate, a new Definitive Certificate will be issued to the transferee in respect of the part transferred and a further new Definitive Certificate in respect of the balance of the holding not transferred will be issued to the transferor.

(d) Delivery of New Certificates Each new Definitive Certificate to be issued pursuant to Condition 2(c) (Transfer) will be available for delivery within five Business Days of receipt of such form of transfer or of surrender of an existing Certificate upon partial redemption. Delivery of new Definitive Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar, as the case may be, to whom delivery or surrender shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer or otherwise in writing, shall be mailed by pre-paid first class post, at the risk of the holder entitled to the new Definitive Certificate, to such address as may be so specified. In this Condition 2(d) "Business Day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified offices of the Transfer Agents and the Registrar.
(c) **Transfer Free of Charge**  Transfer of Notes and Definitive Certificates representing such Notes in accordance with these Terms and Conditions on registration or transfer will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

(f) **Closed Periods**  No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 calendar days ending on the due date for redemption (in full) of that Note or (ii) during the period of seven calendar days ending on (and including) any Record Date.

(g) **Regulations Concerning Transfer and Registration**  All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning the transfer of Notes scheduled to the Trust Deed, including without limitation, that a transfer of Notes in breach of certain of such regulations will result in such transfer being void ab initio. The regulations may be changed by the Issuer in any manner which is reasonably required by the Issuer (after consultation with the Trustee) to reflect changes in legal or regulatory requirements or in any other manner which, in the opinion of the Issuer (after consultation with the Trustee), is not prejudicial to the interests of the holders of the relevant Class of Notes. A copy of the current regulations may be inspected at the offices of any Transfer Agent during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes and will be sent by the Registrar to any Noteholder who so requests.

(h) **Forced Transfer of Certain Notes**  If the Issuer determines at any time that (1) any holder of Regulation S Notes is a U.S. Person or (2) any holder of any Note has made or been deemed to have made an ERISA related representation that is false or misleading or if the beneficial owner of such Note is an "employee benefit plan" (as defined in Section 3(3) of Title I of the Employee Retirement Income Security Act 1974, as amended ("ERISA")) that is subject to the fiduciary responsibilities provisions of ERISA, a "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code") that is subject to Section 4975 of the Code or any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity (any such person, a "Non-Permitted Holder"), the Issuer shall direct such holder to sell or transfer its Notes to a person that is not a Non-Permitted Holder within 14 days following receipt of such notice. If such Non-Permitted-Holder fails to effect the transfer required within such 14-day period, (a) upon direction from the Issuer or the Portfolio Manager on its behalf, the Trustee, on behalf of and at the expense of the issuer, shall cause such beneficial interest to be transferred in a commercially reasonable sale to a person or entity that certifies to the Trustee and the Issuer, in connection with such transfer, that such person or entity is not a Non-Permitted Holder; and (b) pending such transfer, no further payments will be made in respect of such beneficial interest. The Issuer may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to such Notes and selling such Notes to the highest such bidder. However, the Issuer may select a purchaser by any other means determined by it in its sole discretion. Each Noteholder and each other Person in the chain of title from the permitted Noteholder to the Non-Permitted Holder by its acceptance of an interest in such Notes agrees to co-operate with the Issuer and the Transfer Agent to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale shall be remitted to the selling Noteholder. The terms and conditions of any sale hereunder shall be determined in the sole discretion of the Issuer, subject to the transfer restrictions set out herein, and neither the Issuer nor the Transfer Agent shall be liable to any Person having an interest in the Notes sold as a result of any such sale or the exercise of such discretion. The Issuer and the Transfer Agent reserve the right to require any holder of Regulation S Notes to submit a written certification substantiating that it is not a Non-Permitted Holder. If such holder fails to submit any such requested written certification on a timely basis, the Issuer and the Transfer Agent have the right to assume that the holder of the Notes from whom such a certification is requested is not a Non-Permitted Holder. Furthermore, the Issuer and the Transfer Agent reserve the right to refuse to honour a transfer of beneficial interests in any Note to a Non-Permitted Holder.

(i) **Exchange of Class P Combination Notes**  So long as the Class P Combination Notes remain Outstanding, a Class P Combination Note may be exchanged at the offices of any Transfer Agent in accordance with the provisions set out herein and in the Trust Deed as follows:

(i) a Class P Combination Note may be exchanged for:

   (A) Class C Notes in an original principal amount (determined by reference to the date of issuance thereof) equal to such Class P Combination Note's Class C Component; and

   (B) Class E Notes in an original principal amount (determined by reference to the date of issuance thereof) equal to such Class P Combination Note's Class E Component,
provided that, Class P Combination Notes may only be exchanged for the Components thereof to the extent that the principal amounts (determined by reference to the date of issuance thereof) of the Notes to which such Components relate and in respect of which such exchange is expected to be effected are equal to an applicable Authorised Denomination thereof and in excess of the applicable Minimum Denominations.

(j) **Class A-1R Notes**

(i) The Class A-1R Noteholders have agreed to pay to the Issuer the amounts from time to time specified in any Class A-1R Advance Request up to an aggregate amount not exceeding the Class A-1R Commitment on the terms and subject to the conditions set out in the Class A-1R Note Purchase Agreement.

(ii) If any Class A-1R Noteholder or any Committed Facility Provider fails to satisfy the Class A-1R Rating Criteria prior to the Commitment Termination Date (a "Non-Compliant Class A-1R Noteholder"), it shall at its sole expense within 30 days thereafter:

(A) in the case of the Class A-1R Noteholder or Committed Facility Provider, transfer all of its rights and obligations in respect of the Class A-1R Notes held by such Class A-1R Noteholder to an entity which satisfies the Class A-1R Rating Criteria;

(B) in the case of the Class A-1R Noteholder or Committed Facility Provider, deposit or cause to be deposited Class A-1R Collateral;

(C) in the case of the Class A-1R Noteholder or Committed Facility Provider, subject to receipt of Rating Agency Confirmation, have its obligations guaranteed by an entity which satisfies the Class A-1R Rating Criteria; or

(D) solely in the case of the Class A-1R Noteholder, subject to receipt of Rating Agency Confirmation, enter into a credit support facility with a Committed Facility Provider which satisfies the Class A-1R Rating Criteria, (each such action a "Class A-1R Rating Action").

(iii) If a Non-Compliant Class A-1R Noteholder who or whose Committed Facility Provider fails to take any Class A-1R Rating Action within 10 Business Days of the last day of the 30 calendar day period, the relevant Class A-1R Noteholder may be required by the Portfolio Manager (acting on behalf of the Issuer) to sell or otherwise transfer such Notes to a purchaser selected by the Issuer on such terms as the Portfolio Manager (acting on behalf of the Issuer) may choose, subject to the transfer restrictions set out herein and the transferee satisfying the Class A-1R Rating Criteria. The Portfolio Manager (acting on behalf of the Issuer) may select the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to such Notes and selling such Notes to the highest such bidder. However, the Portfolio Manager (acting on behalf of the Issuer) may select a purchaser by any other means determined by it in its sole discretion.

(iv) A transfer or sale by a Class A-1R Noteholder who is a Defaulting Noteholder to a transferee or purchaser of the relevant Class A-1R Noteholder's Notes shall not be effective until such transferee or purchaser funds all of such Defaulted Class A-1R Advances in respect of such Class A-1R Notes in the relevant currencies.

(v) Any Defaulting Noteholder Paid Amounts shall, for so long as such Defaulting Noteholder continues to fail to satisfy such requirement or until such Defaulting Noteholder is replaced by another entity that meets the Class A-1R Rating Criteria and satisfies such Defaulting Noteholder's failed funding obligation, be paid initially into the relevant Class A-1R Collateralising Noteholder Account. Defaulting Noteholder Paid Amounts shall be transferred to the Principal Account as required to be applied to fund such Defaulting Noteholder's Defaulted Class A-1R Advance. Interest on such Defaulting Noteholder Paid Amounts shall accrue on the date that such amounts are applied to fund the relevant Defaulted Class A-1R Advance and principal and interest due to the Class A-1R Noteholder in excess of the Defaulting Noteholder Paid Amounts shall be retained in a Class A-1R Collateralising Noteholder Account and identified as being for the benefit of such Class A-1R Noteholder, as applicable, until such time as such Class A-1R Noteholder or its Committed Facility Provider, as applicable, is in compliance with its funding obligations.

(vi) On a transfer or sale of the Class A-1R Notes relating to a Defaulting Noteholder such Class A-1R Noteholder shall only be entitled to receive any Defaulting Noteholder Paid Amounts, any interest accrued thereon and any amounts in excess thereof, retained in the relevant Class A-1R
Collateralising Noteholder Account applicable to such Class A-1R Notes once the transferee or purchaser has fully funded such Defaulting Noteholder's Defaulted Class A-1R Advance.

(vii) Any Class A-1R Interest Amounts shall accrue, in respect of the first Class A-1R Accrual Period, applicable thereto, from the date on which such payments are made by the transferee or purchaser. The Class A-1R Commitment Fee, and any proportionate share of any Class A-1R Make Whole Amounts in respect of the Class A-1R Notes shall accrue from and including the date on which the Defaulted Class A-1R Advances are funded by such transferee or purchaser, but excluding the next Payment Date. The Class A-1R Commitment Fee, any Class A-1R Interest Amounts and such Class A-1R Noteholder's proportionate share of any Class A-1R Make Whole Amounts will subsequently accrue in respect of such Class A-1R Notes in accordance with the provisions of Condition 6 (Interest).

3. Status

(a) **Status** The Notes of each Class constitute direct, general, secured obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 4(c) (Limited Recourse). The Notes of each Class are secured in the manner described in Condition 4(a) (Security) and, within each Class, shall at all times rank pari passu and without any preference amongst themselves, save that Class A-1R Advances may be repaid on any Business Day, not only a Payment Date, as more fully described in Condition 7(k) (Repayment of Class A-1R Advances and Reduction of the Class A-1R Commitment).

(b) **Relationship Among the Classes** The Notes of each Class are constituted by the Trust Deed and are secured on the Collateral as further described in the Trust Deed. Payments of interest on each Class of Notes will be subordinated to payments of interest on each Class of Notes (if any) ranking in priority thereto pursuant to the Priorities of Payment and payments of principal on each Class of Notes will be subordinated to payments of principal on each Class of Notes (if any) ranking in priority thereto pursuant to the Priorities of Payment. Notwithstanding the foregoing, in the circumstances described below payment of interest on a more junior ranking Class of Notes may be paid prior to payment of principal on a Class of Notes ranking senior in priority thereto as a result of the operation of the Interest Proceeds Priority of Payments and the Collateral Proceeds Priority of Payment.

For purposes of subordination and the Priorities of Payments set out in Condition 3(c) (Priorities of Payments), the Class P Combination Notes shall not be treated as a separate Class of Notes but Components of the Class P Combination Notes will be treated as Notes of the Classes represented by its Components.

(c) **Priorities of Payments** The Collateral Administrator shall (on the basis of the Payment Date Report prepared by the Collateral Administrator pursuant to the terms of the Portfolio Management Agreement on each Determination Date), on behalf of the Issuer and in consultation with the Portfolio Manager, on each Payment Date cause the Account Bank to disburse Interest Proceeds, Principal Proceeds and Collateral Enhancement Obligation Proceeds transferred to the Payment Account on the second Business Day prior to such Payment Date, in accordance with the following Priorities of Payments.

(i) **Application of Interest Proceeds**

Interest Proceeds shall be applied in the following order of priority:

(A) in payment on a pro rata basis of:

(1) taxes or statutory fees owing by the Issuer and certified as such by a Director of the Issuer to be due in respect of the related Due Period; and

(2) the Issuer Fee;

(B) in payment on a pro rata basis of due and unpaid Trustee Fees and Expenses, up to an amount equal to the Senior Expenses Cap in respect of any Due Period provided that the Senior Expenses Cap shall not apply to this paragraph at any time following the taking of Enforcement Action by the Trustee;

(C) in payment on a pro rata basis of:

(1) due and unpaid Administrative Expenses in relation to each item thereof, on a pari passu basis up to an amount equal to the Senior Expenses Cap less (i) any amounts paid under paragraph (B) above in respect of the related Due Period; and

(ii) any amounts paid pursuant to paragraph (2) of Condition 3(k)(ix) (Expense Reserve Account) in the related Due Period;
(2) except on the Payment Date on which the Subordinated Notes are to be redeemed in full, to the payment of an amount equal to €50,000 into the Expense Reserve Account; and

(3) due and unpaid Deferred Fees and Expenses Periodic Payment;

(D) in payment on a pro rata basis of any Scheduled Periodic Interest Rate Hedge Issuer Payments due and payable (to the extent not paid previously from the Interest Account), any Scheduled Periodic Asset Swap Issuer Payments due and payable to the extent not paid from funds available within the Asset Swap Account, any Scheduled Periodic Offset Credit Default Swap Issuer Payments due and payable to the extent not paid previously from the Interest Account and any Upfront Credit Short Obligation Issuer Payments due and payable to the extent not paid previously from the Interest Account;

(E) in payment on a pro rata basis of any Interest Rate Hedge Issuer Termination Payments due and payable, any Asset Swap Issuer Termination Payments due and payable and any Offset Credit Default Swap Termination Payments due and payable in each case, to the extent not paid from funds available within the Principal Account or Interest Account (and for the avoidance of doubt Offset Credit Default Swap Termination Payments may be paid prior to the relevant Payment Date provided that sufficient funds are available to pay the amounts referred to in paragraphs (A) to (D) (inclusive) above on the next Payment Date as reasonably determined by the Portfolio Manager);

(F) to the payment of any amounts due and payable to the Liquidity Facility Provider payable under the Liquidity Facility Agreement (for the avoidance of doubt, being any commitment fees, Liquidity Drawings and Liquidity Facility Interest Amounts);

(G) in payment to the Portfolio Manager of the Senior Portfolio Management Fee due and payable on such Payment Date plus any value added tax in respect thereof (whether payable to the Portfolio Manager or directly to the relevant taxing authority) and, thereafter, to the payment on a pro rata basis of any unpaid Senior Portfolio Management Fee, together with any interest accrued thereon in accordance with the Portfolio Management Agreement to the extent that it remains unpaid in accordance with the Portfolio Management Agreement, plus any value added tax in respect thereof (whether payable to the Portfolio Manager or directly to the relevant taxing authority);

(H) to the payment on a pro rata and pari passu basis of all Interest Amounts due and payable on the Class A-1 Notes;

(I) to the payment on a pro rata and pari passu basis of the Interest Amounts due and payable on the Class A-2 Notes;

(J) if the Class A Par Value Test is not satisfied or, following the Effective Date, if either of the Class A Coverage Tests is not satisfied, to redeem the Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class A-2 Notes, in whole or in part, to the extent necessary to cause the Class A Coverage Tests to be met if recalculated following such redemption;

(K) to the payment on a pro rata and pari passu basis of the Interest Amounts due and payable on the Class B Notes;

(L) if the Class B Par Value Test is not satisfied or, following the Effective Date, the either of the Class B Coverage Tests is not satisfied, to redeem the Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class A-2 Notes, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class B Notes, in whole or in part, to the extent necessary to cause the Class B Coverage Tests to be met if recalculated following such redemption;

(M) to the payment on a pro rata and pari passu basis of the Interest Amounts due and payable on the Class C Notes;

(N) if the Class C Par Value Test is not satisfied or, following the Effective Date, if either of the Class C Coverage Tests is not satisfied on the related Determination Date, to redeem the Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class A-2
Notes, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class B Notes, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class C Notes, in whole or in part, to the extent necessary to cause the Class C Coverage Tests to be met if recalculated following such redemption;

(O) to the payment on a pro rata and pari passu basis of the Interest Amounts due and payable on the Class D Notes;

(P) if the Class D Par Value Test is not satisfied or, following the Effective Date, if either of the Class D Coverage Tests is not satisfied on the related Determination Date, to redeem the Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class A-2 Notes, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class B Notes, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class C Notes, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class D Notes, in whole or in part, to the extent necessary to cause the Class D Coverage Tests to be met if recalculated following such redemption;

(Q) to the payment on a pro rata and pari passu basis of the Interest Amounts due and payable on the Class E Notes;

(R) if the Class E Par Value Test is not satisfied or, following the Effective Date, if either of the Class E Coverage Tests is not satisfied on the related Determination Date, to redeem the Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class A-2 Notes, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class B Notes, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class C Notes, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class D Notes, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class E Notes, in whole or in part, to the extent necessary to cause the Class E Coverage Tests to be met if recalculated following such redemption;

(S) in payment of Deferred Interest on the Class B Notes;

(T) in payment of Deferred Interest on the Class C Notes;

(U) in payment of Deferred Interest on the Class D Notes;

(V) in payment of Deferred Interest on the Class E Notes;

(W) on the Payment Date following the occurrence of an Effective Date Rating Event which is continuing on the second Business Day prior to such Payment Date, to redeem the Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class A-2 Notes in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class B Notes in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class C Notes in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class D Notes in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class E Notes in whole or in part, to the extent necessary to cause the Effective Date Rating Event to be no longer continuing;

(X) during the Reinvestment Period if the Additional Reinvestment Test is not satisfied on the related Determination Date, an amount up to 50 per cent. of the remaining Interest Proceeds shall be (i) used to purchase Substitute Collateral Obligations, and/or (ii) deposited in the Principal Account pending reinvestment in Substitute Collateral Obligations, to the extent necessary to cause the Additional Reinvestment Test to be met if calculated following such purchase or payment and/or (iii) used to redeem the Notes in accordance with Condition 7(d) (Special Redemption), to the extent necessary to cause the Additional Reinvestment Test to be met if calculated following such purchase or payment;

(Y) in payment of any due and unpaid Trustee Fees and Expenses to the extent not paid pursuant to paragraph (B) above by reason of the Senior Expenses Cap;

(Z) in payment, on a pro rata and pari passu basis, of any due and unpaid Administrative Expenses to the extent not paid pursuant to paragraph (C)(1) above by reason of the Senior Expenses Cap;
(AA) in payment on a pro rata basis of any (i) Defaulted Interest Rate Hedge Termination Payments due to any Interest Rate Hedge Counterparty, (ii) any Defaulted Asset Swap Termination Payments due to any Asset Swap Counterparty, (in the case of (i) and (ii), to the extent not paid from funds available within the Principal Account), (iii) any Interest Rate Hedge Replacement Payments due to any Interest Rate Hedge Counterparty (to the extent not paid from funds available in the Interest Rate Hedge and Asset Swap Termination Account), (iv) any Asset Swap Replacement Payment due to any Asset Swap Counterparty (to the extent not paid from funds available in the Interest Rate Hedge and Asset Swap Termination Account), (v) any Defaulted Credit Short Obligation Issuer Termination Payments due to any Credit Short Obligation Counterparty to the extent not paid from the Credit Short Obligation Replacement Receipt paid to the Issuer by the Replacement Credit Short Obligation Counterparty under the Replacement Credit Short Obligation (if any) and (vi) any Defaulted Offsetting Credit Default Swap Issuer Termination Payments due to any Offsetting Credit Default Swap Counterparty to the extent not paid from the Offsetting Credit Default Swap Replacement Receipt paid to the Issuer by the Replacement Offsetting Credit Default Swap Counterparty under the Replacement Offsetting Credit Default Swap (if any);

(BB) to the payment, on a pro rata and pari passu basis, of (i) any Credit Short Obligation Replacement Payments due to any replacement Credit Short Obligation Counterparty and (ii) any Offsetting Credit Default Swap Replacement Payments due to any replacement Offsetting Credit Default Swap Counterparty;

(CC) to the extent not paid out of Collateral Enhancement Obligation Proceeds pursuant to Condition 3(c)(iii) (Application of Collateral Enhancement Obligation Proceeds) or the balance standing to the credit of the Collateral Enhancement Account, and provided there is no balance standing to the credit of the Collateral Enhancement Account, to the repayment of any Portfolio Manager Advances, provided that on the first Payment Date only, payments made under this paragraph (CC) and paragraph (DD) below, shall not exceed €200,000 in aggregate;

(DD) at the discretion of the Portfolio Manager to payment into the Collateral Enhancement Account up to a maximum aggregate amount (taking into account all payments to the Collateral Enhancement Account on any prior Payment Date) of €2,000,000, provided that on the first Payment Date only, payments made under this paragraph (DD) and paragraph (CC) above, shall not exceed €200,000 in aggregate;

(EE) upon satisfaction of the Interest Reserve Replenishment Threshold, in payment of an amount determined at the discretion of the Portfolio Manager to the Interest Reserve Account;

(FF) to the extent that any Interest Proceeds remain:

(1) to the payment to the Portfolio Manager of any Subordinated Portfolio Management Fee due and payable in an amount equal to 19.50 per cent. of any Interest Proceeds remaining on such Payment Date and to the payment of any value added tax in respect thereof (whether payable to the Portfolio Manager or directly to the relevant taxing authority); and thereafter

(2) to the payment of interest on the Subordinated Notes on a pro rata basis.

Any amounts payable pursuant to the Interest Proceeds Priority of Payments to a Class A-1R Noteholder which is or whose Committed Facility Provider is a Defaulting Noteholder shall be paid into such Class A-1R Noteholder's Class A-1R Collateralising Noteholder Account where provided for in the Class A-1R Note Purchase Agreement.

(ii) Application of Principal Proceeds

Principal Proceeds shall be applied in the following order of priority:

(A) to the payment on a sequential basis of the amounts referred to in paragraphs (A) to (I) (inclusive) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder provided that any amounts which are due to a Class A-1R Noteholder which is a Defaulting Noteholder shall be paid to the relevant sub-account of the Class A-1R Collateralising Noteholder Account;
in the event that any of the Coverage Tests are not satisfied on the related Determination Date (to the extent that Interest Proceeds are insufficient), to redeem the Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence, in whole or in part, and thereafter to redeem on a pro rata and pari passu basis the Class A-2 Notes, in whole or in part, to the extent necessary to cause the Coverage Tests to be met if recalculated following such redemption;

after the Reinvestment Period, in payment to the Class A-1 Noteholders in payment of the Principal Amount Outstanding of the Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence, provided that Unscheduled Principal Proceeds, Sale Proceeds of Credit Improved Obligations and Principal Protected Equity Obligation Principal Proceeds in an amount which shall not exceed the amount (if any) by which the Equity OAT Strips Market Value exceeds the Principal Protected Equity Obligation Ledger Required Balance shall not be so applied to the extent such amounts have been designated for reinvestment by the Portfolio Manager pursuant to the Portfolio Management Agreement;

after the Reinvestment Period, in payment on a pro rata and pari passu basis to the Class A-2 Noteholders in payment of the Principal Amount Outstanding of the Class A-2 Notes, provided that Unscheduled Principal Proceeds, Sale Proceeds of Credit Improved Obligations and Principal Protected Equity Obligation Principal Proceeds in an amount which shall not exceed the amount (if any) by which the Equity OAT Strips Market Value exceeds the Principal Protected Equity Obligation Ledger Required Balance shall not be so applied to the extent such amounts have been designated for reinvestment by the Portfolio Manager pursuant to the Portfolio Management Agreement;

after the Principal Amount Outstanding of the Class A Notes has been reduced to zero, to the payment on a pro rata and pari passu basis of the Interest Amount due and payable on the Class B Notes, to the extent not paid pursuant to the Interest Proceeds Priority of Payments;

in the event the Class B Coverage Tests, the Class C Coverage Tests, the Class D Coverage Tests and/or the Class E Coverage Tests are not satisfied on the related Determination Date (to the extent that Interest Proceeds are insufficient), to redeem on a pro rata and pari passu basis the Class B Notes, in whole or in part, to the extent necessary to cause the Class B Coverage Tests, the Class C Coverage Tests, the Class D Coverage Tests and the Class E Coverage Tests, to be met if recalculated following such redemption;

after the Reinvestment Period, in payment on a pro rata and pari passu basis to the Class B Noteholders in payment of the Principal Amount Outstanding of the Class B Notes, provided that Unscheduled Principal Proceeds, Sale Proceeds of Credit Improved Obligations and Principal Protected Equity Obligation Principal Proceeds in an amount which shall not exceed the amount (if any) by which the Equity OAT Strips Market Value exceeds the Principal Protected Equity Obligation Ledger Required Balance shall not be so applied to the extent such amounts have been designated for reinvestment by the Portfolio Manager pursuant to the Portfolio Management Agreement;

after the Principal Amount Outstanding of the Class A Notes and Class B Notes has been reduced to zero, to the payment on a pro rata and pari passu basis of the Interest Amount due and payable on the Class C Notes, to the extent not paid pursuant to the Interest Proceeds Priority of Payments;

in the event the Class C Coverage Tests, the Class D Coverage Tests and/or the Class E Coverage Tests are not satisfied on the related Determination Date (to the extent that Interest Proceeds are insufficient), to redeem on a pro rata and pari passu basis the Class C Notes, in whole or in part, to the extent necessary to cause the Class C Coverage Tests, the Class D Coverage Tests and the Class E Coverage Tests, to be met if recalculated following such redemption;

after the Reinvestment Period, on a pro rata and pari passu basis to the Class C Noteholders in payment of the Principal Amount Outstanding of the Class C Notes, provided that Unscheduled Principal Proceeds, Sale Proceeds of Credit Improved Obligations and Principal Protected Equity Obligation Principal Proceeds in an amount which shall not exceed the amount (if any) by which the Equity OAT Strips Market Value exceeds the Principal Protected Equity Obligation Ledger Required Balance shall
not be so applied to the extent such amounts have been designated for reinvestment by the Portfolio Manager pursuant to the Portfolio Management Agreement;

(K) after the Principal Amount Outstanding of the Class A Notes, the Class B Notes and the Class C Notes have been reduced to zero, to the payment on a pro rata and pari passu basis of the Interest Amounts due and payable on the Class D Notes, to the extent not paid pursuant to the Interest Proceeds Priority of Payments;

(L) if the Class D Coverage Tests and/or the Class E Coverage Tests are not satisfied on the related Determination Date (to the extent that Interest Proceeds are insufficient), to redeem on a pro rata and pari passu basis the Class D Notes, in whole or in part, to the extent necessary to cause the Class D Coverage Tests and the Class E Coverage Tests to be met if recalculated following such redemption;

(M) after the Reinvestment Period, on a pro rata and pari passu basis to the Class D Noteholders in payment of the Principal Amount Outstanding of the Class D Notes, provided that Unscheduled Principal Proceeds, Sale Proceeds of Credit Improved Obligations and Principal Protected Equity Obligation Principal Proceeds in an amount which shall not exceed the amount (if any) by which the Equity OAT Strips Market Value exceeds the Principal Protected Equity Obligation Ledger Required Balance shall not be so applied to the extent such amounts have been designated for reinvestment by the Portfolio Manager pursuant to the Portfolio Management Agreement;

(N) after the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes has been reduced to zero, to the payment on a pro rata and pari passu basis, of the Interest Amount due and payable on the Class E Notes, to the extent not paid pursuant to the Interest Proceeds Priority of Payments;

(O) in the event the Class E Coverage Tests are not satisfied on the related Determination Date (to the extent that application of Interest Proceeds is insufficient), to redeem on a pro rata and pari passu basis the Class E Notes, in whole or in part, to the extent necessary to cause the Class E Coverage Tests as applicable to be met if recalculated following such redemption;

(P) after the Reinvestment Period, on a pro rata and pari passu basis to the Class E Noteholders in payment of the Principal Amount Outstanding of the Class E Notes, provided that Unscheduled Principal Proceeds, Sale Proceeds of Credit Improved Obligations and Principal Protected Equity Obligation Principal Proceeds in an amount which shall not exceed the amount (if any) by which the Equity OAT Strips Market Value exceeds the Principal Protected Equity Obligation Ledger Required Balance shall not be so applied to the extent such amounts have been designated for reinvestment by the Portfolio Manager pursuant to the Portfolio Management Agreement;

(Q) where redemption on such Payment Date is required pursuant to Condition 7(e) (Redemption upon Effective Date Rating Event) (to the extent that application of Interest Proceeds for such purpose as described in paragraph (W) of the Interest Proceeds Priority of Payments is insufficient to cause the Effective Date Rating Event to no longer apply) or Condition 7(d) (Special Redemption), in payment to the Class A-1 Noteholders in payment of the Principal Amount Outstanding under the Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence and, upon redemption in full of the Class A-1 Notes, thereafter to redeem on a pro rata and pari passu basis the Principal Amount Outstanding under the Class A-2 Notes and, upon redemption in full of the Class A Notes, thereafter to redeem on a pro rata and pari passu basis the Principal Amount Outstanding under the Class B Notes in full, thereafter to redeem on a pro rata and pari passu basis Principal Amount Outstanding under the Class C Notes in full, thereafter to redeem on a pro rata and pari passu basis the Principal Amount Outstanding under the Class D Notes in full, and thereafter to redeem on a pro rata and pari passu basis the Principal Amount Outstanding under the Class E Notes in full;

(R) after redemption in full of the Rated Notes, to the payment on a pro rata basis of any due and unpaid Trustee Fees and Expenses, to the extent not paid pursuant to the Interest Proceeds Priority of Payments and paragraph (A) above;

(S) after redemption in full of the Rated Notes, to the payment on a pro rata basis of any due and unpaid Administrative Expenses, to the extent not paid pursuant to the Interest Proceeds Priority of Payments and paragraph (A) above;
(T) (i) during the Reinvestment Period, all remaining Principal Proceeds to the purchase of Substitute Collateral Obligations or, at the discretion of the Portfolio Manager acting on behalf of the Issuer, to the Principal Account to be designated for reinvestment in Substitute Collateral Obligations at a later date and (ii) following the Reinvestment Period, any Unscheduled Principal Proceeds, Sale Proceeds of Credit Improved Obligations and Principal Protected Equity Obligation Principal Proceeds in an amount which shall not exceed the amount (if any) by which the Equity OAT Strips Market Value exceeds the Principal Protected Equity Obligation Ledger Required Balance to the purchase of Substitute Collateral Obligations;

(U) after redemption in full of the Rated Notes, to the payment to the Portfolio Manager of the Senior Portfolio Management Fee to the extent not paid pursuant to the Interest Proceeds Priority of Payments;

(V) in payment on a pro rata basis of (i) any Defaulted Interest Rate Hedge Termination Payments due to any Interest Rate Hedge Counterparty, (ii) any Defaulted Asset Swap Termination Payments due to any Asset Swap Counterparty, (in the case of (i) and (ii), to the extent not paid from funds available within the Principal Account), (iii) any Interest Rate Hedge Replacement Payments due to any Interest Rate Hedge Counterparty to the extent not paid from funds available in the Interest Rate Hedge and Asset Swap Termination Account; (iv) any Asset Swap Replacement Payment due to any Asset Swap Counterparty to the extent not paid from funds available in the Interest Rate Hedge and Asset Swap Termination Account and to the extent not paid pursuant to the Interest Proceeds Priority of Payment above; (v) any Defaulted Offsetting Credit Default Swap Issuer Termination Payments due to any Offsetting Credit Default Swap Counterparty to the extent not paid from the replacement amount received from the replacement Offsetting Credit Default Swap Counterparty (if any), or from funds payable pursuant to paragraph (AA) of the Interest Proceeds Priority of Payment, (vi) any Defaulted Credit Short Obligation Issuer Termination Payments due to any Credit Short Obligation Counterparty to the extent not paid from the replacement amount received from the replacement Credit Short Obligation Counterparty (if any) or from funds payable pursuant to paragraph (AA) of the Interest Proceeds Priority of Payments and (vii) any Credit Short Obligation Replacement Payments due to any Credit Short Obligation Counterparty, or any Offsetting Credit Default Swap Replacement Payments due to any Offsetting Credit Default Swap Counterparty to the extent not paid from funds payable pursuant to paragraph (AA) of the Interest Proceeds Priority of Payment;

(W) to the extent not paid out of Collateral Enhancement Obligation Proceeds pursuant to Condition 3(c)(iii) (Application of Collateral Enhancement Obligation Proceeds) or the balance standing to the credit of the Collateral Enhancement Account or pursuant to the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder and provided that there is no balance standing to the credit of the Collateral Enhancement Account, to repayment of any Portfolio Manager Advances;

(X) to the extent any Principal Proceeds remain:

(1) to the payment to the Portfolio Manager of any Subordinated Portfolio Management Fee due and payable in an amount equal to 19.50 per cent. of any Principal Proceeds remaining and to the payment of any value added tax due and payable in respect thereof (whether payable to the Portfolio Manager or directly to the relevant taxing authority); and thereafter

(2) to the payment on the Subordinated Notes, all of which amounts shall be applied:

(a) first, subject to Condition 7(l) (Redemption of the Subordinated Notes), in redemption of the Subordinated Notes; and

(b) thereafter, in payment of interest on the Subordinated Notes.

Any amounts payable pursuant to the Principal Proceeds Priority of Payments to a Class A-1R Noteholder which is a Defaulting Noteholder shall be paid into such Class A-1R Noteholder's Class A-1R Collateralising Noteholder Account where provided for in the Class A-1R Note Purchase Agreement.
Application of Collateral Enhancement Obligation Proceeds

Prior to the enforcement of the security over the Collateral, any Collateral Enhancement Obligation Proceeds received by the Issuer during a Due Period transferred from the Collateral Enhancement Account to the Payment Account pursuant to paragraph (2) of Condition 3(k)(viii) (Collateral Enhancement Account), will be paid on the relevant Payment Date in the following order of priority:

(A) to the Portfolio Manager if a Portfolio Manager Advance has been made and is outstanding, such amount of any Collateral Enhancement Obligation Proceeds as is required to repay such Portfolio Manager Advance together with any interest accrued thereon in accordance with the Portfolio Management Agreement unless designated otherwise by the Portfolio Manager;

(B) at the discretion of the Portfolio Manager for application in accordance with either the Interest Proceeds Priority of Payments and/or the Principal Proceeds Priority of Payments on the relevant Payment Date or to the Principal Account to be reinvested in additional Collateral Obligations;

(C) in payment of interest on the Subordinated Notes to the Subordinated Noteholders on a pro rata basis;

(D) (i) to the payment to the Portfolio Manager (subject to the extent not paid in full under the Interest Proceeds Priority of Payments or the Principal Proceeds Priority of Payments) of any Subordinated Portfolio Management Fee due and payable in an amount equal to 19.50 per cent. of any Collateral Enhancement Obligation Proceeds remaining and to the payment of any value added tax in respect thereof (whether payable to the Portfolio Manager or directly to the relevant tax authority) and (ii) any remaining Collateral Enhancement Obligation Proceeds will, at the discretion of the Portfolio Manager, either be paid to the Subordinated Noteholders on a pro rata basis or retained in the Collateral Enhancement Account.

Following enforcement of the security over the Collateral, any Collateral Enhancement Obligation Proceeds shall also be distributed in accordance with this Condition 3(c)(iii).

Non-payment of Amounts

Failure on the part of the Issuer to pay the Interest Amounts due and payable on any Class of Notes pursuant to Condition 6 (Interest) and the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments by reason solely that there are insufficient funds standing to the credit of the Payment Account shall not be an Event of Default: unless and until (i) such failure continues for a period of at least five consecutive Business Days or in the case of administrative error, as certified by the Issuer (or the Portfolio Manager on the Issuer’s behalf) to the Trustee, at least ten consecutive Business Days (in accordance with Condition 10(a)(i) (Non-payment of interest) and Condition 10(a)(ii) (Non-payment of principal)) (1) in the case of non-payment of interest due and payable on the Class B Notes, the Class A Notes have been redeemed in full, (2) in the case of non-payment of interest due and payable on the Class C Notes, the Class B Notes have been redeemed in full, (3) in the case of non-payment of interest due and payable on the Class D Notes, the Class C Notes have been redeemed in full, (4) in the case of non-payment of interest due and payable on the Class E Notes, the Class D Notes have been redeemed in full; save, in the case of (i) and (ii) such failure is as the result of any deduction therefrom or the imposition of withholding thereon as set forth in Condition 9 (Taxation).

Subject always, in the case of Interest Amounts payable in respect of the Class B Notes, the Class C Notes, the Class D Notes, or the Class E Notes, to Condition 6(c) (Deferral of Interest) and save as otherwise provided in respect of any unpaid Senior Portfolio Management Fee or Subordinated Portfolio Management Fee (plus value added tax payable in respect thereof), in the event of non-payment of any amounts referred to in the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments, on any Payment Date such amounts shall remain due and shall be payable on each subsequent Payment Date in the orders of priority provided for in this Condition. References to the amounts referred to in the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments of this Condition shall include any amounts thereof not paid when due in accordance with this Condition on any preceding Payment Date.

Determination and Payment of Amounts

The Collateral Administrator will, in consultation with the Portfolio Manager, on each Determination Date, calculate the amounts payable on the applicable Payment Date pursuant to the Priorities of Payments and will notify the Issuer and the Trustee of such amounts. The Account Bank (acting in accordance with the Payment Date Report compiled by the Collateral Administrator on behalf of the Issuer) shall, on behalf of the Issuer not later than 12.00 noon
(London time) on the second Business Day preceding each Payment Date, cause the amounts standing to
the credit of the Principal Account, the Unused Proceeds Account and if applicable the Interest Account
and the Collateral Enhancement Account (together with, to the extent applicable, amounts standing to the
credit of any other Account) to the extent required to pay the amounts referred to in the Interest Priority
of Payments and the Principal Priority of Payments which are payable on such Payment Date, to be
transferred to the Payment Account in accordance with Condition 3(k) (Payments to and from the
Accounts).

(f) **De Minimis Amounts** The Collateral Administrator may, in consultation with the Portfolio Manager,
adjust the amounts required to be applied in payment of principal on the Class A Notes, the Class B
Notes, the Class C Notes, the Class D Notes and the Class E Notes and the Subordinated Notes from
time to time pursuant to the Priorities of Payments so that the amount to be so applied in respect of each
Class A Note, Class B Note, Class C Note, Class D Note, Class E Note and Subordinated Notes is a
whole amount, not involving any fraction of €0.01 or, at the discretion of the Collateral Administrator,
part of €1.

(g) **Publication of Amounts** The Collateral Administrator will cause details as to the amounts of interest
and principal to be paid, and any amounts of interest payable but not paid, on each Payment Date in
respect of the Notes to be notified at the expense of the Issuer to the Issuer, the Trustee, the Principal
Paying Agent, the Registrar and the Irish Stock Exchange by no later than 11.00 a.m. (London time) on
the fifth Business Day following the applicable Determination Date and the Registrar shall procure that
details of such amounts are notified at the expense of the Issuer to the Noteholders of each Class in
accordance with Condition 16 (Notices) as soon as possible after notification thereof to the Registrar in
accordance with the above but in no event later than (to the extent applicable) the third Business Day
after the last day of the applicable Due Period.

(h) **Notifications to be Final** All notifications, opinions, determinations, certificates, quotations and
decisions given, expressed, made or obtained or discretions exercised for the purposes of the provisions
of this Condition will (in the absence of manifest error) be binding on the Issuer, the Collateral
Administrator, the Trustee, the Registrar, the Principal Paying Agent, the Transfer Agents and all
Noteholders and (in the absence as referred to above) no liability to the Issuer or the Noteholders shall
attach to the Collateral Administrator in connection with the exercise or non-exercise by it of its powers,
duties and discretions under this Condition.

(i) **Swap Collateral and Excess Swap Collateral** Prior to the security constituted under the Trust Deed
over the Collateral becoming enforceable in accordance with Condition 11(a) (Security Becoming
Enforceable), Swap Collateral (or, following an early termination of the applicable Hedge Agreement,
Excess Swap Collateral) will be paid or delivered to the Hedge Counterparty subject to, in accordance
with and at such times as are provided for in the credit support annex annexed to the Hedge Agreement
and will not be applied in accordance with the Priorities of Payment. "Excess Swap Collateral" means,
with respect to a Hedge Counterparty, an amount equal to the value of any Swap Collateral (or the
applicable part thereof) transferred by the Hedge Counterparty to the Issuer pursuant to the Hedge
Agreement that is in excess of the Hedge Counterparty’s liability, as applicable, to the Issuer thereunder
(i) as at the date of termination of any Hedge Transaction, and/or (ii) that the Hedge Counterparty is
otherwise entitled to have returned to it in accordance with the terms of the Hedge Agreement. "Swap
Collateral" mean any collateral transferred by the Hedge Counterparty to the Issuer pursuant to the
Hedge Agreement and any interest or distributions in respect thereof.

(j) **Accounts** The Issuer shall, prior to the Closing Date, establish the following accounts with the Account
Bank:

- the Principal Account;
- the Interest Account;
- the Unused Proceeds Account;
- the Payment Account;
- the Asset Swap Account;
- the Collateral Enhancement Account;
- the Expense Reserve Account;
- the Revolving Reserve Account;
• the Asset Swap Termination Account;
• the Interest Rate Hedge Termination Account;
• the Liquidity Payment Account;
• the Class A-1R Collateralising Noteholder Account; and
• the Interest Reserve Account.

The Custody Account, the Counterparty Downgrade Collateral Account, the Synthetic Collateral Account and the Equity OAT Strip Custody Account shall be established by the Issuer on the Closing Date with the Custodian. Each of the Account Bank, the Custodian and the Principal Paying Agent shall at all times be a financial institution satisfying the Rating Requirement applicable thereto. If the Account Bank or the Custodian, as the case may be, at any time fails to satisfy the applicable Rating Requirement, the Issuer shall use commercially reasonable endeavours to procure that a replacement Account Bank or Custodian as the case may be, acceptable to the Trustee, which satisfies the applicable Rating Requirement is appointed within 30 calendar days in accordance with the provisions of the Agency Agreement.

Amounts standing to the credit of the Accounts (except for the Liquidity Payment Account, the Synthetic Collection Account, the Counterparty Downgrade Collateral Account and the Payment Account) from time to time may be invested by the Portfolio Manager (on behalf of the Issuer) in Eligible Investments and for the avoidance of doubt the Balance standing to the credit of any Account shall include any such Eligible Investments from time to time.

All interest accrued on the Balance standing to the credit of each of the Accounts from time to time shall be paid into the Interest Account (to the extent applicable, following conversion thereof into Euros at the prevailing spot rate of exchange as determined by the Calculation Agent, at the direction of the Portfolio Manager), save to the extent that the Issuer is contractually bound to pay such amounts to a third party. All principal amounts received in respect of Eligible Investments standing to the credit of any Account from time to time shall be credited to that Account upon maturity, save to the extent that the Issuer is contractually bound to pay such amounts to a third party. All interest accrued on such Eligible Investments (including capitalised interest received upon the sale, maturity or termination of any such investment) shall be paid to the Interest Account, to the extent provided above.

To the extent that any amounts required to be paid into any Account pursuant to the provisions of this Condition are denominated in a currency which is not that in which the Account is denominated, the Portfolio Manager, acting on behalf of the Issuer, may convert such amounts into the currency of the Account at the spot rate of exchange as determined by the Calculation Agent at the direction of the Portfolio Manager.

Notwithstanding any other provisions of this Condition 3(j), all amounts standing to the credit of each of the Accounts (other than (i) the Interest Account, (ii) the Payment Account, (iii) all interest accrued on the Accounts, (iv) all amounts standing to the credit of the Asset Swap Account representing amounts that would constitute Interest Proceeds if denominated in Euro, (v) the Collateral Enhancement Account, (vi) the Class A-1R Collateralising Noteholder Account and (vii) the Liquidity Payment Account) shall be transferred to the Payment Account (to the extent applicable, following conversion thereof into Euro at the prevailing spot exchange rate, as determined by the Calculation Agent, at the direction of the Portfolio Manager) and shall constitute Principal Proceeds on the second Business Day prior to any redemption of the Notes in full, and all amounts standing to the credit of the Interest Account, together with the other amounts not payable into the Payment Account as Principal Proceeds as described above, shall be transferred to the Payment Account as Interest Proceeds on the second Business Day prior to any redemption of the Notes in full (to the extent applicable, following conversion thereof into Euro at the prevailing spot exchange rate, as determined by the Calculation Agent, at the direction of the Portfolio Manager), save in each case, (A) in the case of amounts standing to the credit of the Synthetic Collateral Account, to the extent such amounts are required to be paid to any Synthetic Counterparty and (B) in the case of amounts standing to the credit of the Class A-1R Collateralising Noteholder Account, to the extent such amounts are required to be paid to the Class A Noteholders.

(k) **Payments to and from the Accounts**

(i) **Principal Account** The Issuer (acting through the Collateral Administrator) will procure that the following Principal Proceeds are paid into the account of the Principal Account, in each case promptly upon receipt thereof:
(A) all principal payments (including for the avoidance of doubt any principal proceeds representing deferring interest on any Deferring Mezzanine Obligations, PIK Only Obligations that has been capitalised and/or accrued since the date of acquisition thereof and that has been irrevocably designated as Principal Proceeds by the Portfolio Manager in accordance with the Portfolio Management Agreement) received in respect of any Collateral Debt Obligation or Special Situation Investment Obligation (save for any Asset Swap Obligations), including, without limitation:

(1) Scheduled Principal Proceeds;

(2) Unscheduled Principal Proceeds;

(3) any scheduled or unscheduled payments of principal proceeds in respect of Special Situation Investment Obligations and Collateral Debt Obligations which when purchased were Special Situation Investment Obligations, the purchase of which was funded out of Principal Proceeds;

(4) any principal payments representing accreted interest received in respect of any Zero Coupon Securities or Step-Up Securities; and

(5) any other principal payments with respect to Collateral Debt Obligations (to the extent not included in the Sale Proceeds),

but excluding any such payments received in respect of any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation, to the extent required to be paid into the Revolving Reserve Account;

(B) at any time upon which there is a Principal Protected Equity Obligation Ledger Deficiency all cash payments in respect of a Principal Protected Equity Obligation comprising:

(1) the proceeds of an Equity Obligation Disposal; and

(2) Equity Obligation Distributions,

until the later of the Effective Date and such time as the Principal Protected Equity Obligation Ledger Deficiency is reduced to zero together with, at the discretion of the Portfolio Manager, any other such amounts in excess thereof;

(C) all Equity OAT Strip Principal Proceeds in respect of a Principal Protected Equity Obligation;

(D) any Asset Swap Counterparty Principal Exchange Amount received by the Issuer under any Asset Swap Transactions, but for the avoidance of doubt, excluding any Asset Swap Counterparty Termination Payment or Asset Swap Replacement Receipt;

(E) all premiums (including prepayment premiums) receivable upon redemption of any Collateral Debt Obligation at maturity or otherwise or upon exercise of any put or call option in respect thereof which is above the outstanding principal amount of any Collateral Debt Obligation;

(F) all fees and commissions received in connection with any Defaulted Obligation or, the work out or restructuring of any Collateral Obligation;

(G) all amendment and waiver fees, late payment fees, commitment fees, syndication fees and all other fees and commissions received in connection with any Collateral Obligations, including, without limitation, upon purchase or sale thereof, in each case, to the extent not included in paragraph (D) above, provided that if at any time after the first anniversary of the Closing Date the Aggregate Collateral Balance equals or exceeds the Target Par Amount and the Collateral Quality Tests are satisfied, such amounts may be paid into the Interest Account at the discretion of the Portfolio Manager;

(H) all Sale Proceeds received in respect of a Collateral Obligation other than that portion thereof attributable to Purchased Accrued Interest which was purchased with amounts standing to the credit of the Unused Proceeds Account where such Purchased Accrued Interest upon receipt has been deposited in the Unused Proceeds Account, excluding (i) any Sale Proceeds representing deemed interest or deferred interest in respect of a
Deferring Mezzanine Obligation or a PIK Only Obligation (that has been capitalised since the date of purchase thereof), and (ii) any Sale Proceeds received in respect of Credit Short Obligations;

(I) all distributions and Sale Proceeds received in respect of Exchanged Equity Securities;

(J) all Purchased Accrued Interest unless such Purchased Accrued Interest was purchased with amounts standing to the credit of the Unused Proceeds Account and such Purchased Accrued Interest upon receipt has been deposited in the Unused Proceeds Account;

(K) all amounts representing the element of deferred interest in any payments received in respect of any Deferring Mezzanine Obligation and PIK Only Obligation (that has been capitalised since the date of acquisition thereof) irrevocably designated by the Portfolio Manager as Principal Proceeds and not included in paragraphs (A) or (G) above;

(L) all proceeds received from any additional issuance of Notes after the Initial Investment Period that are not invested in Collateral Obligations or required to be paid into the Interest Account;

(M) all principal repayments received in respect of any Synthetic Collateral to the extent no longer subject to the security interest of the applicable Synthetic Counterparty;

(N) all amounts payable to the Issuer from the Counterparty Downgrade Collateral Account upon termination of a Hedge Transaction or following an event of default thereunder;

(O) all amounts received pursuant to paragraph (X)(ii) of the Interest Proceeds Priority of Payments;

(P) all Class A-1R Advances;

(Q) any amounts received by the Issuer associated with the entry into, termination, settlement, exercise or sale of a Hedge Transaction and allocated by the Portfolio Manager to the Principal Account;

(R) amounts credited to the Class A-1R Collateralising Noteholder Account in respect of a Defaulting Noteholder and all monies received, all interest, dividends and distributions paid thereon shall be applied to fund any Defaulted Class A-1R Advances payable by such Defaulting Noteholder;

(S) all Credit Short Obligation Termination Receipts, all Credit Short Obligation Replacement Receipts, Cash Settlement Amounts and Physical Settlement Amounts received in respect of any Credit Short Obligations, save for any such amounts designated as Interest Proceeds at the discretion of the Portfolio Manager and credited to the Interest Account, acting on behalf of the Issuer (and for the avoidance of doubt (i) during the Reinvestment Period the Portfolio Manager may reinvest any such amounts not designated as Interest Proceeds and (ii) if such designation is not made by the Portfolio Manager at such time, such amounts cannot be designated as Interest Proceeds) provided that, if Deliverable Obligations delivered with respect to any Physical Settlement Amount were purchased with Principal Proceeds in the Principal Account, then the Physical Settlement Amount shall first be used to reimburse the Principal Account (up to the amount withdrawn in respect of such purchase) before being paid into the Interest Account, even if such proceeds were designated as Interest Proceeds when entering into the Credit Short Obligation; and

(T) all Offsetting Credit Default Swap Termination Receipts, all Offsetting Credit Default Swap Replacement Receipts, Cash Settlement Amounts and Physical Settlement Amounts received in respect of any Offsetting Credit Default Swaps;

(U) all amounts transferred to the Principal Account from any other Account pursuant to this Condition 3(k);

(V) all amounts payable to the Issuer pursuant to the Deferred Fees and Expenses Periodic Payment Letter; and

(W) any other amounts received in respect of the Collateral which are not required to be paid into another Account.
Amounts in the nature of principal received in respect of any Unhedged Collateral Debt Obligation shall be converted into Euro at the then prevailing Spot Rate and paid into the Principal Account in the same manner as Principal Proceeds denominated in Euro.

The Issuer (acting through the Collateral Administrator) shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Principal Account:

(1) on the second Business Day prior to each Payment Date, all amounts standing to the credit of the Principal Account to the Payment Account to the extent required for disbursement pursuant to the Principal Proceeds Priority of Payments, save for:

(a) amounts deposited after the end of the related Due Period;

(b) any Principal Proceeds deposited prior to the end of the related Due Period to the extent such Principal Proceeds are permitted to be and have been designated for reinvestment by the Portfolio Manager (on behalf of the Issuer) pursuant to the Portfolio Management Agreement for a period beyond such Payment Date, provided that no such payment shall be made to the extent that such amounts are not required to be distributed pursuant to the Principal Proceeds Priority of Payments on such Payment Date; and

(c) any purchased accrued deferred interest on a Mezzanine Obligation which the Issuer will have to pay following the purchase of such Mezzanine Obligation.

(2) on the second Business Day prior to each Payment Date, at the discretion of the Portfolio Manager, acting on behalf of the Issuer, an amount which shall not exceed (x) the lesser of (a) the accrued and unpaid Interest Proceeds as at the Determination Date falling before such Payment Date which are expected to be received in respect of the Portfolio as at the Determination Date falling before the following Payment Date (calculated using the then current interest rates applicable thereto) and (b) 1.5 per cent. of the Aggregate Collateral Balance at the time of the proposed transfer minus (z) the sum of (a) the principal amount outstanding under the Liquidity Facility at that time and (b) any amount previously transferred to the Interest Reserve Account pursuant to paragraph (5) of Condition 3(k)(iii) (Unused Proceeds Account) or this paragraph (2) of Condition 3(k)(ii) (Principal Account) which has not been repaid from the Interest Account pursuant to paragraph (2) of Condition 3(k)(ii) (Interest Account) to the Interest Account as Interest Proceeds to be applied in accordance with Condition 3(c)(i) (Application of Interest Proceeds) on such Payment Date provided that the amount transferred for each Due Period pursuant to this paragraph (2) and paragraph (5) of Condition 3(k)(iii) (Unused Proceeds Account);

(3) at any time in accordance with the terms of, and to the extent permitted under, the Portfolio Management Agreement;

(4) at any time in the acquisition of Collateral Obligations including any accrued interest thereon designated to be purchased with Principal Proceeds;

(5) at any time after the Effective Date in the acquisition of Equity Obligations which are not Equity Obligation Components of Principal Protected Equity Obligations to the extent of Principal Protected Equity Obligation Principal Proceeds provided that at such time the sum of (a) the Equity OAT Strips Market Value plus (b) the Principal Protected Equity Obligations Principal Proceeds, minus (c) the Principal Proceeds applied by the Issuer in the purchase of the related Equity OAT Strips immediately following such acquisition is not less than zero;

(6) towards any payments to an Offsetting Credit Default Swap Counterparty in the acquisition of an Offsetting Credit Default Swap which shall be paid to the relevant Offsetting Credit Default Swap Counterparty in respect of initial principal exchange amounts pursuant to an Offsetting Credit Default Swap Transaction;
(7) towards the posting of Synthetic Collateral in respect of any Synthetic Securities; or

(8) towards the deposit in the Revolving Reserve Account of amounts equal to the Unfunded Amounts of any Revolving Collateral Obligations or Delayed Drawdown Collateral Obligations;

(9) at any time, any Asset Swap Issuer Termination Payment payable by the Issuer (save to the extent it is a Defaulted Hedge Termination Payment) to the extent required to be paid pursuant to an Asset Swap Transaction and to the extent not paid out of Sale Proceeds received in respect of the related Asset Swap Obligation and thereafter, up to an amount not exceeding any Asset Swap Replacement Receipts received in respect of the related Asset Swap Obligation;

(10) at any time, any Hedge Counterparty Termination Payment payable by the Issuer (excluding any Defaulted Hedge Termination Payment), to the extent not paid in full out of the Asset Swap Termination Account or the Interest Rate Hedge Termination Account;

(11) at any time, at the direction of the Portfolio Manager, acting on behalf of the Issuer, in repayment of Class A-1R Advances to the extent permitted or required pursuant to the Portfolio Management Agreement or otherwise in accordance with the terms of the Class A-1R Note Purchase Agreement and the Portfolio Management Agreement;

(12) at any time, to the payment to the Class A-1R Collateralising Noteholder Account of any amounts transferred therefrom under paragraph (Q) above (excluding any amounts applied by the Issuer to any Defaulting Class A-1R Advances not funded by such Defaulting Class A-1R Noteholder) where the relevant Class A-1R Noteholder is no longer a Defaulting Noteholder;

(13) at any time, to the Revolving Reserve Account to the extent required to satisfy the Revolving Reserve Commitment;

(14) at any time, any amounts required to purchase a Deliverable Obligation in connection with a Physical Settlement;

(15) at any time, any Offsetting Credit Default Swap Termination Payment or any Defaulted Offsetting Credit Default Swap Issuer Termination Payment payable by the Issuer provided that the Par Value Tests and Collateral Quality Tests are satisfied and such amounts are not otherwise paid out of the Interest Account and in the case of a Defaulted Offsetting Credit Default Swap Issuer Termination Payment, only up to an amount not exceeding any Offsetting Credit Default Swap Replacement Receipt paid to the Issuer by a Replacement Offsetting Credit Default Swap Counterparty under a Replacement Offsetting Credit Default Swap and in the event that such amount is insufficient to satisfy payment in full of such Defaulted Offsetting Credit Default Swap Issuer Termination Payment or no Replacement Offsetting Credit Default Swap is entered into then such payment shall be paid in accordance with the Priorities of Payments on the next Payment Date;

(16) at the discretion of the Portfolio Manager during the Reinvestment Period in the purchase of Equity Obligation Components provided that, immediately following such purchase the Class A Coverage Tests are satisfied;

(17) at the discretion of the Portfolio Manager at any time after the Effective Date in payment to (a) the Interest Account and/or (b) in the purchase of Equity Obligations, in an amount which in aggregate shall not exceed the amount (if any) by which the Equity OAT Strips Market Value exceeds the Principal Protected Equity Obligation Ledger Required Balance.

(ii) Interest Account The Issuer (acting through the Collateral Administrator) will procure that the following Interest Proceeds are credited to the Interest Account promptly upon receipt thereof:

(A) save to the extent paid into the Liquidity Payment Account, all cash payments of interest in respect of the Collateral Debt Obligations (save for Asset Swap Obligations) (other than any Purchased Accrued Interest), and, in respect of any Synthetic Collateral, to the
extent no longer subject to the security interest of the applicable Synthetic Counterparty, together with all amounts received by the Issuer by way of gross-up in respect of such interest and in respect of a claim under any applicable double taxation treaty but excluding any amounts which represent deferred interest received in respect of any Deferring Mezzanine Obligation and PIK Only Obligation which have been irrevocably designated as Principal Proceeds by the Portfolio Manager;

(B) all accrued interest (other than any Purchased Accrued Interest) included in the proceeds of sale of any other Collateral Debt Obligation that has not been irrevocably designated as Principal Proceeds by the Portfolio Manager pursuant to the Portfolio Management Agreement;

(C) all coupon or other periodic payments received in respect of any Synthetic Security, excluding, for the avoidance of doubt, any scheduled or unscheduled termination or redemption payments save to the extent that such amounts are attributable to accrued interest or periodic payments which are Interest Proceeds;

(D) save to the extent paid into the Liquidity Payment Account, all Scheduled Periodic Asset Swap Counterparty Payments received by the Issuer under an Asset Swap Transaction and all Scheduled Periodic Interest Rate Hedge Counterparty Payments received by the Issuer under an Interest Rate Hedge Transaction and any amounts received by the Issuer associated with entering into or settling a Hedge Transaction and allocated by the Portfolio Manager to the Interest Account;

(E) cash amounts (representing any excess standing to the credit of the Asset Swap Account after provisioning by the Portfolio Manager for any amounts due to be paid to any Asset Swap Counterparty pursuant to an Asset Swap Transaction) transferred from the Asset Swap Account at the discretion of the Portfolio Manager, acting on behalf of the Issuer, converted into Euro at the prevailing spot rate of exchange as determined by the Calculation Agent at the direction of the Portfolio Manager;

(F) all amounts transferred to the Interest Account from any other Account pursuant to this Condition 3(k) and Condition 3(j)(Accounts);

(G) all amounts representing the element of deferred interest in any payments received in respect of any Deferring Mezzanine Obligation and any PIK Only Obligation that has been capitalised and/or accrued from and excluding the date of acquisition thereof unless the Portfolio Manager has irrevocably designated such proceeds as Principal Proceeds;

(H) if, at any time after the first anniversary of the Closing Date, the Aggregate Collateral Balance equals or exceeds the Target Par Amount and the Collateral Quality Tests are satisfied at the discretion of the Portfolio Manager, all amendment and waiver fees, all late payment fees, all commitment fees, syndication fees and all other fees and commissions received in connection with any Collateral Obligation (other than fees and commissions received in connection with the purchase or sale of any Collateral Debt Obligation or work out or restructuring of any Collateral Obligations which fees and commissions shall be payable into the Principal Account and shall constitute Principal Proceeds), including all scheduled commitment fees received by the Issuer in respect of any Revolving Collateral Obligations or Delayed Drawdown Collateral Obligations;

(I) all amounts received by the Issuer in respect of interest paid in respect of any collateral deposited by the Issuer with a third party as security for any reimbursement or indemnification obligations to any other lender under a Revolving Collateral Obligation or a Delayed Drawdown Collateral Obligation in an account established pursuant to an ancillary facility;

(J) all cash payments in the nature of interest received in respect of any Special Situation Investment Obligations;

(K) unless otherwise deposited in the Principal Account as Principal Proceeds by the Portfolio Manager, all Credit Short Obligation Termination Receipts, all Defaulted Credit Short Termination Receipts, Cash Settlement Amounts and Physical Settlement Amounts received in respect of any Credit Short Obligations provided that, if Deliverable Obligations delivered with respect to any Physical Settlement Amount were purchased with Principal Proceeds in the Principal Account, then the Physical Settlement Amount shall first be used to reimburse the Principal Account (up to the amount withdrawn in respect of such purchase) before being paid into the Interest Account, even if such
proceeds were designated as Interest Proceeds when entering into the Credit Short Obligation;

(L) any Liquidity Drawing received by the Issuer or on prior to the end of the Due Period; and

(M) all cash payments in respect of a Principal Protected Equity Obligation comprising:

1. the proceeds of an Equity Obligation Disposal; and

2. Equity Obligation Distributions.

which are not paid into the Principal Account pursuant to paragraph (B) of Condition 3(k)(i) (Principal Account) in an amount which shall not exceed the Principal Protected Equity Obligation Principal Proceeds at that time.

Amounts in the nature of interest received in respect of any Unhedged Collateral Debt Obligation shall be converted into Euro at the then prevailing Spot Rate and paid into the Interest Account in the same manner as Interest Proceeds denominated in Euro.

The Issuer (acting through the Collateral Administrator) shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Interest Account:

1. on the second Business Day prior to each Payment Date, and, on any date other than a Payment Date on which all of the Notes are to be redeemed in full, all amounts standing to the credit of the Interest Account shall be transferred to the Payment Account to the extent required for disbursement pursuant to the Interest Proceeds Priority of Payments, save for amounts deposited after the end of the related Due Period;

2. upon receipt thereof, amounts equal to Interest Proceeds received which are attributable to payments credited to the Interest Account from either the Unused Proceeds Account pursuant to paragraph (5) of Condition 3(k)(iii) (Unused Proceeds Account) or the Principal Account pursuant to paragraph (2) of Condition 3(k)(i) (Principal Account) as applicable on a previous Payment Date, shall be transferred to the Unused Proceeds Account or the Principal Account, as applicable;

3. at any time, any Scheduled Periodic Interest Rate Hedge Issuer Payments to be paid by the Issuer due to each Interest Rate Hedge Counterparty pursuant to each Interest Rate Transaction;

4. at any time during the Reinvestment Period, at the discretion of the Portfolio Manager (acting on behalf of the Issuer) for the purpose of acquiring Special Situation Investment Obligations provided that the Interest Coverage Tests and the Collateral Quality Tests are satisfied;

5. at any time, funds may be transferred to the Asset Swap Account (to the relevant segregated sub-account thereof) up to an amount equal to any shortfall in the Balance standing to the credit of such Account with respect to any payment obligation by the Issuer pursuant to paragraph (2) of Condition 3(k)(vi) (Asset Swap Account) at such time;

6. at any time any Offsetting Credit Default Swap Termination Payments payable by the Issuer provided that the Interest Coverage Tests are satisfied and such amounts are not otherwise paid out of the Principal Account (and, if applicable, to the extent not otherwise paid out of the Principal Account in the case of a Defaulted Offsetting Credit Default Swap Issuer Termination Payment in respect of a replacement Offsetting Credit Default Swap, only up to an amount not exceeding any Offsetting Credit Default Swap Replacement Receipt paid to the Issuer by a replacement Offsetting Credit Default Swap Counterparty under a replacement Offsetting Credit Default Swap and in the event that such amount is insufficient to satisfy payment in full of such Defaulted Offsetting Credit Default Swap Issuer Termination Payment or no replacement Offsetting Credit Default Swap is entered into then such payment shall be paid in accordance with the Priorities of Payments);
(7) at any time, any Scheduled Periodic Offsetting Credit Default Swap Issuer Payments, to the extent required to be paid pursuant to an Offsetting Credit Default Swap; and

(8) at any time, any Upfront Credit Short Obligation Issuer Payment, to the extent required to be paid pursuant to a Credit Short Obligation.

(iii) Unused Proceeds Account

The Issuer (acting through the Collateral Administrator) will procure that the following amounts are credited to the Unused Proceeds Account:

(A) an amount equal to the net proceeds of issue of the Notes remaining after the payment of certain fees and expenses due and payable by the Issuer and the payment of €50,000 to the Expense Reserve Account;

(B) all proceeds received during the Initial Investment Period from (i) any additional issuance of Notes that are not invested in Collateral Obligations or paid into the Interest Account or (ii) any Class A-1R Advances drawn during the Initial Investment Period;

(C) any Purchased Accrued Interest and that portion of Sale Proceeds received in respect of Collateral Debt Obligations attributable to Purchased Accrued Interest which was purchased with amounts standing to the credit of the Unused Proceeds Account; and

(D) amounts transferred to the Unused Proceeds Account from the Interest Account in the circumstances described under paragraph (2) of Condition 3(k)(ii) (Interest Account).

The Issuer (acting through the Collateral Administrator) shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Unused Proceeds Account:

(1) on or about the Closing Date, certain fees, costs and expenses incurred in connection with the issue of the Notes and anticipated to be payable by the Issuer on or following completion of the issue of the Notes:

(a) to the extent not paid out of the Expense Reserve Account and provided that Rating Agency Confirmation is received in respect thereof, certain fees, costs and expenses incurred in connection with the issue of the Notes and the entry into the Transaction Documents and anticipated to be payable by the Issuer following completion of the issue of the Notes;

(b) the purchase price for certain Collateral Obligations acquired on or prior to the Closing Date, if any;

(c) amounts required for repayment of any amounts borrowed by the Issuer (together with interest thereon) in order to finance the acquisition of certain Collateral Obligations on or prior to the Closing Date; and

(d) any amounts payable by the Issuer in respect of Hedge Transactions acquired on or prior to the Closing Date;

(2) at any time up to and including the last day of the Initial Investment Period, in accordance with the terms of, and to the extent permitted under, the Portfolio Management Agreement, in the acquisition of Collateral Obligations, including any payments, to an Asset Swap Counterparty in respect of initial principal exchange amounts for Non-Euro Obligations forming part of the Portfolio on the Closing Date, and any payments to any Interest Rate Hedge Counterparty;

(3) in the event of the occurrence of an Effective Date Rating Event, the Balance standing to the credit of the Unused Proceeds Account, on the Business Day prior to the Payment Date falling immediately after the Effective Date, to the extent required, to the Payment Account for application as Principal Proceeds in accordance with the Priorities of Payments in redemption on a pro rata basis of the Notes in accordance with the Priorities of Payments or, if earlier, until the Rating Agencies confirm that the rating of each of the Rated Notes has been reinstated to the Initial Ratings;

(4) upon confirmation by the Rating Agencies of the Initial Ratings after the Effective Date, the Balance standing to the credit of the Unused Proceeds
Account, to the Principal Account (unless designated to be transferred to the Interest Account based on paragraph (5) below); and

(5) on the second Business Day prior to each Payment Date, at the discretion of the Portfolio Manager, acting on behalf of the Issuer, an amount which shall not exceed (x) the lesser of (a) the accrued and unpaid Interest Proceeds as at the Determination Date falling before such Payment Date which are expected to be received in respect of the Portfolio as at the Determination Date falling before the following Payment Date (calculated using the then current interest rates applicable thereto) and (b) 1.5 per cent. of the Aggregate Collateral Balance at the time of the proposed transfer, minus (z) the sum of (a) the principal amount outstanding under the Liquidity Facility at that time and (b) any amount previously transferred to the Interest Account pursuant to paragraph (2) of Condition 3(k)(i) (Principal Account) or this paragraph (5) of Condition 3(k)(iii) (Unused Proceeds Account) which has not been repaid from the Interest Account pursuant to paragraph (2) of Condition 3(k)(iii) (Interest Account) to the Interest Account as Interest Proceeds to be applied in accordance with the Interest Proceeds Priority of Payments on such Payment Date provided that the amount transferred for each Due Period pursuant to this paragraph (5) and paragraph (2) of Condition 3(k)(i) (Principal Account).

Prior to the end of the Initial Investment Period, each Class A-1R Advance shall be credited to the Unused Proceeds Account and applied in the purchase of additional Collateral Obligations as described under "The Portfolio" or applied in accordance with provisions of the Portfolio Management Agreement. After the end of Initial Investment Period, and prior to the Commitment Termination Date, Class A-1R Advances shall be credited to the Principal Account.

(iv) Payment Account The Payment Account shall consist of a Euro denominated Account. The Issuer (acting through the Collateral Administrator) will procure that, on the second Business Day prior to each Payment Date, all amounts standing to the credit of each of the other Accounts which are required to be transferred from such other Accounts to the Payment Account pursuant to Condition 3(j)(Accounts) and Condition 3(k)(Payments to and from the Accounts) are so transferred, together with any Liquidity Drawings received by the Issuer under the Liquidity Facility after the end of a Due Period but prior to the Business Day prior to the related Payment Date and, on such Payment Date, the Collateral Administrator (acting on the basis of the Payment Date Report), shall disburse such amounts in accordance with the Priorities of Payments. All interest accrued on the Balance standing to the credit of the Payment Account shall be credited to the Interest Account. No amounts shall be transferred to or withdrawn from the Payment Account at any other time or in any other circumstances, save that all interest accrued on the Payment Account shall be credited to the Interest Account.

(v) Asset Swap Termination Account The Issuer (acting through the Collateral Administrator) shall procure that all Asset Swap Counterparty Termination Payments and Asset Swap Replacement Receipts are paid into the Asset Swap Termination Account promptly upon receipt thereof.

The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made save to the extent otherwise permitted) out of the Asset Swap Termination Account in payment as provided below:

(1) at any time, in the case of any Asset Swap Replacement Receipts paid into the Asset Swap Termination Account, in payment of any Asset Swap Issuer Termination Payment due and payable to an Asset Swap Counterparty under the Asset Swap Transaction being replaced or to the extent not required to make such payment, in payment of such amount to the Principal Account;

(2) at any time, in the case of any Asset Swap Counterparty Termination Payments paid into the Asset Swap Termination Account, in payment of amounts payable by the Issuer upon entry into a Replacement Asset Swap Transaction in accordance with the Portfolio Management Agreement; and

(3) in the case of any Asset Swap Counterparty Termination Payments paid into the Asset Swap Termination Account, in the event that:

(a) the Issuer, or the Portfolio Manager on its behalf, determines not to replace the Asset Swap Transaction and Rating Agency Confirmation is received in respect of such determination; or
(b) termination of the Asset Swap Transaction under which such Asset Swap Counterparty Termination Payments are payable occurs on a Redemption Date; or

c) to the extent that such Asset Swap Counterparty Termination Payments are not required for application towards costs of entry into a Replacement Asset Swap Transaction, in payment of such amounts (save for accrued interest thereon) to the Principal Account.

(vi) **Asset Swap Account** The Issuer (acting though the Collateral Administrator) will procure that all amounts due to the Issuer in respect of each Asset Swap Obligation (including any payments from an Asset Swap Transaction) shall, on receipt, be deposited in a segregated sub-account within the Asset Swap Account in respect of, and maintained in the currency of, each such individual Asset Swap Obligation. Additional amounts may also be transferred to the Asset Swap Account from the Interest Account at any time to the extent of any shortfall in the Balance standing to the credit of the Asset Swap Account in respect of any payment required to be made by the Issuer pursuant to (2) below at the time.

The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the relevant Asset Swap Account:

1. at any time, to the extent of any initial principal exchange amount deposited into the Asset Swap Account in accordance with the terms of, and to the extent permitted under the Portfolio Management Agreement, in the acquisition of Asset Swap Obligations;
2. Scheduled Periodic Asset Swap Issuer Payments due to each Asset Swap Counterparty pursuant to each Asset Swap Transaction;
3. Asset Swap Issuer Principal Exchange Amounts due to each Asset Swap Counterparty pursuant to each Asset Swap Transaction; and
4. cash amounts (representing any excess standing to the credit of the Asset Swap Account after provisioning for any amounts to be paid to any Asset Swap Counterparty pursuant to any Asset Swap Transaction) at the discretion of the Portfolio Manager, acting on behalf of the Issuer, to the Interest Account or the Principal Account after conversion thereof into Euro at the then prevailing Spot Rate.

(vii) **Counterparty Downgrade Collateral Account** The Issuer (acting through the Collateral Administrator) will procure that all Counterparty Downgrade Collateral pledged pursuant to a Hedge Agreement, Offsetting Credit Default Swap or Credit Short Obligation (as the case may be) shall be deposited in a sub-account within the Counterparty Downgrade Collateral Account. All Counterparty Downgrade Collateral deposited from time to time in any Counterparty Downgrade Collateral Account shall be held and released pursuant to the terms of the relevant Hedge Agreement, Offsetting Credit Default Swap or Credit Short Obligation.

Upon any default by a Hedge Counterparty under a Hedge Agreement, an Offsetting Credit Default Swap Counterparty under an Offsetting Credit Default Swap or a Credit Short Obligation Counterparty under a Credit Short Obligation, the Issuer or the Portfolio Manager, on its behalf, shall promptly exercise its remedies under the related agreement, including liquidating the related Counterparty Downgrade Collateral, whereupon such Counterparty Downgrade Collateral shall be transferred to the Principal Account in an amount agreed pursuant to the related Hedge Agreement, Offsetting Credit Default Swap or Credit Short Obligation.

(viii) **Collateral Enhancement Account** The Issuer (acting through the Collateral Administrator) will procure that the following amounts are credited to the Collateral Enhancement Account:

(A) at any time, all Collateral Enhancement Obligation Proceeds;

(B) at any time, the proceeds of a Portfolio Manager Advance, to the extent not applied in the acquisition of or, in respect of any exercise of any option or warrant comprised in, one or more Collateral Enhancement Obligations (in accordance with the terms of the Portfolio Management Agreement); and
(C) on each Payment Date, all amounts which the Portfolio Manager, acting on behalf of the Issuer, determines at its discretion shall be applied in payment into the Collateral Enhancement Account pursuant to paragraph (DD) of the Interest Proceeds Priority of Payments, subject to the limit specified in such paragraph.

The Issuer (acting through the Collateral Administrator) will procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Collateral Enhancement Account:

1. at any time, in the acquisition of, or in respect of any exercise of any option or warrant comprised in, Collateral Enhancement Obligations, in accordance with the terms of the Portfolio Management Agreement;

2. at the discretion of the Portfolio Manager (acting on behalf of the Issuer) on the second Business Day prior to each Payment Date, all or part of the Balance standing to the credit of the Collateral Enhancement Account to the Payment Account for distribution on such Payment Date in accordance with the Collateral Enhancement Obligation Proceeds Priority of Payments;

3. at any time, at the discretion of the Portfolio Manager, amounts required to repay any Portfolio Manager Advance outstanding together with any interest accrued thereon in accordance with the Portfolio Management Agreement;

4. at any time, any amounts required to purchase a Deliverable Obligation in connection with a Physical Settlement; and

5. at any time, at the discretion of the Portfolio Manager, to purchase Substitute Collateral Obligations.

(ix) Expense Reserve Account The Issuer (acting through the Collateral Administrator) will procure that the following amounts are paid into the Expense Reserve Account:

(A) on the Closing Date €50,000; and

(B) on each Payment Date (other than the Payment Date on which the Subordinated Notes are to be redeemed and paid in full following such Payment Date) in accordance with paragraph (C)(2) of the Interest Proceeds Priority of Payments) €50,000.

The Issuer (acting through the Collateral Administrator) shall procure payment of the following amounts (and shall ensure that payment of no other amount is made) out of the Expense Reserve Account:

1. on each Payment Date all amounts standing to the credit of the Expense Reserve Account to the Payment Account for disbursement in accordance with Condition 3(c)(i) (Application of Interest Proceeds); and

2. during any Due Period, in payment by the Collateral Administrator on behalf of the Issuer of any Trustee Fees and Expenses or Administrative Expenses up to an amount equal to Senior Expenses Cap applicable to such Due Period, together with any transfer, registration and other administrative fees and charges paid or payable by or on behalf of the Issuer in connection with the acquisition of Collateral Obligations and Substitute Collateral Obligations, and to the extent that invoices are usually obtained, upon receipt of invoices therefor from the relevant creditor.

(x) Class A-1R Collateralising Noteholder Account The Issuer (acting through the Collateral Administrator) shall upon receipt procure that, the following amounts are paid into the Class A-1R Collateralising Noteholder Account:

(A) Class A-1R Collateral in respect of a Defaulting Noteholder's Class A-1R Commitment (including any Class A-1R Interest Amounts, Class A-1R Commitment Fees and such Class A Noteholder's proportionate share of Class A-1R Make Whole Amounts and any amounts in repayment of Class A-1R Advances that would otherwise be payable to such Defaulting Noteholder) to the extent necessary to cover the amount of Class A-1R Collateral to be posted by such Class A-1R Noteholder (where a Defaulting Noteholder as a result of the application of paragraph (a) thereof) or the amount of such Defaulting Noteholder's Defaulted Class A-1R Advance (where a Defaulting Noteholder as a result
of the application of paragraph (b) of the definition thereof) into a separate sub-account of the Class A-1R Collateralising Noteholder Account; and

(B) all Defaulting Noteholder Paid Amounts are transferred to the relevant sub-account of the Class A-1R Collateralising Noteholder Account for so long as such Class A-1R Noteholder is a Defaulting Noteholder.

The Issuer shall procure payment of the following amounts out of the Class A-1R Collateralising Noteholder Account:

1. The applicable Class A-1R Noteholder's pro rata contribution towards any Defaulted Class A-1R Advance to the Principal Account; and

2. following the occurrence of a Class A-1R Collateral Termination Date in respect of a Class A-1R Noteholder, all amounts standing to the credit of the Class A-1R Collateralising Noteholder Account collateralising such Class A-1R Noteholder's obligations (including any interest, dividends and distributions paid thereon) to such Class A-1R Noteholder.

(xi) **Liquidity Payment Account**

The Issuer (acting through the Collateral Administrator) may procure that all amounts described in paragraphs (A) and (D) of Condition 3(k)(ii) (**Interest Account**) are paid directly into the Liquidity Payment Account promptly upon receipt thereof to the extent necessary to procure that the Balance standing to the credit thereof is equal to the outstanding principal amount of any Liquidity Drawings outstanding and any Liquidity Facility Interest Amounts accrued thereon required to be paid under the Liquidity Facility Agreement from time to time (save for any amounts included in paragraph (k) of the definition of "Administrative Expenses").

The Issuer (acting through the Collateral Administrator) may procure repayment of Liquidity Drawings and payment of Liquidity Facility Interest Amounts accrued thereon (save for any amounts included in paragraph (k) of the definition of "Administrative Expenses") out of the Liquidity Payment Account, which amounts shall be paid directly to the Liquidity Facility Provider.

(xii) **Synthetic Collateral Account**

The Issuer (acting through the Collateral Administrator) shall procure that sums and/or securities posted by the Issuer as Synthetic Collateral to secure the Issuer's obligations under a Synthetic Security pursuant to the terms of such Synthetic Security are paid into separate segregated sub accounts (each relating to individual Synthetic Counterparties) within the Synthetic Collateral Account.

The Issuer (acting through the Collateral Administrator) shall procure payment of the following amounts into the Synthetic Collateral Account:

(A) upon the acquisition by or on behalf of the Issuer of any Unfunded Synthetic Security, an amount equal to the amount which would cause the Balance standing to the credit of the Synthetic Collateral Account to be at least equal to the combined aggregate principal amounts of the Unfunded Amounts under each Unfunded Synthetic Security less (i) any amounts posted as collateral for any Unfunded Amounts and (ii) the amount of Class A-1R Allocated Commitment designated in respect of such Unfunded Synthetic Security.

The Issuer (acting through the Collateral Administrator) shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent permitted above) out of the Synthetic Collateral Account:

1. on any Business Day, any Synthetic Collateral (or any amount received on liquidation or maturity thereof), to the Principal Account upon termination or maturity of a Synthetic Security to the extent not required to be paid to the applicable Synthetic Counterparty; and

2. in payment of any amounts due and payable by the Issuer under any Synthetic Security.

(xiii) **Revolving Reserve Account**

The Revolving Reserve Account shall comprise sub-accounts each denominated in a Qualifying Currency and amounts shall be paid into and out of each such ledger in accordance with the currency in which they are denominated.
The Issuer (acting through the Collateral Administrator) shall procure the following amounts are paid into the applicable Revolving Reserve Account:

(A) upon the acquisition by or on behalf of the Issuer of any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation, the Revolving Reserve Commitment less (i) amounts posted as collateral for any Unfunded Amounts pursuant to paragraph (1) below (and which do not constitute Funded Amounts) and (ii) the amount of the Class A-1R Allocated Commitment designated in respect of such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation;

(B) all principal payments received by the Issuer in respect of any Revolving Collateral Obligation, if and to the extent that the amount of such principal payments may be re-borrowed under such Revolving Collateral Obligation following conversion thereof into Euro, if required, pursuant to any Asset Swap Transaction entered into in respect of the applicable Revolving Collateral Obligation or otherwise by the Portfolio Manager, acting on behalf of the Issuer, save to the extent that the Revolving Reserve Commitment applicable to the currency of denomination of such Revolving Collateral Obligation would be satisfied without such deposit in which case such Principal Proceeds shall be paid into the Principal Account; and

(C) all repayments of collateral to the Issuer originally paid by the Issuer pursuant to (1) below;

(D) all Class A-1R Advances in respect of the Class A-1R Allocated Commitment required by the Issuer in order to fund drawings under any Delayed Drawdown Collateral Obligation or Revolving Collateral Obligation;

(E) any Interest Proceeds or Principal Proceeds required to be transferred to the Revolving Reserve Account pursuant to the Priorities of Payments; and

(F) upon redemption of the Notes pursuant to Condition 7(c) (Redemption Upon Breach of Coverage Tests), Condition 7(d) (Special Redemption) or Condition 7(e) (Redemption upon Effective Date Rating Event) all amounts referred to in paragraph (a)(ii) of the Class A-1 Note Payment Sequence.

The Issuer (acting through the Collateral Administrator) shall procure payment of the following amounts (and shall ensure that no other amounts are paid) out of the applicable ledger of the Revolving Reserve Account:

(1) all amounts required to fund any drawings under any Delayed Drawdown Collateral Obligation or Revolving Collateral Obligation or (subject to Rating Agency Confirmation) required to be deposited in the Issuer's name with any third party as collateral for any reimbursement or indemnification obligations of the Issuer owed to any other lender under such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation or to collateralise the Issuer's obligations to fund drawings under any Delayed Drawdown Collateral Obligations or Revolving Collateral Obligations (subject to such security documentation as may be agreed between such lender, the Portfolio Manager acting on behalf of the Issuer and the Trustee), such amounts to be denominated in Euro, and to the extent required, converted into the currency in which it is to be drawn down or so deposited pursuant to any Asset Swap Transaction entered into in respect of the relevant Collateral Debt Obligation or otherwise, by the Portfolio Manager, acting on behalf of the Issuer;

(2) (A) at any time at the direction of the Portfolio Manager (acting on behalf of the Issuer) or (B) upon the sale (in whole or in part) of a Revolving Collateral Obligation or the reduction, cancellation or expiry of any commitment of the Issuer to make future advances or otherwise extend credit thereunder, any excess of (i) the amount standing to the credit of the Revolving Reserve Account in Euros and the amount of the Class A-1R Allocated Commitment over (ii) the sum of the Unfunded Amounts of all Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations, after taking into account such sale or such reduction, cancellation or expiry of commitment, (i) if such excess amount is denominated in Euro, to the Principal Account or (ii) if such excess amount is denominated in a Qualifying Currency other than Euro to the applicable Asset Swap Counterparty;
(3) all initial principal exchange amounts scheduled to be paid by the Issuer to the Asset Swap Counterparty under an Asset Swap Transaction on the scheduled date for payment thereof which relate to any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation;

(4) at the discretion of the Portfolio Manager, acting on behalf of the Issuer, in repayment of any Class A-1R Advance in accordance with the terms of the Class A-1R Note Purchase Agreement and the Portfolio Management Agreement, subject to the Revolving Reserve Commitment being satisfied following such payment;

(5) at the discretion of the Portfolio Manager, acting on behalf of the Issuer, to the Principal Account, to the extent that the Revolving Reserve Commitment would still be satisfied following such transfer.

(xiv) **Interest Rate Hedge Termination Account** The Issuer (acting through the Collateral Administrator) shall procure that all Interest Rate Hedge Counterparty Termination Payments and Interest Rate Hedge Replacement Receipts are paid into the Interest Rate Hedge Termination Account promptly upon receipt thereof.

The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made save to the extent otherwise permitted) out of the Interest Rate Hedge Termination Account in payment as provided below:

1. at any time, in the case of any Interest Rate Hedge Replacement Receipts paid into the Interest Rate Hedge Termination Account, in payment of any Interest Rate Hedge Issuer Termination Payment due and payable to an Interest Rate Hedge Counterparty under the Interest Rate Hedge Transaction being replaced or to the extent not required to make such payment, in payment of such amount to the Principal Account;

2. at any time, in the case of any Interest Rate Hedge Counterparty Termination Payments paid into the Interest Rate Hedge Termination Account, in payment of amounts payable by the Issuer upon entry into a Replacement Interest Rate Hedge Transaction in accordance with the Portfolio Management Agreement; and

3. in the case of any Interest Rate Hedge Counterparty Termination Payments paid into the Interest Rate Hedge Termination Account, in the event that:
   a. the Issuer, or the Portfolio Manager on its behalf, determines not to replace the Interest Rate Hedge Transaction and Rating Agency Confirmation is received in respect of such determination; or
   b. termination of the Interest Rate Hedge Transaction under which such Interest Rate Hedge Counterparty Termination Payments are payable occurs on a Redemption Date; or
   c. to the extent that such Interest Rate Hedge Counterparty Termination Payments are not required for application towards costs of entry into a Replacement Interest Rate Hedge Transaction, in payment of such amounts (save for accrued interest thereon) to the Principal Account.

(xv) **Equity OAT Strip Custody Account** The Issuer will procure that, on or prior to the Closing Date, the Equity OAT Strip Custody Account is established as a single trust account in the name of the Issuer subject to the security interests created in favour of the Trustee for the benefit of the Secured Parties. All Equity OAT Strips shall be deposited in the Equity OAT Strip Custody Account and shall be held by the Custodian as part of the Collateral.

(xvi) **Interest Reserve Account** The Issuer (acting through the Collateral Administrator) shall procure that the following amounts are paid into the Interest Reserve Account:

A. on the Closing Date €2,000,000; and

B. from time to time on any Payment Date, an amount determined at the discretion of the Portfolio Manager transferred from the Interest Account pursuant to paragraph (EE) of Condition 3(c)(i) (*Application of Interest Proceeds*).
The Issuer (acting through the Collateral Administrator) shall procure payment of the following amounts (and shall ensure that payment of no other amount is made) out of the Interest Reserve Account:

1. on each Determination Date after the Effective Date at the discretion of the Portfolio Manager on behalf of the Issuer in payment into the Interest Account;
2. at any time, at the discretion of the Portfolio Manager on behalf of the Issuer in payment into the Principal Account; and
3. on the Business Day prior to any Redemption Date in the event of a redemption of the Notes in whole, all amounts standing to the credit of the Interest Reserve Account to the Payment Account for distribution as Interest Proceeds in accordance with the Priorities of Payment.

4. Security

(a) Security Pursuant to the Trust Deed, the obligations of the Issuer under the Notes of each Class, the Trust Deed, the Subscription Agreement, the Agency Agreement, the Portfolio Management Agreement, the Class A-1R Note Purchase Agreement, the Liquidity Facility Agreement, the Corporate Services Agreement, the Interest Rate Hedge Agreements, the Asset Swap Agreements, the Credit Short Obligations and the Offsetting Credit Default Swaps (together with the obligations owed by the Issuer to the other Secured Parties) are secured in favour of the Trustee for the benefit of itself and the other Secured Parties by:

(i) an assignment by way of security of all the Issuer's rights, title and interest, present and future (and all entitlements or other benefits relating thereto) in respect of all Collateral Debt Obligations, Principal Protected Equity Obligations, Exchanged Equity Securities, Collateral Enhancement Obligations (save to the extent that it would cause the Issuer to breach any obligation by which it is bound which relates to any such Collateral Enhancement Obligation), Special Situation Investment Obligations and Eligible Investments standing to the credit of each of the Accounts and any other investments, in each case held by or on behalf of the Issuer from time to time (where such rights are contractual rights other than contractual rights, the assignment of which would require the consent of a third party and where such contractual rights arise other than under securities), including, without limitation, moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof;

(ii) a first fixed charge and first priority security interest granted over all the Issuer's rights, title and interest, present and future (and, all entitlements or other benefits relating thereto) in respect of all Collateral Debt Obligations, Principal Protected Equity Obligations, Exchanged Equity Securities, Collateral Enhancement Obligations (save to the extent that if it would cause the Issuer to breach any obligation by which it is bound which relates to any such Collateral Enhancement Obligation), Special Situation Investment Obligations and Eligible Investments standing to the credit of each of the Accounts and any other investments, in each case held by or on behalf of the Issuer from time to time (where such assets are securities or contractual rights not assigned by way of security pursuant to paragraph (i) above), including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof;

(iii) a first fixed charge over all rights of the Issuer, present and future, in respect of each of the Accounts (excluding the Class A-1R Collateralising Noteholder Account) and all moneys from time to time standing to the credit of the Accounts and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof, provided that (a) in the case of the Synthetic Collateral Account, any charge granted under this paragraph (iii) shall be subject, and rank subordinate, to any security granted under paragraph (1) below; (b) in the case of the Counterparty Downgrade Collateral Account, any charge granted under this paragraph shall be subject, and rank subordinate to any security granted under paragraph (2) below; (c) in the case of the Revolving Reserve Account any charge granted under this paragraph shall be subject, and rank subordinate to any security granted under paragraph (4) below; and (d) in the case of the Class A-1R Collateralising Noteholder Account any charge granted under this paragraph shall be subject and rank subordinate to any security granted under paragraph (5) below;
(iv) a first fixed charge and first priority security interest over all rights of the Issuer, present and future, in respect of each of the Asset Swap Account and all moneys and all Eligible Investments from time to time standing to the credit of the Asset Swap Account and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof;

(v) a first fixed charge and first priority security interest or an assignment by way of security (where the applicable rights are contractual rights), in respect of all rights of the Issuer in respect of any Synthetic Collateral including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof and over the Synthetic Collateral Account and all moneys from time to time standing to the credit of the Synthetic Collateral Account and the debts represented thereby, subject, in each case, to the rights of any Synthetic Counterparty to require repayment or redelivery of any such Synthetic Collateral pursuant to the terms of the applicable Synthetic Security and to the security interest thereover granted in favour of such Synthetic Counterparty pursuant to the applicable Synthetic Security;

(vi) a first fixed charge and first priority security interest (where the applicable assets are securities) over, or an assignment by way of security (where the applicable rights are contractual obligations) of, all rights of the Issuer, present and future, in respect of any of the Counterparty Downgrade Collateral standing to the credit of the Counterparty Downgrade Collateral Account including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof and over the Counterparty Downgrade Collateral Account and all moneys from time to time standing to the credit of the Counterparty Downgrade Collateral Account and the debts represented thereby, subject, in each case, to the rights of any Asset Swap Counterparty or Interest Rate Hedge Counterparty to require repayment or redelivery of any such Counterparty Downgrade Collateral pursuant to the terms of the applicable Asset Swap Agreement or Interest Rate Hedge Agreement and to any security interest thereover granted in favour of the Trustee for the benefit of such Asset Swap Counterparty or Interest Rate Hedge Counterparty pursuant to the applicable Asset Swap Agreement or Interest Rate Hedge Agreement;

(vii) a first fixed charge and first priority security interest (where the applicable assets are securities) over, or an assignment by way of security (where the applicable rights are contractual obligations) of, all present and future rights of the Issuer in respect of any collateral provided by a Class A-1R Noteholder standing to the credit of the Class A-1R Collateralising Noteholder Account including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of sale, repayment and redemption thereof and over the Class A-1R Collateralising Noteholder Account and all moneys from time to time standing to the credit of the Class A-1R Collateralising Noteholder Account and the debts represented thereby, subject, in each case, to the rights of the relevant Class A-1R Noteholder to require repayment or redelivery of any such collateral pursuant to the terms of Class A-1R Note Purchase Agreement;

(viii) a first fixed charge and first priority security interest over amounts representing all or part of the Unfunded Amount of any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation and deposited in its name with a third party as security for any reimbursement or indemnification obligation of the Issuer owed to any other lender under such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation, subject to the terms of Condition 3(k)(xiii) (Revolving Reserve Account) (including Rating Agency Confirmation);

(ix) an assignment by way of security of the Issuer's rights, present and future, against the Custodian under the Agency Agreement and a first fixed charge over all of the Issuer's right, title and interest in and to the Custody Account (including each cash account relating to the Custody Account) and any cash held therein and the debts represented thereby;

(x) an assignment by way of security of the Issuer's rights, present and future, under each Asset Swap Agreement and each Asset Swap Transaction entered into thereunder (including the Issuer's rights under any guarantee or credit support annex entered into pursuant to any Asset Swap Agreement provided that such assignment by way of security shall not in any way restrict the release of collateral granted thereunder in whole or in part at any time pursuant to the terms thereof);
(xi) an assignment by way of security of the Issuer's rights, present and future under each Interest Rate Hedge Agreement and each Interest Rate Hedge Transaction entered into thereunder (including the Issuer's rights under any guarantee or credit support annex entered into pursuant to any Interest Rate Hedge Agreement, provided that such assignment by way of security shall not in any way restrict the release of collateral granted thereunder in whole or in part at any time pursuant to the terms thereof);

(xii) an assignment by way of security of all the Issuer's rights, present and future, under the Portfolio Management Agreement;

(xiii) a first fixed charge over all moneys held from time to time by the Principal Paying Agent or the Registrar and each Transfer Agent for payment of principal, interest or other amounts on the Notes (if any);

(xiv) an assignment by way of security of all the Issuer's rights, present and future, under the Liquidity Facility Agreement, the Agency Agreement, the Class A-1R Note Purchase Agreement, the Subscription Agreement and the Corporate Services Agreement;

(xv) an assignment by way of first fixed security of the Issuer's rights, title and interest (present and future) under each Offsetting Credit Default Swap (including the Issuer's rights under any guarantee or credit support annex entered into pursuant to any Offsetting Credit Default Swap and any Counterparty Downgrade Collateral provided that such assignment by way of security shall not in any way restrict the release of collateral granted thereunder in whole or in part at any time pursuant to the terms thereof); and

(xvi) an assignment by way of first fixed security of the Issuer's rights, title and interest (present and future) under each Credit Short Obligation (including the Issuer's rights under any guarantee or credit support annex entered into pursuant to any Credit Short Obligation provided that such assignment by way of security shall not in any way restrict the release of collateral granted thereunder in whole or in part at any time pursuant to the terms thereof); and

(xvii) a floating charge over the whole of the Issuer's undertaking and assets (other than the Irish Account and all moneys from time to time standing to the credit of the Irish Account) to the extent that such undertaking and assets are not subject to the security referred to in paragraphs (i) to (xvi) (inclusive) above (or if applicable, the Euroclear Pledge Agreement).

If, for any reason, the purported assignment by way of security of, and/or the grant of first fixed charge over, the property, assets, rights and/or benefits described above is found to be ineffective in respect of any such property, assets, rights and/or benefits (together, the "Affected Collateral"), the Issuer shall hold the benefit of the Affected Collateral and any sums received in respect thereof or any security interest, guarantee or indemnity or undertaking of whatever nature given to secure such Affected Collateral (together the "Trust Collateral") on trust for the Trustee (for the benefit of itself and the other Secured Parties) and shall (i) account to the Trustee for or otherwise apply all sums received in respect of such Trust Collateral as the Trustee may direct (provided that, subject to the Conditions and the terms of the Portfolio Management Agreement, if no Event of Default has occurred and is continuing, the Issuer shall be entitled to apply the benefit of such Trust Collateral and such sums in respect of such Trust Collateral received by it and held on trust under this clause without prior direction from the Trustee), (ii) exercise any rights it may have in respect of the Trust Collateral at the direction of the Trustee and (iii) at its own cost take such action and execute such documents as the Trustee may in its sole discretion require.

The Issuer may from time to time grant security:

(1) by way of a first priority security interest to a Synthetic Counterparty over the Synthetic Collateral deposited by the Issuer in the Synthetic Collateral Account as security for the Issuer's obligations under the relevant Synthetic Security;

(2) by way of a first priority security interest to an Asset Swap Counterparty or an Interest Rate Hedge Counterparty over the Counterparty Downgrade Collateral deposited by such Asset Swap Counterparty or Interest Rate Hedge Counterparty in the Counterparty Downgrade Collateral Account as security for the Issuer's obligations to repay or redeem such Counterparty Downgrade Collateral pursuant to the terms of the applicable Asset Swap Agreement or Interest Rate Hedge Agreement;

(3) by way of a first priority security interest over any deposit established by the Issuer with a Selling Institution in connection with the acquisition therefrom of
an interest in a Collateral Debt Obligation in respect of which the Issuer has agreed to guarantee or undertaken to pay (to the extent of moneys standing to the credit of such deposit) all or part of the liabilities of the related obligor to such Selling Institution;

(4) by way of a first priority security interest over amounts representing all or part of the Unfunded Amount of any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation and deposited in its name with a third party as security for any reimbursement or indemnification obligation of the Issuer owed to any other lender under such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation, subject to the terms of Condition 3(k)(xiii) (Revolving Reserve Account) (including Rating Agency Confirmation); and/or

(5) by way of a first priority security interest to a Class A-1R Noteholder over any amounts deposited by such Class A-1R Noteholder into the Class A-1R Collateralising Noteholder Account as security for the Issuer's obligations to repay or redeem the Class A-1R Notes and to repay amounts standing to the credit of the relevant Class A-1R Collateralising Noteholder Account pursuant to the terms thereof, subject to such security documentation as may be agreed between such third party, the Portfolio Manager, acting on behalf of the Issuer, and the Trustee.

All deeds, documents, assignments, instruments, bonds, notes, negotiable instruments, papers and any other instruments comprising, evidencing, representing and/or transferring the Portfolio will be deposited with or held by or on behalf of the Custodian until the security over such obligations is irrevocably discharged in accordance with the provisions of the Trust Deed. If the ratings of the Custodian are downgraded to below the Rating Requirement or withdrawn, the Issuer shall use commercially reasonable endeavours to procure that a replacement Custodian with the Rating Requirement and who is acceptable to the Trustee is appointed within 45 days in accordance with the provisions of the Agency Agreement.

Pursuant to the terms of the Trust Deed, the Trustee is exempted from any liability in respect of any loss or theft of the Collateral except by reason of acts constituting wilful misconduct, bad faith, fraud or negligence, from any obligation to insure the Collateral and from any claim arising from the fact that the Collateral is held in a clearing system or in safe custody by the Custodian, a bank or other custodian. The Trustee has no responsibility for ensuring that the Custodian satisfies the Rating Requirement applicable to it, or in the event of its failure to satisfy such Rating Requirement, to procure the appointment of a replacement Custodian. The Trustee has no responsibility for the management of the Portfolio by the Portfolio Manager or to supervise the administration of the Portfolio by the Collateral Administrator or any other party and is entitled to rely on the certificates or notices of any relevant party without further enquiry. The Trustee also provides that the Trustee shall accept without investigation, requisition or objection such right, benefit, title and interest, if any, as the Issuer may have in and to any of the Collateral and is not bound to make any investigation into the same or into the Collateral in any respect.

Pursuant to the Euroclear Pledge Agreement, the Issuer has also created a Belgian law pledge over the Collateral Debt Obligations from time to time held by the Custodian on behalf of the Issuer in Euroclear.

(b) **Application of Proceeds upon Enforcement** The Trust Deed provides that the net proceeds of realisation of, or enforcement with respect to the security over the Collateral (other than any Excess Swap Collateral) constituted by the Trust Deed shall be applied in accordance with the Priorities of Payments.

(c) **Limited Recourse** The obligations of the Issuer to pay amounts due and payable in respect of the Notes and to the other Secured Parties at any time shall be limited to the net proceeds of realisation of the security over the Collateral available at such time to make such payment in accordance with these Conditions and the Trust Deed. If the net proceeds of realisation of the security over the Collateral, upon enforcement thereof in accordance with Condition 11 (Enforcement) and the provisions of the Trust Deed, are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes and to the other Secured Parties (such negative amount being referred to herein as a "shortfall"), the obligations of the Issuer in respect of the Notes of each Class and its obligations to the other Secured
Parties (other than in the case of a Hedge Counterparty with respect to Excess Swap Collateral) in such circumstances will be limited to such net proceeds, which shall be applied in accordance with the Priorities of Payments. In such circumstances, the other assets (including its rights under the Corporate Services Agreement) of the Issuer will not be available for payment of such shortfall which shall be borne by the Noteholders, the Trustee and the other Secured Parties in accordance with the Priorities of Payments (applied in reverse order). The rights of the Secured Parties to receive any further amounts (other than in the case of a Hedge Counterparty with respect to Excess Swap Collateral) in respect of such obligations shall be extinguished and none of the Noteholders of each Class or the other Secured Parties may take any further action to recover such amounts. None of the Noteholders of any Class, the Trustee or the other Secured Parties (or any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, its officers or directors, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, winding-up, examinership or liquidation proceedings or for the appointment of a liquidator, an examiner, administrator or similar official, or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes of any Class, the Trust Deed or otherwise owed to the Secured Parties, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.

The Components shall be limited recourse obligations of the Issuer to the extent of the Classes of Notes to which they relate and each class of Class P Combination Notes shall be limited recourse obligations of the Issuer to the extent of their respective Components.

None of the Trustee, the Directors, the Initial Purchaser, the Portfolio Manager, the Collateral Administrator, the Liquidity Facility Provider, the Registrar, the Custodian or any other Agent has any obligation to any Noteholder of any Class for payment of any amount by the Issuer in respect of the Notes of any Class.

(d) Exercise of Rights in Respect of the Portfolio

Subject to the provisions of the Portfolio Management Agreement, the Portfolio Manager may, prior to enforcement of the security over the Collateral and subject in any event to the overall direction and control of the Issuer, exercise all rights and remedies of the Issuer in its capacity as a holder of, or person beneficially entitled to, the Portfolio. In particular, the Portfolio Manager is authorised, subject to any specific direction given by the Issuer, to attend and vote at any meeting of holders of, or other persons interested or participating in, or entitled to the rights or benefits (or a part thereof) under, the Portfolio and to give any consent, waiver, indulgence, time or notification, make any declaration or agree any composition, compounding or other similar arrangement with respect to any Portfolio forming part of the obligations.

(e) Information Regarding the Collateral

The Issuer shall procure that a copy of each Monthly Report and Payment Date Report is mailed upon publication thereof by pre-paid first class post (or is delivered or made available in any other manner approved by the Trustee, including by electronic transmission), within two Business Days of such publication (to the address specified in each of the requests referred to below which address may be an e-mail address) to each Noteholder of each Class upon request therefor and evidence that such Noteholder is a beneficial holder of the Notes, together with a Subordinated Noteholder Report to, and upon written request from, any Subordinated Noteholder and that copies of each such Report are sent to the Trustee, the Portfolio Manager and each Rating Agency within two Business Days of publication thereof.

5. Covenants of and Restrictions on the Issuer

(a) Covenants of the Issuer

Unless otherwise provided and as more fully described in the Trust Deed, the Issuer covenants for so long as any Note remains Outstanding to the Trustee on behalf of the holders of such Outstanding Notes that it will:

(i) take such steps as are reasonable to enforce all its rights:

(A) under the Trust Deed;

(B) in respect of the Collateral;

(C) under the Agency Agreement;

(D) under the Portfolio Management Agreement;

(E) under the Class A-1R Note Purchase Agreement;

(F) under the Liquidity Facility Agreement;
(G) under the Corporate Services Agreement;
(H) under the Euroclear Pledge Agreement;
(I) under the Collateral Acquisition Agreements;
(J) under the Asset Swap Agreements;
(K) under the Interest Rate Hedge Agreements;
(L) under each Credit Short Obligation; and
(M) under each Offsetting Credit Default Swap.

(ii) comply with its obligations under the Notes, the Trust Deed, the Agency Agreement, the Portfolio Management Agreement, the Class A-1R Note Purchase Agreement, the Liquidity Facility Agreement, each Credit Short Obligation, each Offsetting Credit Default Swap and each other Transaction Document to which it is a party;

(iii) keep proper books of account;

(iv) at all times maintain its tax residence in its Home Jurisdiction and will not establish a branch, agency (other than the appointment of the Portfolio Manager and the Collateral Administrator pursuant to the Portfolio Management Agreement) or place of business or register as a company outside of its Home Jurisdiction;

(v) pay its debts generally as they fall due;

(vi) do all such things as are necessary to maintain its corporate existence;

(vii) use its best endeavours to obtain and maintain a listing of the outstanding Notes on the Irish Stock Exchange. If, however, it is unable to do so, having used such endeavours, or if the maintenance of such listing is agreed by the Trustee to be unduly onerous and the Trustee is satisfied that the interests of the holders of the Outstanding Notes would not thereby be materially prejudiced, the Issuer will instead use all commercially reasonable endeavours promptly to obtain and thereafter to maintain a listing for such Notes on such other stock exchange(s) which is a "recognised stock exchange" for the purposes of section 64 of the Taxes Consolidation Act 1997 of Ireland as it may (with the approval of the Trustee, such approval not to be unreasonably withheld) decide or failing such decision as the Trustee may, having regard to the interests of the Noteholders, determine;

(viii) supply such information to the Rating Agencies as they may reasonably request; and

(ix) prior to lending any Collateral Debt Obligations pursuant to a securities lending agreement and provided that at such time the Portfolio Manager has all the relevant consents and authorities (1) obtain the prior approval of the Senior Outstanding Class acting by Ordinary Resolution, (2) obtain a Rating Agency Confirmation in relation to such securities lending and (3) execute and do all such acts and things as the Trustee may require or consider desirable in connection with such securities lending including, but not limited to, the provision of security over the benefit of any securities lending agreement and any collateral received pursuant thereto.

(b) 

Restrictions on the Issuer  As more fully described in the Trust Deed, for so long as any of the Notes remain Outstanding, save as contemplated in the Transaction Documents, the Issuer covenants to the holders of such Outstanding Notes that (to the extent applicable) it will not, without the prior written consent of the Trustee and, in the case of paragraph (vi) below, the Senior Outstanding Class, for so long as the Class A-1 Notes are the Senior Outstanding Class:

(i) sell, factor, discount, transfer, assign, lend or otherwise dispose of any of its rights, title or interest in the Collateral, other than in accordance with the Portfolio Management Agreement, nor will it create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over the Collateral except in accordance with the Trust Deed, the Portfolio Management Agreement, the Euroclear Pledge Agreement and these Conditions;

(ii) sell, factor, discount, transfer, assign, lend or otherwise dispose of, nor create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over any of its other property or assets or any part thereof or interest therein other than in accordance with the Trust Deed, the Euroclear Pledge Agreement and these Conditions and other than in respect of amounts withdrawn from the Revolving Reserve Account in accordance with Condition
3(k)(xiii) (Revolving Reserve Account) to be deposited in the Issuer's name with a third party as collateral for any reimbursement or indemnification obligations of the Issuer owed to any other lender under a Revolving Collateral Obligation or a Delayed Drawdown Collateral Obligation or to collateralise the Issuer's obligation to fund drawings under any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation (subject to such security documentation as may be agreed between such lender and the Portfolio Manager, acting on behalf of the Issuer, and the Trustee);

(iii) engage in any business other than:

(A) acquiring and holding any property, assets or rights that are capable of being effectively charged in favour of the Trustee or that are capable of being held on trust by the Issuer in favour of the Trustee under the Trust Deed;

(B) issuing and performing its obligations under the Notes;

(C) entering into, exercising its rights and performing its obligations under or enforcing its rights under the Trust Deed, the Agency Agreement, the Portfolio Management Agreement, each Credit Short Obligation, each Offsetting Credit Default Swap and each other Transaction Document to which it is a party, as applicable;

(D) performing any act incidental to or necessary in connection with any of the above; or

(E) where the Home Jurisdiction is Ireland, carrying on the business of holding, managing, or both the holding and management of, qualifying assets (being shares, bonds and other securities; futures, options, swaps, derivatives and similar instruments; invoices and all types of receivables; obligations evidencing debt (including loans and deposits); leases and loan and lease portfolios; hire purchase contracts; acceptance credits and all other documents of title relating to the movement of goods; and bills of exchange, commercial paper, promissory notes and all other kinds of negotiable or transferable instruments), and activities ancillary to that business;

(iv) amend any term or condition of the Notes of any Class (save in accordance with these Terms and Conditions and the Trust Deed);

(v) agree to any amendment to any provision of, or grant any waiver or consent under the Trust Deed, the Agency Agreement, the Portfolio Management Agreement, the Class A-1R Note Purchase Agreement, the Liquidity Facility Agreement, the Corporate Services Agreement, each Credit Short Obligation, each Offsetting Credit Default Swap or any other Transaction Document to which it is a party;

(vi) agree to any amendment of any provision of, or grant any waiver or consent under the Deferred Fees and Expenses Periodic Payment Letter;

(vii) incur any indebtedness for borrowed money, other than in respect of:

(A) the Notes, or any document entered into in connection with the Notes or the sale thereof including the Interest Rate Hedge Agreements, the Asset Swap Agreements, the Offsetting Credit Default Swaps and the Credit Short Obligations;

(B) the Liquidity Facility Agreement; or

(C) as otherwise permitted pursuant to the Trust Deed;

(viii) amend its constitutional documents;

(ix) take any action which will cause its "COMI" (as that term is defined in article 3(1) of Council Regulation (EC/1346/2000) (the "Regulation")) to be located in any jurisdiction other than Ireland and will not establish any offices, branches or other permanent establishments (as defined in the Regulation) or register as a Company in any jurisdiction other than Ireland.

(x) have any employees (for the avoidance of doubt the Directors of the Issuer do not constitute employees);

(xi) enter into any reconstruction, amalgamation, merger or consolidation;

(xii) convey or transfer all or a substantial part of its properties or assets (in one or a series of transactions) to any person, otherwise than as contemplated in these Terms and Conditions;
(xiii) issue any shares (other than such shares as are in issue as at the Closing Date) nor redeem or purchase any of its issued share capital;

(xiv) enter into any material agreement or contract with any Person (other than an agreement on customary market terms, which terms do not contain the provisions required below) unless such contract or agreement contains "limited recourse" provisions and such Person agrees that, prior to the date that is two years and one day after all the related obligations of the Issuer have been paid in full (or, if longer, the applicable preference period under applicable insolvency law), such Person shall not take any action or institute any proceeding against the Issuer under any insolvency law applicable to the Issuer or which would reasonably be likely to cause the Issuer to be subject to or seek protection of, any such insolvency law; provided that such Person shall be permitted to become a party to and to participate in any proceeding or action under any such insolvency law that is initiated by any other Person other than one of its Affiliates;

(xv) otherwise than as contemplated in the Transaction Documents, release from or terminate the appointment of the Custodian or the Account Bank under the Agency Agreement or the Euroclear Pledge Agreement, the Portfolio Manager or the Collateral Administrator under the Portfolio Management Agreement or any Asset Swap Counterparty under any Asset Swap Agreement or the guarantor under any Asset Swap Agreement (including, in each case, any transactions entered into thereunder), or any Interest Rate Hedge Counterparty under any Interest Rate Hedge Agreement or the guarantor under any Interest Rate Hedge Agreement (including, in each case, any transactions entered into thereunder), or, in each case, from any executor obligation thereunder;

(xvi) enter into any lease in respect of, or own, premises;

(xvii) make any election within the meaning of Section 110(6) of the Taxes Consolidation Act 1997 of Ireland.

6. Interest

(a) Payment Dates

(i) Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Subordinated Note The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes each bear interest from (and including) the Closing Date (or in the case of the Class A-1R Notes, the relevant Class A-1R Advance Date) and such interest will be payable semi-annually (or, in the case of interest accrued during the initial Accrual Period, for the period from (and including) the Closing Date or the relevant Class A-1R Advance Date to (but excluding) the Payment Date falling on or about 16 June 2008) in arrear on each Payment Date.

(ii) Subordinated Notes Payments of interest will be made on the Subordinated Notes to the extent funds are available in accordance with paragraph (FF) of the Interest Proceeds Priority of Payments, paragraph (X) of the Principal Proceeds Priority of Payments and paragraphs (C) and (D) of the Collateral Enhancement Obligation Proceeds Priority of Payments on each Payment Date. Notwithstanding any other provisions of the Conditions of the Notes or the Trust Deed, all references herein and therein to any of the Subordinated Notes being redeemed in full or at their Principal Amount Outstanding shall be deemed to be amended to the extent required to ensure that a minimum of €1 principal amount of each such Class of Notes remains Outstanding at all times and any amounts which are to be applied in redemption of such Notes pursuant hereto which are in excess of the Principal Amount Outstanding thereof minus €1 shall constitute interest payable in respect of such Notes and shall not be applied in redemption of the Principal Amount Outstanding thereof, provided always however that such €1 principal shall no longer remain Outstanding and the Subordinated Notes shall be redeemed in full on the date on which all of the Collateral securing the Notes has been realised and is to be finally distributed to the Noteholders.

(b) Interest Accrual

(i) Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Subordinated Notes Each Class A-1R Advance will cease to bear interest from the due date for repayment of such Class A-1R Advance, and each Class A-1T Note, Class A-2 Note, Class B Note, Class C Note, Class D Note, Class E Note and Subordinated Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition 6 (both before and after judgment) until whichever is the earlier of (i) the day
on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day seven days after the Trustee or the Principal Paying Agent has notified the Noteholders of such Class of Notes in accordance with Condition 16 (Notices) of receipt of all sums due in respect of all the Notes of such Class up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Terms and Conditions).

(ii) **Subordinated Notes** Payments on the Subordinated Notes will cease to be payable in respect of each Subordinated Note upon the date that all of the Collateral has been realised and no Interest Proceeds or Principal Proceeds or Collateral Enhancement Obligation Proceeds remain available for distribution in accordance with the Priorities of Payments.

(c) **Deferral of Interest**

(i) **Deferred Interest** For so long as any of the Class A Notes remain Outstanding, the Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes in full on any Payment Date, and, for so long as any of the Class B Notes remain Outstanding, the Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class C Notes, Class D Notes or the Class E Notes in full on any Payment Date, and, for so long as any of the Class D Notes remain outstanding, the Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class D Notes or the Class E Notes in full on any Payment Date, and for so long as any of the Class E Notes remain outstanding, the Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class E Notes, in each case to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payments.

In the case of the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, for so long as any of the Class A Notes remain Outstanding, an amount of interest equal to any shortfall in payment of the Interest Amount which would, but for the first paragraph of this Condition 6(c)(i), be due and payable in respect of any of such Classes of Notes on any Payment Date in accordance with the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments (each such amount being referred to as "Deferred Interest") will not be due and payable on such Payment Date, but will be added to the principal amount of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as applicable, and thereafter will accrue interest at the relevant Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and Class E Floating Rate of Interest, as applicable, and the failure to pay such Deferred Interest to the holders of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as applicable, will not be an Event of Default. If the relevant Class is the then Senior Outstanding Class, Deferred Interest shall not be added to the principal amount of such Class and failure to pay interest will constitute an Event of Default. Interest will cease to accrue on each Note, or in the case of a partial repayment, on such part, from the date of repayment or the Maturity Date unless payment of principal is improperly withheld or unless default is otherwise made with respect to such payments of principal.

(ii) **Non-payment of Interest** Non-payment of interest on the Class A Notes, and following redemption in full of the Class A Notes, non-payment of interest on the Class B Notes, and following redemption in full of the Class B Notes, non-payment of interest on the Class C Notes and, following redemption in full of the Class C Notes, non-payment of interest on the Class D Notes and, following redemption in full of the Class D Notes, non-payment of interest on the Class E Notes, shall constitute an Event of Default in accordance with Condition 10(a)(i) (Non-payment of interest) (after taking into account the grace period described therein).

(d) **Payment of Deferred Interest** Deferred Interest in respect of any Class B Note, Class C Note, Class D Note or Class E Note shall only become payable by the Issuer in accordance with the Priorities of Payments, to the extent that Interest Proceeds or, as the case may be, Principal Proceeds are available to make such payment in accordance with the Priorities of Payments.

(e) **Interest on the Floating Rate Notes (other than the Class A-1R Notes)**

(i) **Floating Rate of Interest:**

Subject as provided in paragraph (ii) below, the rate of interest from time to time in respect of the Class A-1T Notes (the "**Class A-1T Floating Rate of Interest**"), in respect of the Class A-2A Notes (the "**Class A-2A Floating Rate of Interest**"), in respect of the Class B Notes (the "**Class B Floating Rate of Interest**"), in respect of the Class C Notes (the "**Class C Floating Rate of Interest**"), in respect of the Class D Notes (the "**Class D Floating Rate of Interest**") and in
respect of the Class E Notes (the "Class E Floating Rate of Interest") will be determined by the Calculation Agent on the following basis:

(1) On the second Business Day before the beginning of each Accrual Period (each, an "Interest Determination Date"), the Calculation Agent will determine the offered rate for 6 month (or in the case of the first Accrual Period only, the linear interpolation of 6 month and 9 month) Euro deposits as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question. Such offered rate will be that which appears on the display designated as Reuters page EURIBOR01 (or such other page or service as may replace it for the purpose of displaying EURIBOR rates). The Class A-1T Floating Rate of Interest, the Class A-2A Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest for such Accrual Period shall be the aggregate of the Applicable Margin (as defined in this Condition below) and the rate which so appears, all as determined by the Calculation Agent.

(2) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then paragraph (1) shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Calculation Agent. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will request each of four major banks in the Euro-zone interbank market acting in each case through its principal Euro-zone (as defined in this Condition below) office (the "Reference Banks") to provide the Calculation Agent with its offered quotation to leading banks for Euro deposits in the Euro-zone interbank market for a period of 6 months (or in the case of the first Accrual Period only, the linear interpolation of 6 months and 9 months) as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question. The Class A-1T Floating Rate of Interest, the Class A-2A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest for such Accrual Period shall be the aggregate of the Applicable Margin (if any) and the arithmetic mean, in each case, (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of such quotations (or of such of them, being at least two, as are so provided), all as determined by the Calculation Agent.

(3) If on any Interest Determination Date one only or none of the Reference Banks provides such quotation, the Class A-1T Floating Rate of Interest, the Class A-2A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest respectively, for the next Accrual Period shall be the Class A-1T Floating Rate of Interest, the Class A-2A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest and in each case in effect as at the immediately preceding Accrual Period.

(4) Where:

"Applicable Margin" means:

(a) in the case of the Class A-1T Notes: 0.40 per cent. per annum;
(b) in the case of the Class A-2A Notes: 0.65 per cent. per annum;
(c) in the case of the Class B Notes: 0.85 per cent. per annum;
(d) in the case of the Class C Notes: 1.75 per cent. per annum;
(e) in the case of the Class D Notes: 3.75 per cent. per annum; and
(f) in the case of the Class E Notes: 6.50 per cent. per annum.
(ii) **Determination of Floating Rate of Interest and Calculation of Interest Amounts:**

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, but in no event later than the second Business Day after such date:

1. determine the Class A-1T Floating Rate of Interest, the Class A-2A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest; and

2. calculate the Interest Amount payable in respect of each Minimum Denomination or Authorised Integral Amount of Class A-1T Notes, Class A-2A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes for the relevant Accrual Period.

The amount of interest (the "Floating Interest Amount") payable in respect of each Minimum Denomination or Authorised Integral Amount applicable to any such Floating Rate Notes shall be calculated by applying, in respect of the Class A-1T Notes the Class A-1T Floating Rate of Interest, the Class A-2A Notes the Class A-2A Floating Rate of Interest, in respect of the Class B Notes the Class B Floating Rate of Interest, in respect of the Class C Notes the Class C Floating Rate of Interest, in respect of the Class D Notes the Class D Floating Rate of Interest and in respect of the Class E Notes the Class E Floating Rate of Interest respectively, to an amount equal to such Minimum Denomination or Authorised Integral Amount, as applicable, multiplying the product by the actual number of days in the Accrual Period concerned, divided by 360 and rounding the resultant figure to the nearest €0.01 (€0.005 being rounded upwards) provided that for the avoidance of doubt, holders of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and/or the Class E Notes, as the case may be, shall only be entitled to receive interest on the Principal Amount Outstanding from time to time in respect of such Floating Rate Notes.

(iii) **Reference Banks and Calculation Agent:**

The Issuer will procure that, so long as any Rated Notes remain Outstanding:

1. a Calculation Agent shall be appointed and maintained for the purposes of determining the Floating Rates of Interest and determining the interest amount payable in respect of each Class A-1T Note, Class A-2A Note, Class B Note, Class C Note, Class D Note and Class E Note; and

2. if the Class A-1T Floating Rate of Interest, the Class A-2A Floating Rate of Interest, the Class B Floating Rate of Interest, the Class C Floating Rate of Interest, the Class D Floating Rate of Interest and the Class E Floating Rate of Interest are to be calculated by Reference Banks pursuant to paragraph (2) of Condition 6(e)(i) (Floating Rate of Interest), that the number of Reference Banks required pursuant to such Condition are appointed.

If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent for the purpose of calculating interest hereunder or fails duly to establish the Floating Rate of Interest for any Accrual Period, or to calculate the Interest Amount on any Class of Rated Notes, the Issuer shall (with the prior approval of the Trustee) appoint some other leading bank to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

(f) **Interest on the Fixed Rate Notes**

The Class A-2B Notes bear interest at the rate of 5.263 per cent. per annum (the "Class A-2B Fixed Rate of Interest"). The amount of interest payable in respect of each Minimum Denomination or Authorised Integral Amount applicable to any such Notes shall be calculated by applying 5.263 per cent., to an amount equal to such Minimum Denomination or Authorised Integral Amount, as applicable, multiplying the product by the actual number of days in the Accrual Period concerned divided by 365 and rounding the resultant figure to the nearest €0.01 (€0.005 being rounded upwards).
(g) **Interest on the Class A-1R Notes**

(i) **Class A-1R Interest**

Interest on the Class A-1R Notes shall be payable on each Payment Date and comprises, to the extent applicable, the Class A-1R Interest Amount payable on such Payment Date.

(ii) **Class A-1R Interest Amount on Class A-1R Advances**

The rate of interest on each Class A-1R Advance (the "**Class A-1R Interest Rate**") for the relevant Class A-1R Accrual Period is the percentage rate per annum which is the aggregate of:

(A) 0.42 per cent.; and

(B) EURIBOR.

For the purposes of the above, "**EURIBOR**" means:

(A) six month EURIBOR, calculated, mutatis mutandis, as set out in paragraphs (i) to (iii) of Condition 6(e)(i) (Floating Rate of Interest) (save that references therein to "Accrual Period" shall be read and construed as references to the relevant Class A-1R Accrual Period, in respect of the first Class A-1R Accrual Period in respect of each Class A-1R Advance, references to "Interest Determination Date" shall be to the Class A-1R Advance Request Date, and any references to each class of Floating Rate Note (other than the Class A-1R Notes) shall be read and construed as references to the relevant Class A-1R Advance); or

(B) in respect of the Class A-1R Accrual Period immediately prior to the Maturity Date or Redemption Date of the Class A-1R Notes, a linear interpolation of EURIBOR for such period as shall be appropriate; or

(C) in relation to any Class A-1R Advance or part thereof which is outstanding for greater than or less than a full six month Accrual Period, a linear interpolation of two EURIBOR rates, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the period for which interest is then to be calculated (the "**Euro Calculation Period**") and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the Euro Calculation Period.

The amount of interest payable on Class A-1R Advances payable by the Issuer on each Payment Date in respect of each Authorised Integral Amount of the Class A-1R Notes (the "**Class A-1R Interest Amount**") shall be an amount equal to (a) the aggregate of a sum derived by applying, for each Class A-1R Advance, the applicable Class A-1R Interest Rate to the relevant Class A-1R Advance, multiplying the product by the actual number of days elapsed in such Class A-1R Accrual Period divided by 360 and rounding the resulting figure to the nearest 0.01 (0.005 being rounded upwards) (b) multiplied by a percentage equal to the Authorised Integral Amount, divided by the Aggregate Class A-1R Commitment (prior to any reduction thereof under these Conditions).

(iii) **Payment of interest on Class A-1R Advances**

Subject as provided below, on the last day of each Class A-1R Accrual Period, the Issuer shall pay accrued interest on the Class A-1R Advance to which that Class A-1R Accrual Period relates.

If any Class A-1R Accrual Period ends on a day other than a Payment Date, interest accrued up to (but excluding) such date shall be paid on the next following Payment Date, and no further interest shall be payable in respect of such delay.

Payment of interest on the Class A-1R Notes will be made subject to and in accordance with the Priorities of Payments.

(iv) **Notification of Rates of Interest**

The Class A-1R Note Agent shall promptly notify the Issuer and the Class A-1R Noteholders of the determination of the Class A-1R Interest Amounts and EURIBOR used in determining such amounts under this Condition 6.
Reference Banks and Class A-1R Note Agent

The Issuer will procure that, so long as any Class A-1R Note remains Outstanding a Class A-1R Note Agent shall be appointed and maintained for the purposes of determining the interest rate and interest amount payable in respect of each Class A-1R Advance:

If the Class A-1R Note Agent is unable or unwilling to continue to act as the Class A-1R Note Agent for the purpose of calculating the Class A-1R Interest Amount or the Class A-1R Commitment Fee hereunder or fails duly to establish the rate of interest or the Class A-1R Interest Amount or the Class A-1R Commitment Fee for any Accrual Period, the Issuer shall (with the prior approval of the Trustee) appoint some other leading bank to act as such in its place. The Class A-1R Note Agent may not resign its duties without a successor having been so appointed.

Class A-1R Commitment Fee

The Class A-1R Commitment Fee will be payable pro rata to the Class A-1R Noteholders in Euro in arrear on each Payment Date on or prior to the Commitment Termination Date (save that the Class A-1R Commitment Fee will continue to be payable in respect of the Class A-1R Average Allocated Commitment after the expiry of the Reinvestment Period) and will be paid in accordance with the Priorities of Payments with, inter alia, payments of interest on the Class A-1R Advances.

Where a Class A-1R Noteholder who is or whose Committed Facility Provider is a Defaulting Noteholder or a Non-Compliant Class A-1R Noteholder has transferred or sold its Class A-1R Notes to a transferee or purchaser during an Accrual Period, the Class A-1R Commitment Fee in respect of such Class A-1R Notes shall be paid on the following Payment Date to the relevant Class A-1R Noteholder and the purchaser or transferee, as applicable, on a pro rata basis relating to the number of days during such Accrual Period that such Class A-1R Noteholder and such purchaser or transferee held the Class A-1R Notes, respectively.

Interest on the Subordinated Notes

The Calculation Agent will on each Determination Date calculate the interest payable to the extent of available funds in respect of an original principal amount of Subordinated Notes equal to the Minimum Denomination and Authorised Integral Amount applicable thereto for the relevant Accrual Period. The Interest Proceeds payable on each Payment Date in respect of an original principal amount of Subordinated Notes equal to the Minimum Denomination and Authorised Integral Amount applicable thereto shall be calculated by multiplying the amount of Interest Proceeds to be applied on the Subordinated Notes on the applicable Payment Date pursuant to paragraph (FF) of the Interest Proceeds Priorities of Payments, paragraph (X) of the Principal Proceeds Priorities of Payments and paragraphs (C) and (D) of the Collateral Enhancement Obligation Proceeds Priority of Payments by fractions equal to the amount of such Minimum Denomination or Authorised Integral Amount, as applicable, divided by the aggregate original principal amount of the Subordinated Notes.

Interest on the Class P Combination Notes

Interest shall accrue in respect of each Class P Combination Note on the same terms as are applicable to a principal amount of each Class of Notes which is equal to the principal amount of each Component of Class P Combination Notes corresponding thereto as if such Notes had been, and remained, issued and Outstanding at all times: provided however, that, notwithstanding the terms and conditions applicable to the payment of interest on such Classes of Notes, the aggregate amount of all principal and interest payable in respect of the Class P Combination Notes on any Payment Date shall be applied on such Payment Date as follows:

(A) first, in payment on a pro rata basis, of an amount of interest in respect of the Class P Combination Notes, (the "Class P Combination Note Rated Coupon Interest") equal to the Class P Rated Coupon payable in respect thereof multiplied by the Principal Amount Outstanding of the Class P Combination Notes during the Accrual Period ending immediately prior to such Payment Date multiplied by the actual number of days in the Accrual Period concerned divided by 360 with the resultant figure being rounded to the nearest €0.01 (€0.005 being rounded upwards) and with the amount payable in respect of each Minimum Denomination or Authorised Integral Amount being determined by the Calculation Agent on a pro rata basis. To the extent that there are insufficient proceeds available for payment of the Class P Combination Notes Coupon Interest or proportion thereof (as the case may be) due and payable on any Payment Date in respect of the Class P Combination Notes, an amount of interest equal to any shortfall in payment of such Interest Amount due and payable on such Payment Date shall not be deferred. An interest amount equal to such shortfall will be extinguished on such Payment Date and the
7. Redemption

(a) Final Redemption Save to the extent previously redeemed or purchased and cancelled, the Notes of each Class will be redeemed on the Maturity Date of such Notes. In the case of a redemption pursuant to this Condition 7(a), the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be redeemed at their Principal Amount Outstanding and the Subordinated Notes will

(b) secondly, subject to paragraph (ii) below, in redemption of the Principal Amount Outstanding of the Class P Combination Notes (on a pro rata basis); and

(c) thereafter, to the extent that any amounts of principal and interest distributable in respect of the Class P Combination Notes corresponding to the Components of which such Class P Combination Notes are comprised are remaining, in payment on a pro rata basis of an amount of interest in respect of the Class P Combination Notes (such interest, "Class P Residual Amount").

(ii) Notwithstanding any other provisions of the Conditions of the Notes or the Trust Deed, all references herein and therein to the Class P Combination Notes being redeemed in full or at their Principal Amount Outstanding shall be deemed to be amended to the extent required to ensure that a minimum of €1 principal amount of each such Class of Notes remains Outstanding at all times and any amounts which are to be applied in redemption of such Notes pursuant hereto which are in excess of the Principal Amount Outstanding thereof minus €1, shall constitute interest on the Class P Combination Notes and shall not be applied in redemption of the Principal Amount Outstanding thereof, provided always however that such a minimum of €1 shall no longer remain Outstanding and the Class P Combination Notes shall be redeemed in full on the date on which all of the Collateral securing the Notes has been realised and is to be finally distributed to the Noteholders.

(j) Publication of Floating Rates of Interest, Interest Amounts and Deferred Interest The Calculation Agent will cause the Floating Rates of Interest, the Interest Amounts payable in respect of each Class of Notes, the amount of any Deferred Interest due but not paid on any Class of Notes for each Accrual Period and Payment Date and the Principal Amount Outstanding of each Class of Notes as of the applicable Payment Date to be notified to the Registrar, the Principal Paying Agent, the Transfer Agents, the Trustee, the Portfolio Manager and, for so long as the Notes are listed on the Irish Stock Exchange, the Irish Stock Exchange as soon as possible after their determination but in no event later than the fourth Business Day thereafter, and the Registrar shall cause each such rate, amount and date to be notified to the Noteholders of each Class in accordance with Condition 16 (Notices) as soon as possible following notification to the Registrar but in no event later than the third Business Day after such notification. The Interest Amounts or the Payment Date in respect of any Class of Notes so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Accrual Period. If any of the Notes become due and payable under Condition 10 (Events of Default), interest shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition but no publication of the applicable Interest Amounts shall be made unless the Trustee so determines.

(k) Determination or Calculation by Trustee If the Calculation Agent does not at any time for any reason so calculate the Floating Rates of Interest or calculate the Interest Amounts payable in respect of the Notes for an Accrual Period, the Trustee (or a person appointed by it for the purpose) shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent and shall be binding on the Noteholders. In doing so, the Trustee, or such person appointed by it, shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and reliance on such persons as it has appointed for such purpose. The Trustee shall have no liability to any person in connection with any determination or calculation (including with regard to the timelines thereof) it is required to make pursuant to this Condition 6(k).

(l) Notifications, etc. to be Final All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Reference Banks (or any of them), the Calculation Agent or the Trustee, will (in the absence of manifest error) be binding on the Issuer, the Reference Banks, the Calculation Agent, the Trustee, the Registrar, the Principal Paying Agent, the Transfer Agents and all Noteholders and (in the absence as referred to above) no liability to the Issuer or the Noteholders of any Class shall attach to the Reference Banks, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition.
be redeemed at the amount equal to their pro rata share of the amounts of Principal Proceeds to be applied towards such redemption pursuant to the Priorities of Payments. Notes may not be redeemed or purchased other than in accordance with this Condition 7.

For the avoidance of doubt, upon final redemption, the Collateral Enhancement Account will be liquidated and the proceeds therefrom will be used in accordance with Condition 3(c)(iii) (Collateral Enhancement Obligation Proceeds Priority of Payments).

(b) Redemption at the Option of the Noteholders

(i) Redemption at the Option of the Subordinated Noteholders Subject to the provisions of Condition 7(b)(iii) (Terms and Conditions of Redemption at the Option of the Noteholders), the Notes of each Class shall be redeemable by the Issuer, in whole but not in part, at their applicable Redemption Prices, from the proceeds of liquidation or realisation of the Collateral:

(A) on any Payment Date falling on or after expiry of the Non-Call Period; or

(B) upon the occurrence of a Collateral Tax Event, on any Payment Date falling after such occurrence,

in each case at the direction of an Extraordinary Resolution of the Subordinated Noteholders (as evidenced by duly completed Redemption Notices, in accordance with the procedures described in Condition 7(b)(iii) (Terms and Conditions of Redemption at the Option of the Noteholders) and Condition 7(b)(iv) (Mechanics of Redemption) below and subject to the establishment of a reasonable reserve as determined by the Trustee following consultation with the Portfolio Manager and Collateral Administrator for all administrative and other fees and expenses payable in such circumstances under the Priorities of Payments in priority to the payment of principal on the Notes of each Class). The Issuer shall procure that notice of such redemption, including the applicable Redemption Date, shall be given to the Noteholders in accordance with Condition 16 (Notices). The Trustee shall have no liability to any person in connection with the establishment or sufficiency of any reserve made by the Issuer pursuant to this Condition 7(b)(i).

Upon any redemption of the Notes pursuant to this Condition, the Class A-1R Commitment shall be reduced to zero on the applicable Redemption Date.

(ii) Redemption at the Option of the Senior Outstanding Class Noteholders and Subordinated Noteholders following Note Tax Event Subject to the provisions of Condition 7(b)(iii) (Terms and Conditions of Redemption at the Option of the Noteholders) and Condition 7(b)(iv) (Mechanics of Redemption) below, the Notes of each Class shall be redeemable by the Issuer, in whole but not in part, at their applicable Redemption Prices, from the proceeds of liquidation or realisation of the Collateral upon the occurrence of a Note Tax Event, on any Payment Date falling after such occurrence upon receipt of a direction by way of an Extraordinary Resolution of the holders of each of the Senior Outstanding Class and the Subordinated Notes acting by Extraordinary Resolution.

Upon any redemption of the Notes pursuant to this Condition, the Class A-1R Commitment shall be reduced to zero on the applicable Redemption Date.

(iii) Terms and Conditions of Redemption at the Option of the Noteholders Following receipt of notice from the Issuer or, as the case may be, of confirmation from the Registrar of receipt of a direction by way of an Extraordinary Resolution of Subordinated Noteholders and/or the Senior Outstanding Class, as applicable, (including the holders of the Class P Combination Notes, with respect to the Components of the Class P Combination Notes) to exercise any right of optional redemption pursuant to this Condition, the Collateral Administrator shall, as soon as practicable, and in any event not later than 17 Business Days prior to the scheduled Redemption Date (the "Redemption Determination Date") calculate the Redemption Threshold Amount.

The Notes shall not be optionally redeemed pursuant to paragraphs (i) or (ii) above unless not less than seven nor more than 15 Business Days before the scheduled Redemption Date the Issuer, based on the certification of the Portfolio Manager, shall have certified to the Trustee (which shall be entitled to rely on such certificate without further enquiry) in a form satisfactory to the Trustee that the Expected Net Proceeds from (i) the entry into a binding agreement or agreements with one or more financial institutions (which term shall include, for the avoidance of doubt any entity or institution which has issued or is to issue notes secured on a portfolio of collateral loan or debt securities or which is a fund or other investment vehicle established for the purpose of acquiring assets similar to the Portfolio) which (or whose guarantor under such obligations) has a short-term senior unsecured credit rating from each of, S&P and Moody's
respectively, of at least "A-1" and at least "P-1" (or, if no such rating is available from Moody's, has a long-term senior unsecured credit rating from Moody's of at least "Aa2", or if neither such rating is available from such Rating Agency, in respect of which Rating Agency Confirmation has been received) with settlement dates on or prior to two Business Days immediately preceding the scheduled Redemption Date and not more than 30 days after the date of entry into any such agreement or agreements and/or (ii) the liquidation proceeds of the Portfolio (calculated as provided below) which shall be held by or on behalf of the Issuer in immediately available funds not later than two Business Days immediately preceding the scheduled Redemption Date, will equal or exceed the applicable Redemption Threshold Amount.

The "Expected Net Proceeds" resulting from any such proposed (i) entry into a binding agreement with a financial institution or (ii) liquidation of the Portfolio shall be the sum of:

(A) in respect of each Collateral Obligation in the Portfolio, one of the following:

1. in the case of entry into a binding agreement with a financial institution satisfying the requirements described above, the purchase price payable in respect thereof;

2. otherwise, the percentage of the Market Value thereof set out in the applicable column of the table below based upon the period of time between the certification of such Expected Net Proceeds and the expected date of sale of such Collateral Obligation.

(B) the sum of the Balances of the Accounts (to the extent not payable to any entity other than the Issuer); and

(C) amounts receivable under any Asset Swap Agreement, Interest Rate Hedge Agreement, Offsetting Credit Default Swap and Credit Short Obligation prior to the Redemption Date.

<table>
<thead>
<tr>
<th>Collateral Type</th>
<th>Number of Business Days Between Certification and Expected Sale</th>
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</thead>
<tbody>
<tr>
<td>Collateral Obligations (other than Collateral Obligations with a Market Value of less than 90% of the Principal Balance thereof)</td>
<td>1 to 2 93.0% 3 to 5 92.0% 6 to 30 88.0%</td>
</tr>
<tr>
<td>Collateral Obligations with a Market Value of less than 90% of the Principal Balance thereof</td>
<td>80.0% 73.0% 60.0%</td>
</tr>
</tbody>
</table>

(iv) Mechanics of Redemption Following calculation by the Collateral Administrator of the applicable Redemption Threshold Amount, the Collateral Administrator shall make such other calculations as it is required to make pursuant to the Portfolio Management Agreement and shall notify the Issuer, the Trustee, the Portfolio Manager and the Registrar, whereupon the Registrar shall notify the Noteholders (in accordance with Condition 16 (Notices)) of such amounts.

Any exercise of a right of optional redemption pursuant to this Condition shall be effected by delivery to a Transfer Agent by the requisite amount of holders of Notes of the relevant Class held thereby together with duly completed Redemption Notices not more than 40 nor less than 20 Business Days prior to the applicable Redemption Date. No Redemption Notice and Notes so delivered may be withdrawn without the prior consent of the Issuer. The Transfer Agent shall copy each Redemption Notice received to each of the Issuer, the Trustee, the other Transfer Agents, the Collateral Administrator and the Portfolio Manager.

The Collateral Administrator shall notify the Issuer, the Trustee, the Portfolio Manager, each Asset Swap Counterparty, each Interest Rate Hedge Counterparty and the Registrar, whereupon the Registrar shall notify the Noteholders, upon satisfaction of any of the conditions set out in paragraph (iii) above and shall arrange for liquidation and/or realisation of the Portfolio on behalf of the Issuer in accordance with the Portfolio Management Agreement. The Issuer shall deposit, or cause to be deposited, the funds required for an optional redemption of the Notes in accordance with Condition 7(b) (Redemption at the Option of the Noteholders) in the Payment Account on or before the Business Day prior to the applicable Redemption Date. Principal Proceeds, Interest Proceeds and Collateral Enhancement Obligation Proceeds received in
connection with such redemption shall be payable in accordance with the Condition 3(c) (Priorities of Payments), applied as if the Reinvestment Period had expired.

(c) Redemption upon Breach of Coverage Tests

(i) Class A Notes

If the Class A Par Value Test or, following the Effective Date, if either of the Class A Coverage Tests is not met on any Determination Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption pro rata and pari passu of the Class A-1 Notes (and the Class A-1R Commitments will be simultaneously and permanently reduced as described in Condition 7(k) (Repayment of Class A-1R Advances and Reduction of the Class A-1R Commitment)), and thereafter, the Class A-2 Notes on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

(ii) Class B Notes

If the Class B Par Value Test or, following the Effective Date, if either of the Class B Coverage Tests is not met on any Determination Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption pro rata and pari passu of the Class A-1 Notes (and the Class A-1R Commitments will be simultaneously and permanently reduced as described herein), and thereafter, the Class A-2 Notes, and thereafter, the Class B Notes on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

(iii) Class C Notes

If the Class C Par Value Test or, following the Effective Date, if either of the Class C Coverage Tests is not met on any Determination Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption pro rata and pari passu of the Class A-1 Notes (and the Class A-1R Commitments will be simultaneously and permanently reduced as described herein), and thereafter, the Class A-2 Notes and thereafter, the Class B Notes, and thereafter the Class C Notes on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

(iv) Class D Notes

If the Class D Par Value Test or, following the Effective Date, if either of the Class D Coverage Tests is not met on any Determination Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption pro rata and pari passu of the Class A-1 Notes (and the Class A-1R Commitments will be simultaneously and permanently reduced as described herein), and thereafter, the Class A-2 Notes and thereafter, the Class B Notes, and thereafter the Class C Notes, and thereafter the Class D Notes on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

(v) Class E Notes

If the Class E Par Value Coverage Test or, following the Effective Date, if either of the Class E Coverage Tests is not met on any Determination Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class A-1 Notes (and the Class A-1R Commitments will be simultaneously and permanently reduced as described herein), and thereafter, the Class A-2 Notes and thereafter the Class B Notes, and thereafter the Class C Notes, and thereafter the Class D Notes and thereafter the Class E Notes on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) until each such Coverage Test is satisfied if recalculated following such redemption.

(d) Special Redemption

The Notes may be redeemed in accordance with the Principal Proceeds Priority of Payments (and the Class A-1R Commitments will be simultaneously and permanently reduced as described in Condition 7(k) (Repayment of Class A-1R Advances and Reduction of the Class A-1R Commitment)), at the sole and absolute discretion of the Portfolio Manager (acting on behalf of the Issuer) if, at any time during the Reinvestment Period, the Portfolio Manager (acting on behalf of the Issuer) has been unable, for a period of 180 consecutive Business Days, to identify additional Collateral Obligations or Substitute Collateral Obligations that are deemed appropriate by the Portfolio Manager.
Redemption of Class P Combination Notes

Redemption Following Expiry of the Reinvestment Period

Redemption upon Effective Date Rating Event

Redemption Following Expiry of the Reinvestment Period

Redemption

Redemption of Class P Combination Notes

(i) The Class P Combination Notes will be redeemed by applying the aggregate of amounts of principal and interest payable in respect of the Classes of Notes corresponding to the Components of which the Class P Combination Notes are comprised, on each Payment Date:

(A) first, in payment of any Class P Combination Note Rated Coupon Interest payable in respect of thereof on such Payment Date to the extent that there are insufficient Interest Proceeds available for payment of the Class P Combination Notes Coupon Interest or proportion thereof (as the case may be) due and payable on any Payment Date in respect of the Class P Combination Notes, an amount of interest equal to any shortfall in payment of such Interest Amount due and payable on such Payment Date shall not be deferred. An interest amount equal to such shortfall will be extinguished on such Payment Date and the affected Class P Combination Noteholder will have no claim against the Issuer in respect thereof;

(B) secondly, subject to paragraph (ii) below, in redemption of the Principal Amount Outstanding of the Class P Combination Notes (on a pro rata basis); and
(C) any amounts remaining following such application shall be applied in payment of the Class P Residual Interest;

(ii) Notwithstanding any other provisions of the Conditions of the Notes or the Trust Deed, all references herein and therein to the Class P Combination Notes being redeemed in full or at their Principal Amount Outstanding shall be deemed to be amended to the extent required to ensure that a minimum of €1 principal amount of each such Class of Notes remains Outstanding at all times and any amounts which are to be applied in redemption of such Notes pursuant hereto which are in excess of the Principal Amount Outstanding thereof minus €1, shall constitute the Class P Residual Interest on the Class P Combination Notes payable in respect of the Class P Combination Notes and shall not be applied in redemption of the Principal Amount Outstanding, provided however that such a minimum of €1 shall no longer remain Outstanding and the Class P Combination Notes shall be redeemed in full on the date on which all of the Collateral securing the Notes has been realised and is to be finally distributed to Noteholders.

(i) **Cancellation** All Notes redeemed in full by the Issuer (other than Class A-1R Notes prior to the Commitment Termination Date) will be cancelled and may not be reissued or resold.

(j) **Notice of Redemption** The Issuer shall procure that notice of any redemption in accordance with this Condition 7 is given to the Noteholders in accordance with Condition 16 (Notices) and promptly in writing to the Rating Agencies.

(k) **Repayment of Class A-1R Advances and Reduction of the Class A-1R Commitment** Class A-1R Advances will be repaid and the Class A-1R Commitment reduced on each Payment Date in certain circumstances in accordance with the Priorities of Payments and the provisions of the Class A-1R Note Purchase Agreement and may, in addition, be prepaid at the option of the Portfolio Manager acting on behalf of the Issuer in accordance with the Portfolio Management Agreement and the Class A-1R Note Purchase Agreement. In the case of a Class A-1R Prepayment on a Business Day other than a Payment Date, a proportionate share of the Class A-1R Make Whole Amount shall be payable in respect of each Class A-1R Note on the Payment Date immediately following the relevant Class A-1R Prepayment.

Upon any redemption of the Class A-1R Notes pursuant to Condition 7(c) (Redemption upon Breach of Coverage Test), Condition 7(d) (Special Redemption) or Condition 7(e) (Redemption upon Effective Date Rating Event) the available proceeds for redemption of Class A-1R Notes (up to a maximum amount equal to the Class A-1R Commitment) will be applied in accordance with paragraph (a) of the definition of Class A-1 Note Payment Sequence (the amount so applied, the "Class A-1R Redemption Amount").

Principal in respect of any Class A-1R Advance may be prepaid on any Business Day (other than a Payment Date, on which dates Class A-1R Notes shall be repaid in accordance with the Priorities of Payments). If a Class A-1R Advance is prepaid on a Business Day other than a Payment Date, the Issuer shall pay to the Class A-1R Note Agent (for disbursement to the Class A-1R Noteholders in proportion to their respective entitlements thereto) the Class A-1R Make Whole Amount.

Upon any redemption of the Notes pursuant to Condition 7(b)(i) (Redemption at the Option of the Subordinated Noteholders) or Condition 7(b)(ii) (Redemption at the Option of the Senior Outstanding Class Noteholders and Subordinated Noteholders following Note Tax Event), the Class A-1R Commitments shall be reduced to zero on the applicable Redemption Date.

Where, upon any redemption of the Class A-1R Notes pursuant to Condition 7(c) (Redemption upon Breach of Coverage Tests), Condition 7(d) (Special Redemption) or Condition 7(e) (Redemption upon Effective Date Rating Event), the Aggregate Class A-1R Commitment shall be reduced by an amount equal to the Class A-1R Redemption Amount.

On the last day of the Reinvestment Period, the Aggregate Class A-1R Commitment shall be reduced to an amount equal to the sum of the Class A-1R Drawn Amount and the Class A-1R Allocated Commitment on the last day of the Reinvestment Period with effect on and from such date. Accordingly the Class A-1R Commitment of each Class A-1R Noteholder shall be proportionately cancelled on the last day of the Reinvestment Period in an amount equal to such Class A-1R Noteholder's proportionate share of the amount by which the Aggregate Class A-1R Commitment was reduced pursuant to and in accordance with the immediately preceding sentence.

Any Class A-1R Advances repaid after the last date of the Reinvestment Period shall also proportionately cancel the Class A-1R Commitments of each Class A-1R Noteholder and shall not be available to be redrawn by the Issuer. Any draw on any Class A-1R Allocated Commitment shall increase the Class A-1R Drawn Amount and reduce the Class A-1R Allocated Commitment by the same amount.
(l) **Redemption of the Subordinated Notes** Notwithstanding any other provisions of the Conditions or the Trust Deed, all references herein and therein to any of the Subordinated Notes being redeemed in full or at their Principal Amount Outstanding shall be deemed to be amended to the extent required to ensure that €1 principal amount of each such Class of Notes remains Outstanding at all times and any amounts which are to be applied in redemption of such Notes pursuant hereto which are in excess of the Principal Amount Outstanding thereof minus €1, shall constitute interest payable in respect of such Notes and shall not be applied in redemption of the Principal Amount Outstanding thereof, provided always however that such €1 shall no longer remain outstanding and the Subordinated Notes shall be redeemed in full on the date on which all of the Collateral securing the Notes has been realised and is to be finally distributed to the Noteholders.

(m) **Redemption Sequential** All redemptions of the Notes shall be made on a sequential basis in accordance with the Priorities of Payments (subject to Condition 7(k) (Repayment of Class A-IR Advances and Reduction of the Class A-IR Commitment)).

8. **Payments**

(a) **Method of Payment** Payments of principal upon final redemption in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of such Note at the specified office of the Principal Paying Agent or any Transfer Agent by Euro cheque drawn on a bank in Western Europe. Payments of interest on each Note and, prior to redemption in full thereof, principal in respect of each Note, will be made by Euro cheque drawn on a bank in Western Europe and posted on the Business Day immediately preceding the relevant due date to the holder (or to the first named of joint holders) of the Note appearing on the Register at the close of business on the Record Date at his address shown on the register on the Record Date. Upon application of the holder to the specified office of the Principal Paying Agent or any Transfer Agent not less than five Business Days before the due date for any payment in respect of a Note, the payment may be made (in the case of any final payment of principal against presentation and surrender (or, in the case of part payment only of such final payment, endorsement) of such Note as provided above) by wire transfer, in immediately available funds, on the due date to a Euro account.

All payments in respect of the Class A-IR Notes shall be made in accordance with the Class A-IR Note Purchase Agreement and these Conditions.

(b) **Payments** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 9 (Taxation). No commission shall be charged to the Noteholders.

(c) **Payments on Presentation Days** A holder shall be entitled to present a Note for payment only on a Presentation Date and shall not, except as provided in Condition 6 (Interest), be entitled to any further interest or other payment if a Presentation Date falls after the due date.

If a Note is presented for payment at a time when, as a result of differences in time zones it is not practicable to transfer the relevant amount to an account as referred to above for value on the relevant Presentation Date, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to the account for value on the first practicable date after the Presentation Date.

(d) **Principal Paying Agent and Transfer Agents** The names of the initial Principal Paying Agent and Transfer Agents and their initial specified offices are set out below. The Issuer reserves the right at any time, with the approval of the Trustee, to vary or terminate the appointment of the Principal Paying Agent and any Transfer Agent and appoint additional or other Agents, provided that it will maintain (i) a Principal Paying Agent and (ii) Transfer Agents having specified offices in at least two major European cities approved by the Trustee (including Dublin, for so long as the Notes of any Class are listed on the Irish Stock Exchange and the rules of that exchange so require) and (iii) a transfer agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to Council Directive 2003/48/EC on Taxation of Savings Income in the Form of Interests Payments and Related Matters, in each case, as approved by the Trustee and shall procure that it shall at all times maintain a Custodian, Account Bank, Portfolio Manager and Collateral Administrator. Notice of any change in any Agent or their specified offices or in the Portfolio Manager or Collateral Administrator will promptly be given to the Noteholders by the Issuer in accordance with Condition 16 (Notices).

(e) **Payments on Class P Combination Notes** On each date on which payments of principal, interest, redemption amounts or other payments are to be made on any Class of Note that is represented by a Component, such payments shall be allocated to the relevant class of Class P Combination Notes in the proportion that the principal amount Outstanding of such Component bears to the Principal Amount Outstanding of the related Class of Notes (including the related Component) and applied as provided
pursuant to Condition 6(i) (Interest on the Class P Combination Notes) and 7(h) (Redemption of Class P Combination Notes). No other payments shall be made on a Combination Note.

(f) **Defaulting Noteholders** Any amounts in repayment of any Class A-1R Advance, Class A-1R Interest Amounts, Class A-1R Commitment Fees and any proportionate share of any Class A-1R Make Whole Amounts which are due and payable to a Class A-1R Noteholder which is a Defaulting Noteholder shall not be paid to such Class A-1R Noteholder and shall be retained in the Class A-1R Collateralisating Noteholder Account while such Class A-1R Noteholder or Committed Facility Provider remains a Defaulting Noteholder. Such amounts shall be transferred by the Issuer to the Principal Account and applied to fund such Noteholder's Defaulted Class A-1R Advance(s) to the extent necessary to satisfy such Defaulting Noteholder's Defaulted Class A-1R Advance(s). For the avoidance of doubt, the amounts credited to the Class A-1R Collateralisating Noteholder Account in accordance with this paragraph (f) as a result of a Class A-1R Noteholder being a Defaulting Noteholder do not constitute Class A-1R Advances, as applicable, unless and to the extent that such amounts are transferred from the Class A-1R Collateralisating Noteholder Account and paid to the Principal Account in accordance with Condition 3(k)(x) (Class A-1R Collateralisating Noteholder Account).

9. **Taxation**

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Home Jurisdiction, or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. For the avoidance of doubt, the Issuer shall not be required to gross up any payments made to Noteholders of any Class and shall withhold or deduct from any such payments any amounts on account of tax where so required by law or any relevant taxing authority. Any such withholding or deduction shall not constitute an Event of Default under Condition 10(a) (Events of Default).

Subject as provided below, if the Issuer satisfies the Trustee that it has or will on the occasion of the next payment due in respect of the Notes of any Class become obliged by the laws of the Home Jurisdiction to withhold or account for tax so that it would be unable to make payment of the full amount that would otherwise be due but for the imposition of such tax, the Issuer (with the consent of the Trustee and save as provided below) shall use all commercially reasonable endeavours to arrange for the substitution of a company incorporated in another jurisdiction approved by the Trustee as the principal obligor under the Notes of such Class, or to change its tax residence to another jurisdiction approved by the Trustee, subject to receipt by the Trustee of Rating Agency Confirmation in relation to such change.

Notwithstanding the above, if any taxes referred to in this Condition 9 arise:

(a) due to the connection of any Noteholder with the Home Jurisdiction otherwise than by reason only of the holding of any Note or receiving principal or interest in respect thereof; or

(b) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax; or

(c) in respect of a payment made or secured for the immediate benefit of an individual or a non corporate entity pursuant to Council Directive 2003/48/EC on Taxation of Savings Income in the Form of Interest Payments or any law implementing or complying with, or introduced in order to conform to, such Directive, or any arrangements entered into between the Member States and certain other third countries and territories in connection with the Directive; or

(d) as a result of presentation for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Transfer Agent in a Member State of the European Union,

the requirement to substitute the Issuer as a principal obligor and/or change its residence for taxation purposes shall not apply.

10. **Events of Default**

(a) **Events of Default**

The occurrence of any of the following events shall constitute an "Event of Default":

(i) **Non-payment of interest** The Issuer fails to pay any interest in respect of any Class A Note (including, in respect of the Class A-1R Notes, any Class A-1R Interest Amounts, any Class A-1R Commitment Fees or any Class A-1R Make Whole Amounts,) when the same becomes due
and payable or, following redemption and payment in full of the Class A Notes, the Issuer fails to pay any interest in respect of any Class B Note when the same becomes due and payable or, following redemption and payment in full of the Class A Notes and the Class B Notes, the Issuer fails to pay any interest in respect of any Class C Note when the same becomes due and payable or, following redemption in full of the Class C Notes, the Issuer fails to pay any interest in respect of any Class D Note when the same becomes due and payable or, following redemption and payment in full of the Class D Notes, the Issuer fails to pay interest in respect of a Class E Note when the same becomes due and payable (save, in each case, as the result of any deduction therefrom or the imposition of withholding thereon in the circumstances described in Condition 9 (Taxation)) and provided that any such failure to pay such interest or such Class A -1R Commitment Fee and/or Class A-1R Make Whole Amount in such circumstances continues for a period of at least five Business Days (or, if such failure to pay results from an administrative error, as certified by the Issuer (or the Portfolio Manager on its behalf) to the Trustee) such failure to pay continues for a period of at least ten Business Days);

(ii) **Non-payment of principal** Without prejudice to Condition 3(d) (Non-payment of Amounts), the Issuer fails to pay any principal when the same becomes due and payable on any Note or on any Redemption Date (other than the date on which the Note is accelerated pursuant to this Condition 10) provided that any such failure to pay such principal continues for a period of five Business Days;

(iii) **Default under Priorities of Payments** Other than a failure already referred to in paragraphs (i) and (ii) above, the Issuer fails on any Payment Date to disburse amounts available in the Payment Account or Principal Account, Interest Account or Expense Reserve Account in accordance with the Priorities of Payments, which failure continues for a period of five Business Days;

(iv) **Collateral Obligations** On any Measurement Date after the Initial Investment Period, if the Class A Par Value Ratio is less than 100 per cent. For the purposes of this paragraph (iv), paragraph (ii) of the definition of "Class A Par Value Ratio" shall be amended by including an amount equal to the amount that would be payable by the Issuer pursuant to the Deferred Fees and Expenses Periodic Payment Letter in the event that there was to be a redemption of the Notes on such Measurement Date therein;

(v) **Breach of Other Obligations** The Issuer does not perform or comply with any other of its material covenants, warranties or other undertakings (or similar) under the Notes, the Trust Deed, the Subscription Agreement, the Agency Agreement, the Portfolio Management Agreement, the Liquidity Facility Agreement, the Class A-1R Note Purchase Agreement or any other Transaction Document (other than a covenant, warranty or other agreement a default in the performance or breach of which is dealt with elsewhere in this Condition 10(a) and other than the failure to meet any Collateral Quality Test, Portfolio Profile Test or Coverage Test), or any representation, warranty or statement of the Issuer made in the Trust Deed, the Portfolio Management Agreement the Liquidity Facility Agreement, the Class A-1R Note Purchase Agreement or any other Transaction Document or in any certificate or other writing delivered pursuant thereto or in connection therewith ceases to be correct in all material respects when the same has been made, and the continuation of such default, breach or failure for a period of 45 days (or 30 days, in the case of any default, breach or failure of representation or warranty in respect of the Collateral) after notice thereof shall have been given by registered or certified mail or overnight courier, to the Issuer (with a copy to the Portfolio Manager) by the Trustee specifying such default, breach or failure and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(vi) **Insolvency Proceedings** Proceedings are initiated against the Issuer under any applicable liquidation, insolvency, examinership, bankruptcy, composition, controlled management and suspension of payments, reorganisation or other similar laws (together, "Insolvency Law"), or a receiver, trustee, administrator, custodian, examiner, conservator, liquidator or other similar official (a "Receiver") is appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer; or the Issuer is subject to, or initiates or consents to judicial proceedings relating to any applicable Insolvency Law, or seeks the appointment of a Receiver, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation (other than on terms previously approved in writing by the Trustee);

(vii) **Illegality** It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes; or
(viii) **Investment Company Act** The Issuer or the Portfolio is required to register as an "Investment Company" under the Investment Company Act.

(b) **Acceleration**

(i) If an Event of Default occurs and is continuing, the Trustee at its discretion may, and shall, if so directed by an Ordinary Resolution of the Senior Outstanding Class (subject to the Trustee being indemnified to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith), give notice to the Issuer that all of the Notes are to be immediately due and repayable.

(ii) Upon any such notice being given to the Issuer in accordance with paragraph (i) of Condition 10(b) (*Acceleration*), all of the Notes shall immediately become due and repayable at their applicable Redemption Prices, provided that no such notice shall be required in the case of the Event of Default referred to in Condition 10(a)(vi) (*Insolvency Proceedings*), the occurrence of which shall result in automatic acceleration of the Notes in accordance with this Condition.

(c) **Curing of Default** At any time after a notice of acceleration of maturity of the Notes has been given, or automatic acceleration has occurred, in each case following the occurrence of an Event of Default and prior to enforcement of the security pursuant to Condition 11 (*Enforcement*), the Trustee may and shall, if so directed by an Ordinary Resolution of the Senior Outstanding Class (subject, in each case, to the Trustee being indemnified to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith) rescind and annul such notice of acceleration under paragraph (b)(i) above or automatic acceleration under paragraph (b)(ii) above and its consequences if:

(i) the Issuer has paid or deposited with the Trustee a sum sufficient to pay:

(A) all overdue payments of interest and principal on the Notes, other than the Subordinated Notes and other than Deferred Interest, and any overdue payments of Class A-1R Commitment Fee and Class A-1R Make Whole Amount;

(B) all due but unpaid taxes owing by the Issuer, as certified by an Authorised Officer of the Issuer to the Trustee;

(C) all unpaid Administrative Expenses, Trustee Fees and Expenses and Deferred Fees and Expenses Periodic Payment;

(D) all amounts due and payable under any Asset Swap Agreement and Interest Rate Hedge Agreement; and

(E) where the Event of Default is not caused by any act or omission of the Portfolio Manager, any unpaid Portfolio Management Fee; and

(ii) the Trustee has determined that all Events of Default, other than the non-payment of the interest in respect of, or principal of, the Notes or the non-payment of any Class A-1R Commitment Fee or Class A-1R Make Whole Amount (if any) that have become due solely as a result of the acceleration thereof under paragraph (b) above due to such Events of Default, have been cured or waived.

Any previous rescission and annulment of a notice of acceleration or automatic acceleration pursuant to this paragraph (c) shall not prevent the subsequent acceleration of the Notes if the Trustee, at its discretion or having been subsequently directed to accelerate the Notes in accordance with paragraph (b)(i) above, accelerates or upon subsequent automatic acceleration in accordance with paragraph (b)(ii) above.

(d) **Restriction on Acceleration of Notes** No acceleration of the Notes shall be permitted pursuant to this Condition by any Class of Noteholders, other than the Senior Outstanding Class as provided in Condition 10(b) (*Acceleration*).

(e) **Notification and Confirmation of No Default** The Issuer shall promptly notify the Trustee, the Portfolio Manager, the Rating Agencies and the Class A-1 Noteholders upon becoming aware of the occurrence of an Event of Default. The Trust Deed contains provision for the Issuer to provide written confirmation to the Trustee and the Rating Agencies on an annual basis or on request that no Event of Default or Potential Event of Default has occurred and that no other matter which is required (pursuant thereto) to be brought to the Trustee's attention has occurred.
11. Enforcement

(a) Security Becoming Enforceable Subject as provided in paragraph (b) (Enforcement) and (c) (Only Trustee to Act) below, the security constituted under the Trust Deed and the Euroclear Pledge Agreement over the Collateral shall become enforceable upon an acceleration of the maturity of any of the Notes pursuant to Condition 10 (Events of Default).

(b) Enforcement At any time after the Notes become due and payable and the security under the Trust Deed becomes enforceable, the Trustee may, and shall if so directed by an Ordinary Resolution of the Senior Outstanding Class, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes and pursuant and subject to the terms of the Trust Deed and the Notes, realise and/or otherwise liquidate or sell the Collateral, in whole or in part and/or take such action as may be permitted under applicable laws against any Obligor in respect of the Collateral and/or take any other action to enforce the security over the Collateral (such action, "Enforcement Action", which term includes any other action which the Trustee may deem to fall within such definition), in each case without any liability as to the consequence of any action and without having regard (save to the extent provided in Condition 14(f) (Entitlement of the Trustee and Conflicts of Interest)), to the effect of such action on individual Noteholders of any Class or any other Secured Party provided however that the Trustee shall not be bound to institute any such proceedings or take any such other action unless in each case, the Trustee is indemnified to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith. Following redemption and payment in full of the Rated Notes, the Trustee shall (provided it is indemnified to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith), if so directed, act upon the direction by way of Ordinary Resolution of the Subordinated Noteholders.

The Trustee shall notify the Noteholders, the Issuer, the Agents, the Collateral Administrator, the Portfolio Manager and (so long as any of the Rated Notes remain outstanding) the Rating Agencies if it has been directed, or if it has decided, to take Enforcement Action at any time. The net proceeds of enforcement of the security over the Collateral (other than any Excess Swap Collateral) shall be credited to the Payment Account or such other account as the Trustee may direct and, subject to any statutorily preferred claims under the law of the Home Jurisdiction, shall be distributed in the following order of priority:

(A) in payment on a pro rata basis of due and unpaid Trustee Fees and Expenses;

(B) in payment of any amounts due and payable pursuant to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;

(C) in payment on a pro rata basis of:

(1) due and unpaid amounts falling within paragraphs (a), (c), (d), (e), (j), (k), (l), (m), (n) and (o) of the definition of "Administrative Expenses", on a pari passu basis up to an amount equal to the Senior Expenses Cap less (i) any amounts paid under paragraph (A) above in respect of any Due Period; and (ii) any amounts paid pursuant to paragraph (2) of Condition 3(k)(ix) (Expense Reserve Account) or paragraphs (B) and (C)(1) of Condition 3(c)(i) (Application of Interest Proceeds) in the Due Period in which such Enforcement Action is taken;

(2) due and unpaid Deferred Fees and Expenses Periodic Payment;

(D) in payment on a pro rata basis of any Scheduled Periodic Interest Rate Hedge Issuer Payments due and payable (to the extent not paid previously from the Interest Account), any Scheduled Periodic Asset Swap Issuer Payments due and payable to the extent not paid from funds available within the Asset Swap Account, any Scheduled Periodic Offsetting Credit Default Swap Issuer Payments due and payable to the extent not paid previously from the Interest Account and any Scheduled Periodic Credit Short Obligation Issuer Payments due and payable to the extent not paid previously from the Interest Account;

(E) in payment on a pro rata basis of any Interest Rate Hedge Issuer Termination Payments due and payable, any Asset Swap Issuer Termination Payments due and payable and any Offsetting Credit Default Swap Termination Payments due and payable;
(F) in payment to the Portfolio Manager of any accrued and unpaid Senior Portfolio Management Fees plus any value added tax in respect thereof (whether payable to the Portfolio Manager or directly to the relevant taxing authority);

(G) to the payment on a pro rata and pari passu basis of all Interest Amounts due and payable on the Class A-1 Notes other than such Interest Amounts representing Class A-1R Make Whole Amounts;

(H) in redemption of the Class A-1 Notes in accordance with the Class A-1 Note Payment Sequence;

(I) to the payment of all Interest Amounts due and payable on the Class A-1 Notes representing Class A-1R Make Whole Amounts;

(J) to the payment on a pro rata and pari passu basis of the Interest Amounts due and payable on the Class A-2 Notes;

(K) to the Class A-2 Noteholders in payment, pro rata and pari passu, of the Principal Amount Outstanding in respect of the Class A-2 Notes;

(L) to the payment on a pro rata and pari passu basis of the Interest Amounts due and payable on the Class B Notes;

(M) to the Class B Noteholders in payment, pro rata and pari passu, of the Principal Amount Outstanding in respect of the Class B Notes;

(N) to the payment on a pro rata and pari passu basis of the Interest Amounts due and payable on the Class C Notes;

(O) to the Class C Noteholders in payment, pro rata and pari passu, of the Principal Amount Outstanding in respect of the Class C Notes;

(P) to the payment on a pro rata and pari passu basis of the Interest Amounts due and payable on the Class D Notes;

(Q) the Class D Noteholders in payment, pro rata and pari passu, of the Principal Amount Outstanding in respect of the Class D Notes;

(R) to the payment on a pro rata and pari passu basis of the Interest Amounts due and payable on the Class E Notes;

(S) the Class E Noteholders in payment, pro rata and pari passu, of the Principal Amount Outstanding in respect of the Class E Notes;

(T) in payment, on a pro rata and pari passu basis, of any due and unpaid Administrative Expenses to the extent not paid pursuant to paragraph (C)(1) above by reason of the Senior Expenses Cap;

(U) in payment on a pro rata and pari passu basis of (i) any Defaulted Hedge Termination Payments due to any Hedge Counterparty, to the extent not paid from funds available within the Principal Account, (ii) any Hedge Replacement Payments due to any Hedge Counterparty, to the extent not paid from funds in the Interest Rate Hedge Termination Account or the Asset Swap Termination Account, (iii) any Defaulted Credit Short Obligation Issuer Termination Payments due to any Credit Short Obligation Counterparty, to the extent not paid from the Credit Short Obligation Replacement Receipt paid to the Issuer by the Credit Short Obligation Counterparty under the Replacement Credit Short Obligation (if any), (iv) any Defaulted Offsetting Credit Default Swap Issuer Termination Payments due to any Offsetting Credit Default Swap Counterparty to the extent not paid from the Offsetting Credit Default Swap Replacement Receipt paid to the Issuer by the replacement Offsetting Credit Default Swap Counterparty under the Replacement Offsetting Credit Default Swap (if any), and (v) any Offsetting Credit Default Swap Termination Payments due to any Offsetting Credit Default Swap Counterparty;
(V) to the payment, on a pro rata and pari passu basis, of (i) any Credit Short Obligation Replacement Payments due to any replacement Credit Short Obligation Counterparty and (ii) any Offsetting Credit Default Swap Replacement Payments due to any replacement Offsetting Credit Default Swap Counterparty;

(W) to the repayment of any Portfolio Manager Advances;

(X) in payment to the Portfolio Manager of any accrued and unpaid Subordinated Portfolio Management Fees plus any value added tax in respect thereof (whether payable to the Portfolio Manager or directly to the relevant taxing authority);

(Y) to the payment on a pro rata and pari passu basis of the Interest Amounts due and payable on the Subordinated Notes;

(Z) in redemption of the Subordinated Notes; and

(AA) to the payment on a pro rata and pari passu basis of additional interest on the Subordinated Notes.

Prior to any application of the net proceeds of enforcement, the Excess Swap Collateral, if any, under a Hedge Agreement will be paid or delivered to the applicable Hedge Counterparty subject to and in accordance with the terms of the credit support annex annexed to the Hedge Agreement.

(c) Only Trustee to Act Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders or of any of the other Secured Parties under the Trust Deed and the Notes and no Noteholder or other Secured Party may proceed directly against the Issuer or any of its assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period of time following the instance of the obligation to proceed having arisen and such failure or neglect is continuing. After realisation of the security which has become enforceable and distribution of the net proceeds in accordance with the Priorities of Payments no Noteholder or other Secured Party may take any further steps against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer in respect of such sums unpaid shall be extinguished. In particular, none of the Trustee, any Noteholder or any other Secured Party shall be entitled in respect thereof to petition or take any other step for the winding-up of, or the appointment of an examiner to, the Issuer except to the extent permitted under the Trust Deed.

(d) Purchase of Collateral by Noteholders Upon any sale of any part of the Collateral following the occurrence of an Event of Default, whether made under the power of sale under the Trust Deed or by virtue of judicial proceedings, any Noteholder may (but shall not be obliged to) bid for and purchase the Collateral or any part thereof and, upon compliance with the terms of sale, may hold, retain, possess or dispose of such property in its or their own absolute right without accountability. In addition, any purchaser in any such sale which is a Noteholder may deliver Notes held by it in place of payment of the purchase price for such Collateral where the amount payable to such Noteholder in respect of such Notes pursuant to the Collateral Proceeds Priority of Payment of the net proceeds of such sale is equal to or exceeds the purchase moneys so payable.

12. Prescription

Claims in respect of principal and interest payable on redemption in full of the relevant Notes will become void unless presentation for payment is made as required by Condition 7 (Redemption) within a period of five years, in the case of interest, and 10 years, in the case of principal, from the appropriate Record Date.

13. Replacement of Notes

If any Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of any Transfer Agent, subject in each case to all applicable laws and Irish Stock Exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes must be surrendered before replacements will be issued.
14. Meetings of Noteholders, Modification, Waiver and Substitution

(a) Provisions in Trust Deed The Trust Deed contains provisions for convening meetings of the Noteholders (or of passing Written Resolutions) to consider matters affecting the interests of the Noteholders, including without limitation, modifying or waiving certain of the provisions of these Conditions and the substitution of the Issuer in certain circumstances. The provisions in this Condition 14 are descriptive of the detailed provisions of the Trust Deed.

(b) Decisions and Meetings of Noteholders General Decisions may be taken by Noteholders by way of Ordinary Resolution or Extraordinary Resolution, in each case, either acting together or, to the extent specified in any applicable Transaction Document, as a Class of Noteholders acting independently. In the case of the Class A-1R Noteholders, votes shall be determined by reference to the Class A-1R Commitment (including the Maximum Class A-1R Commitment) which has not been cancelled at such time. Such Resolutions can be effected either at a duly convened meeting of the applicable Noteholders or by the applicable Noteholders resolving in writing, in each case, in at least the minimum percentages specified in the table "Minimum Percentage Voting Requirements" below. Meetings of the Noteholders may be convened by the Issuer or the Trustee or they shall convene a meeting if requested by one or more Noteholders holding not less than ten per cent. of the aggregate Principal Amount Outstanding of the Outstanding Notes of the relevant Class, subject to certain conditions including minimum notice periods.

The Trustee may, in its discretion, determine that any proposed Ordinary Resolution or Extraordinary Resolution affects only the holders of one or more Classes of Notes, in which event the required quorum and minimum percentage voting requirements of such Ordinary Resolution or Extraordinary Resolution shall be determined by reference only to the holders of that Class or Classes of Notes and not the holders of any other Notes as set forth in the tables below.

(i) Separate and Combined Meetings

(1) An Extraordinary Resolution which in the opinion of the Trustee affects the Notes of only one Class or Classes (the "Affected Classes") but not another Class or Classes and where there may be actual or potential conflict of interest between the Noteholders of such Affected Classes shall be transacted at a separate meeting of Noteholders of that Class or meetings of the holders of each of the Notes of the Affected Classes (for the avoidance of doubt, for the purpose of convening any meeting of Noteholders, any proposed resolution affecting only one or more Classes of Class P Combination Notes shall be deemed to affect only the interests of the Noteholders of each Class of the Notes which constitute the components of such class of Class P Combination Notes);

(2) An Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the holders of another Class of Notes shall be transacted either at separate meetings of Noteholders of each such Class or at a single meeting of the Noteholders of all such Classes of Notes as the Trustee shall determine in its absolute discretion; and

(3) An Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one Class and give to any actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate meetings of the Noteholders of each such Class.

(4) A resolution passed by the Noteholders of the Senior Outstanding Class to exercise any rights granted to them pursuant to the Conditions or any of the Transaction Documents shall be deemed to have been duly passed if passed at a meeting of the Senior Outstanding Class and such resolution shall be binding on all the Noteholders of all the Classes and provided that, if the Trustee determines that the resolution does not affect the Noteholders of the Senior Outstanding Class, such resolution shall be binding upon the holders of all the other Classes if it is passed by the Noteholders of the most senior of the Affected Class.

(ii) Quorum The quorum required for any meeting convened to consider an Ordinary Resolution or Extraordinary Resolution, in each case, of all the Noteholders or of a specified Class of Noteholders, or at any adjourned meeting to consider such a Resolution, shall be as set out in the relevant column and row corresponding to the type of resolution in the table "Quorum Requirements" below.
**Quorum Requirements**

<table>
<thead>
<tr>
<th>Type of Resolution</th>
<th>Any meeting other than a meeting adjourned for want of quorum</th>
<th>Meeting previously adjourned for want of quorum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraordinary Resolution of a certain Class</td>
<td>One or more persons holding or representing not less than 66⅔% of the aggregate Principal Amount Outstanding of the Outstanding Notes of the relevant Class or Classes so held or represented</td>
<td>One or more persons holding or representing Notes of the relevant Class or Classes regardless of the aggregate Principal Amount Outstanding of the Outstanding Notes of such Class or Classes of Notes so held or represented</td>
</tr>
<tr>
<td>Ordinary Resolution of a certain Class</td>
<td>One or more persons holding or representing not less than 50% of the aggregate Principal Amount Outstanding of the Outstanding Notes of the relevant Class or Classes so held or represented</td>
<td>One or more persons holding or representing any Notes of the relevant Class or Classes regardless of the aggregate Principal Amount Outstanding of the Outstanding Notes of such Class of Notes so held or represented</td>
</tr>
</tbody>
</table>

The Trust Deed does not contain any provision for higher quorums in any circumstances.

(iii) **Minimum Voting Rights** Set out in the table "Minimum Percentage Voting Requirements" below are the minimum percentages required to pass the Resolutions specified in such table which:

(A) if such Resolution is being considered at a duly convened meeting of Noteholders, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of Outstanding Notes held or represented by any person or persons entitled to vote any applicable Notes who votes or vote in favour of such Resolution represents of the aggregate Principal Amount Outstanding of all applicable Outstanding Notes which are represented at such meeting and are entitled to be voted; or

(B) in the case of any Written Resolution, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of the Outstanding Notes entitled to be voted in respect of such Resolution which are voted in favour thereof represent of the aggregate Principal Amount Outstanding of all the Outstanding Notes entitled to vote in respect of such Written Resolution.

---

**Minimum Percentage Voting Requirements**

<table>
<thead>
<tr>
<th>Type of Resolution</th>
<th>Minimum percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraordinary Resolution of all Noteholders (or of a certain Class or Classes only)</td>
<td>66⅔%</td>
</tr>
<tr>
<td>Ordinary Resolution of all Noteholders (or of a certain Class or Classes only)</td>
<td>Greater than 50%</td>
</tr>
</tbody>
</table>

(iv) **Written Resolutions** Any Written Resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant Noteholders and the date of such Written Resolution shall be the date on which the latest such document is signed.

(v) **All Resolutions Binding** Any Resolution of Noteholders duly passed shall be binding on all Noteholders entitled to vote on such Resolution (regardless of Class and regardless of whether or not a Noteholder was present at the meeting at which such Resolution was passed and including, in each case, the Components of a Combination Note corresponding to any Notes).
(vi) **Extraordinary Resolution** Any of the following matters will be required to be passed by an Extraordinary Resolution of each Class of Notes in addition to any other matter specified in the Trust Deed, the Portfolio Management Agreement or the relevant Transaction Document requiring sanction by way of Extraordinary Resolution:

(A) the exchange or substitution for the Notes of any Class, or the conversion of the Notes of any Class into, shares, bonds or other obligations or securities of the Issuer or any other entity;

(B) the modification of any provision relating to the timing and/or circumstances of redemption of the Notes of any Class at maturity or otherwise (including the circumstances in which the maturity of such Notes may be accelerated), the modifications to any date fixed for payment of principal or interest, or the reduction of the amount of principal or interest payable;

(C) the modification of any of the provisions of the Trust Deed which would directly and adversely affect the calculation of the amount of any payment of interest or principal on any Note;

(D) a change in the currency of payment of the Notes or any Class thereof;

(E) any change in the Priorities of Payments;

(F) the modification of the provisions concerning the quorum required at any meeting of Noteholders or the minimum percentage required to pass an Extraordinary Resolution or any other provision of these Conditions which requires the written consent of the holders of a requisite principal amount of the Notes of any Class Outstanding;

(G) any modification of any Transaction Document having a material adverse effect on the security over the Collateral constituted by the Trust Deed;

(H) any item requiring approval by Extraordinary Resolution of each Class of Notes pursuant to these Conditions or any Transaction Document; and

(I) any modification of this Condition 14(b)(vi),

provided that if any of the matters set out in paragraphs (A) to (I) (inclusive) above affect:

(1) the amendment to any date fixed for payment of principal or of interest on the Class A-1R Notes;

(2) the modification of the timing and/or determination of the amount of interest or other amounts payable in respect of the Class A-1R Notes from time to time, including the Class A-1R Commitment Fee and Class A-1R Make Whole Amount;

(3) a change in the currency of payment of the Class A-1R Notes, or any other amounts payable under the Priorities of Payments in respect of the Class A-1R Notes; or

(4) any change in the Priorities of Payments or in the calculation or determination of any amounts payable thereunder in respect of the Class A-1R Notes which materially affects the holders of the Class A-1R Notes,

then, in addition to such Extraordinary Resolution, the written consent of the Class A-1R Noteholders acting by Extraordinary Resolution shall also be required where such amendment only relates to the Class A-1R Notes.

(c) **Modification and Waiver** The Trust Deed and the Portfolio Management Agreement both provide that, without the consent of the Noteholders, the Issuer may amend, modify, supplement and/or waive the relevant provisions of these Conditions, the Trust Deed and/or the Notes and/or the Portfolio Management Agreement and/or any other Transaction Documents (subject to the consent of the other parties thereto) (as applicable), subject to the prior consent of the Trustee (as further provided below) to be given pursuant to the Trust Deed for any of the following purposes:

(i) to add to the covenants of the Issuer or the Trustee for the benefit of the Noteholders or to surrender any right or power in the Trust Deed or the Portfolio Management Agreement (as applicable) conferred upon the Issuer;
(ii) to charge, convey, transfer, assign, mortgage or pledge any property to or with the Trustee;

(iii) to correct or amplify the description of any property at any time subject to the security of the Trust Deed, or to better assure, convey and confirm unto the Trustee any property subject or required to be subject to the security of the Trust Deed (including, without limitation, any and all actions necessary or desirable as a result of changes in law or regulations) or subject to the security of the Trust Deed any additional property;

(iv) to evidence and provide for the acceptance of appointment under the Trust Deed by a successor Trustee subject to and in accordance with the terms of the Trust Deed and to add to or change any of the provisions of the Trust Deed as shall be necessary to facilitate the administration of the trusts under the Trust Deed by more than one Trustee, pursuant to the requirements of the relevant provisions of the Trust Deed;

(v) to modify the restrictions on and procedures for resales and other transfers of Notes to reflect any changes in applicable law or regulation (or the interpretation thereof) or to enable the Issuer to rely upon any exemption from registration under the Securities Act or the Investment Company Act or applicable Home Jurisdiction banking or securities laws or to remove restrictions on resale and transfer to the extent not required thereunder or otherwise to make any such modifications the restrictions on and procedures for resales and other transfers of Notes as shall be necessary or advisable;

(vi) to make such changes as shall be necessary or advisable in order for the Notes to be (or to remain) listed on the Irish Stock Exchange or any other exchange;

(vii) save as contemplated pursuant to paragraph (e) (Substitution) below, to take any action advisable to prevent the Issuer from becoming subject to withholding or other taxes, fees or assessments;

(viii) to take any action advisable to prevent the Issuer from being treated as resident in the United Kingdom for United Kingdom tax purposes, as trading in the United Kingdom for United Kingdom tax purposes or as subject to United Kingdom VAT in respect of the Portfolio Management Fees;

(ix) to take any action advisable to prevent the Issuer from being treated as engaged in a United States trade or business or otherwise be subject to United States federal, state or local income tax on a net income basis;

(x) to the extent not otherwise permitted by this Condition 14(c), subject to the consent of the Senior Outstanding Class acting by Ordinary Resolution, to enter into any additional agreements not expressly prohibited or related to transactions contemplated by the Trust Deed or the Portfolio Management Agreement (as applicable);

(xi) subject to clause 29.1 and 29.2 of the Portfolio Management Agreement, to modify the calculation of any of the Collateral Quality Tests, the Portfolio Profile Tests or the Coverage Tests to correspond with changes in the guidelines, methodology or standards established by any applicable Rating Agencies, subject to receipt of Rating Agency Confirmation and the consent of the Senior Outstanding Class acting by Ordinary Resolution provided that at least fifteen days' prior written notice of such change is given to the Collateral Administrator;

(xii) other than in respect of those matters referred to in Condition 14(b)(vi) (Extraordinary Resolution), to make any other modification of any of the provisions of the Trust Deed, the Notes, the Portfolio Management Agreement or any other Transaction Document which, in the sole opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest error;

(xiii) to modify the restrictions on and procedures for resales and other transfers of Notes to reflect any changes in applicable law or regulation (or the interpretation thereof) or to enable the Issuer to rely upon any exemption from registration under the Securities Act or the Investment Company Act or applicable Irish banking or securities laws or to remove restrictions on resale and transfer to the extent not required thereunder or to modify the restrictions on the Notes related to ERISA or otherwise to make any such modifications to the restrictions on and procedures for resales and other transfers of Notes as shall be necessary or advisable;

(xiv) after the Effective Date, to modify the Leverage Scenario Grids or the Leverage Scenario Tests subject to receipt of Rating Agency Confirmation, the consent of the Portfolio Manager and consent of the Senior Outstanding Class, acting by Ordinary Resolution, for as long as the Class
A-1 Notes are the Senior Outstanding Class provided that at least fifteen days’ prior written notice of such change is given to the Collateral Administrator; and

(xv) to make any other modification (save as otherwise provided in the Trust Deed, the Portfolio Management Agreement or the relevant Transaction Document or in respect of any matter described in Condition 14(b)(vi) (Extraordinary Resolutions), and/or give any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any other Transaction Document which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders of any Class provided that the Trustee shall be entitled to consider as a relevant factor receipt of a Rating Agency Confirmation in forming its opinion as to whether such modification, waiver or authorisation will be materially prejudicial to the interests of the Noteholders of any Class, and provided further that the Issuer has notified the Senior Outstanding Class pursuant to Condition 16 (Notices) of and has not received within 30 days of such notice an objection to such proposed modification, waiver or authorisation of any breach or proposed breach from the holders of a majority in Principal Amount Outstanding of the Notes of the Senior Outstanding Class.

Any such modification, authorisation or waiver shall be binding on all Noteholders and shall be notified to the Rating Agencies and to the Noteholders as soon as practicable in accordance with Condition 16 (Notices), provided that under no circumstances shall the Trustee be required to give its consent to any such modification, authorisation or waiver on less than 21 days’ notice and the Trustee shall be entitled to obtain such advice in connection with giving such consent as it sees fit. Any such fees and/or charges incurred by the Trustee in connection with such advice shall be for the account of the Issuer.

(d) Securities Lending

The Issuer may be permitted to lend Collateral Debt Obligations pursuant to securities lending agreements, provided that at such time the Portfolio Manager has all the relevant consents and authorities and subject to:

(i) the prior approval of the Senior Outstanding Class of Noteholders acting by Ordinary Resolution;

(ii) receipt of Rating Agency Confirmation in respect of such securities lending;

(iii) the percentage of the Aggregate Collateral Balance of Collateral Debt Obligations the subject of securities lending agreements that represents securities lending not exceeding the aggregate percentage set forth in the Bivariate Risk Table; and

(iv) the Portfolio Profile Tests being satisfied; and

(v) the Issuer executing and doing all such acts and things as the Trustee may require or consider desirable in connection with such securities lending including, but not limited to, the provision of security over the benefit of any securities lending agreement and any collateral received pursuant thereto.

(e) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require (save as set out below, without the consent of the Noteholders of any Class), to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes of each Class, if required for taxation purposes, as further described in the Trust Deed. In the case of such a substitution the Trustee may agree, subject to receipt by the Trustee of Rating Agency Confirmation (subject to receipt of such information and/or opinions as the Rating Agency may require) and consent of the holders of the Senior Outstanding Class, acting by Ordinary Resolution, for as long as the Class A-1 Notes are the Senior Outstanding Class, to a change of the law governing the Notes and/or the Trust Deed, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. Any substitution agreed by the Trustee pursuant to this Condition 14(e) shall be binding on the Noteholders, and shall be notified to the Noteholders as soon as practicable in accordance with Condition 16 (Notices).

The Trustee may, subject to the satisfaction of certain conditions, including receipt by the Trustee of Rating Agency Confirmation and consent of the holders of the Senior Outstanding Class, acting by Ordinary Resolution, agree to a change in the place of residence of the Issuer for taxation purposes as further described in the Trust Deed, provided the Issuer does all such things as the Trustee may reasonably require in order that such change in the place of residence of the Issuer for taxation purposes as further described in the Trust Deed, is fully effective and complies with such other requirements which are in the interests of the Noteholders as it may reasonably direct.
The Issuer shall procure that, so long as the Notes are listed on the Stock Exchange, any material amendments or modifications to the Conditions, Trust Deed or such other conditions made pursuant to this Condition 14 shall be notified to the Stock Exchange.

(f) **Entitlement of the Trustee and Conflicts of Interest**

In connection with the exercise of its trusts, powers, duties and discretions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of each Class of Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders of such Class and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

The Trust Deed provides that in the event of any conflict of interest between the holders of the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes, the Trustee shall give priority to the interests of (i) the Class A-1 Noteholders over the Class A-2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders, (ii) the Class A-2 Noteholders over the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders, (iii) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders, (iv) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders, (v) the Class D Noteholders over the Class E Noteholders and the Subordinated Noteholders and (vi) the Class E Noteholders over the Subordinated Noteholders. If the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the Senior Outstanding Class (or another Class given priority as described in this paragraph), each representing less than the majority by principal amount of the Senior Outstanding Class (or other Class given priority as described in this paragraph), the Trustee shall give priority to the group which holds the greater principal amount of Notes Outstanding of such Class. The Trust Deed provides further that the Trustee will act upon the directions of the holders of the Senior Outstanding Class (or other Class given priority as described in this paragraph) in such circumstances, and shall not be obliged to consider the interests of and is exempted from any liability to the holders of any other Class of Notes.

For this purpose, the holders of any class of Class P Combination Notes shall not be deemed to have any interest, except to the extent of each of the Components of the relevant class of Class P Combination Notes.

In addition, the Trust Deed provides that in the event of any conflict of interest between the Noteholders and any other Secured Party, the interests of the Noteholders will prevail.

15. **Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from instituting proceedings to enforce repayment or to enforce the security constituted by or pursuant to the Trust Deed, unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Trustee is exempted from any liability in respect of any loss or theft of the Collateral, except by reason of acts constituting wilful misconduct, bad faith, fraud or negligence, from any obligation to insure, or to monitor the provisions of any insurance arrangements in respect of, the Collateral (for the avoidance of doubt, under the Trust Deed the Trustee is under no such obligation) and from any claim arising from the fact that the Collateral is held by the Custodian or is otherwise held in safe custody by a bank or other custodian. The Trustee shall not be responsible for the performance by the Custodian of any of its duties under the Agency Agreement or for the performance by the Portfolio Manager of any of its duties under the Portfolio Management Agreement, for the performance by the Collateral Administrator of its duties under the Portfolio Management Agreement or for the performance by any other person appointed by the Issuer in relation to the Notes. The Trustee shall not have any responsibility for the administration, management or operation of the Collateral including the request by the Portfolio Manager to release any of the Collateral from time to time.

The Trust Deed contains provisions for the retirement of the Trustee and the removal of the Trustee by the Issuer if the Issuer is so directed by an Extraordinary Resolution of the holders of the Senior Outstanding Class, but no such retirement or removal shall become effective until a successor trustee is appointed.
16. Notices

Notices to Noteholders will be valid if posted to the address of such Noteholder appearing in the Register at the time of publication of such notice by pre-paid, first class mail (or any other manner approved by the Trustee which may be by electronic transmission) and (for so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require) shall be sent to the Company Announcements Office of the Irish Stock Exchange. Any such notice shall be deemed to have been given three days (in the case of inland mail) or seven days (in the case of overseas mail) after the date of despatch thereof to the Noteholders.

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or a category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

The Issuer shall procure that, so long as the Notes are listed on the Irish Stock Exchange, any material amendments or modifications to the Terms and Conditions, Trust Deed or such other conditions made pursuant to Condition 14 (Meetings of Noteholders, Modification, Waiver and Substitution) shall be notified to the Irish Stock Exchange.

Any holder or beneficial owner of any Class A-1 Note may elect to acquire bond insurance or a surety bond or enter into a credit default swap or similar credit enhancement supporting the payment of principal and/or interest on such Class A-1 Note on terms and conditions acceptable to such holder or beneficial owner from or with a Credit Support Provider. Such Noteholder may elect to deliver notice to the Trustee, the Issuer, the Class A-1R Note Agent and the Collateral Administrator in substantially the form set forth in the Trust Deed specifying the name and contact information of such Credit Support Provider of such Class A-1 Note and following such election, all notices, Reports and statements given by the Trustee, the Issuer, the Class A-1R Note Agent or the Collateral Administrator to such holder or beneficial owner of the Class A-1 Note shall also be delivered and made available to any such Credit Support Provider (for as long as such Credit Support Provider has not notified the Collateral Administrator that it no longer wishes to receive the same).

17. Further Issues

The Issuer may from time to time subject to the consent of the holders of the Senior Outstanding Class acting by Ordinary Resolution, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest thereon) which shall be consolidated, fully fungible and form a single series with the Outstanding Notes of such Class, and may use the proceeds of sale thereof to purchase additional Collateral Obligations, provided the following conditions are met:

(a) the terms of the Notes issued are identical to the terms of previously issued Notes of the Class of which such Notes are a part (save for the first payment of interest on them);

(b) none of the ratings of any of the Rated Notes have decreased or been withdrawn since the Closing Date and the Issuer and the Trustee receives confirmation in writing from the Rating Agencies that the additional issue will not cause the reduction or withdrawal of the then current ratings of any such Rated Notes;

(c) any such further issue of Notes does not result in a breach by the Issuer of the laws and regulations (including, without limitation, the securities laws and regulations) of Ireland; and

(d) the Notes are constituted by a deed supplemental to the Trust Deed.

Prior to issuing further securities pursuant to this Condition 17, the Issuer shall give a notice to the Trustee certifying that the conditions (a) through (d) above are met. References in these Conditions to the "Notes" include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with Notes constituted by the Trust Deed shall be constituted by a deed supplemental to the Trust Deed.

18. Class P Combination Notes

Except as otherwise expressly provided in these Terms and Conditions, the Components of each Class of Combination Note will be treated as Notes of the Classes corresponding to such Components for the purposes of requests, demands, authorisations, directions, notices, consents, waivers or other actions. The holders of each class of Class P Combination Notes shall be entitled to vote in respect of each Class of
Notes corresponding to a Component of such class of Class P Combination Notes, in the proportion that the principal amount of such Component bears to the principal amount of the related Class of Notes (taken together with the aggregate principal amount of all Components which correspond to such Class of Notes).

19. **Third Party Rights**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

20. **Governing Law**

(a) **Governing Law** The Trust Deed and the Notes of each Class are governed by and shall be construed in accordance with English law.

(b) **Jurisdiction** The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, and accordingly any legal action or proceedings arising out of or in connection with the Notes ("Proceedings") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and the Trustee and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Agent for Service of Process** The Issuer appoints Law Debenture Corporate Services Limited of 5th Floor, 100 Wood Street, London EC2V 7EX as its agent in England to receive service of process in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such agent in England, it will promptly appoint a substitute process agent and notify the Trustee and the Noteholders of such appointment. Nothing herein shall affect the right to service of process in any other manner permitted by law.
USE OF PROCEEDS

The estimated net proceeds of the issue of the Notes (after payment of legal fees, the fees and expenses associated with admission to the Irish Stock Exchange and certain other fees and expenses payable on or about the Closing Date) is expected to be approximately €393,530,600 (which amount does not include the additional proceeds available to the Issuer after the Closing Date by way of advances under the Class A-1R Notes). Approximately 60 per cent. of the estimated net proceeds will be used by the Issuer for repayment of and the payment of interest on amounts borrowed by the Issuer in order to finance the acquisition of warehoused Collateral Obligations purchased by the Issuer prior to the Closing Date. €50,000 shall be deposited into the Expense Reserve Account and €2,000,000 shall be deposited into the Interest Reserve Account on the Closing Date. The remaining proceeds of issue of the Notes shall be retained in the Unused Proceeds Account.

Additional proceeds in an amount up to approximately €100,000,000 may be made available to the Issuer after the Closing Date by way of advances under the Class A-1R Notes based on the expected Leverage Scenario of €100,000,000 (which may be amended subject to Rating Agency Confirmation and consent of Senior Outstanding Class for as long as the Class A-1 Notes are the Senior Outstanding Class) at the Effective Date.
FORM OF THE NOTES

References below to Notes (other than the Class A-1R Notes), to Regulation S Global Certificates (together the "Global Certificates"), the Definitive Certificates representing such Notes and the Class A-1R Definitive Certificates are to each respective Class of Notes (with each Class of Class P Combination Notes constituting a separate "Class" for such purposes), except as otherwise indicated.

1. Initial Issue of Notes

The Regulation S Notes of each Class (other than the Class A-1R Notes) will be represented on issue by a Regulation S Global Certificate deposited on their issue date with and registered in the name of The Bank of New York Depository (Nominees) Limited as nominee of The Bank of New York as common depository for Euroclear and Clearstream, Luxembourg (each, a "Regulation S Global Certificate"). Beneficial interests in a Regulation S Global Certificate may be held only through Euroclear or Clearstream, Luxembourg at any time. See "Book-Entry Clearance Procedures". Beneficial interests in a Regulation S Global Certificate may not be held by or on behalf of a U.S. Person (as defined in Regulation S under the Securities Act) at any time. By acquisition of a beneficial interest in a Regulation S Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. Person, and that, if in the future it determines to transfer such beneficial interest, it will comply with applicable transfer restrictions. See "Transfer Restrictions".

2. Class A-1R Definitive Certificates

Certificated Class A-1R Notes

The Class A Notes will be issued in the form of definitive physical certificates in fully registered form only (each a "Class A-1R Definitive Certificate"). Transfers of Class A-1R Definitive Certificates may be effected by delivery to the Trustee and the Issuer of the required written certifications from the proposed transferee regarding compliance with applicable transfer restrictions. See "Transfer Restrictions".

Subject to the restrictions on transfer set forth in the Trust Deed and the Class A-1R Definitive Certificates, holders of the Class A-1R Definitive Certificates may transfer or exchange such Class A-1R Notes in whole or in part (in an aggregate principal amount equal to any authorised denomination) by surrendering such Class A-1R Notes at the specified office of the Transfer Agent, together with an executed instrument of assignment and an investor certificate substantially in the form set out in the Trust Deed. In exchange for any Class A-1R Definitive Certificates properly presented for transfer with all necessary accompanying documentation, the Transfer Agent will, within five Business Days of such request if made at the specified office of the Transfer Agent, or within ten Business Days if made at the office of a transfer agent, deliver at the specified office of the Transfer Agent, to the transferee or send by first class mail at the risk of the transferee to such address as the transferee may request, a duplicate Class A-1R Note for a like aggregate principal amount of Class A-1R Notes as may be requested. The presentation for transfer of any Class A-1R Definitive Certificates will not be valid unless made at the specified office of the Transfer Agent by the registered holder in person or by a duly authorised attorney in fact. The holder of a Certificated Class A-1R Note will not be required to bear the costs and expenses of effecting any transfer or registration of transfer, except that the relevant holder will be required to bear (i) the expenses of delivery by other than regular mail (if any) and (ii) if the Issuer so requires, the payment of a sum sufficient to cover any duty, stamp tax or governmental charge or insurance charges that may be imposed in relation thereto.

In relation to a Class A-1R Note, advances thereunder may be drawn in Euro only. In respect of a Class A-1R Advance, repayments thereon will be made in Euro, and interest thereon will be calculated by reference to EURIBOR plus 0.42 per cent.

3. Amendments to Terms and Conditions

Each Global Certificate contains provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions in definitive form (see "Terms and Conditions of the Notes"). The following is a summary of those provisions:

- **Payments** Payments of principal and interest in respect of Notes represented by a Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Certificate to or to the order of the Principal Paying Agent or such other Transfer Agent as shall have been notified to the relevant Noteholders for such purpose. On each occasion on which a payment of interest (unless the Notes represented thereby do not bear interest) or principal is made in respect of the relevant Global Certificate, the Registrar shall note the same in the Register and cause the aggregate principal amount of the Notes represented by a Global Certificate to be decreased accordingly.
• **Notices** So long as any Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by, and shall be deemed to have been delivered to such Noteholders upon, delivery of the relevant notice to that clearing system for communication by it to entitled account holders in substitution for delivery thereof as required by the Conditions provided that such notice is also made to the Company Announcement Office of the Irish Stock Exchange for so long as such Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require.

• **Prescription** Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by a Global Certificate will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the date on which any payment first becomes due.

• **Meetings** The holder of each Global Certificate will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each €1,000 of principal amount of Notes for which the relevant Global Certificate may be exchanged.

• **Trustee's Powers** In considering the interests of Noteholders while the Global Certificates are held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its account holders with entitlements to each Global Certificate and may consider such interests as if such account holders were the holders of any Global Certificate.

• **Cancellation** Cancellation of any Note required by the Conditions to be cancelled will be effected by reduction in the principal amount of the Notes on the Register, with a corresponding notation made on the applicable Global Certificate.

• **Optional Redemption** The Subordinated Noteholders' and the Senior Outstanding Class Noteholders' option in Condition 7(b) (Redemption at the Option of the Noteholders) may be exercised by the holder of any Global Certificate representing Subordinated Notes or as the case may be of Notes of the Senior Outstanding Class giving notice to the Registrar of the principal amount of Subordinated Notes or as the case may be of Notes of the Senior Outstanding Class in respect of which the option is exercised and presenting such certificate for endorsement of exercise within the time limit specified in Condition 7(b) (Redemption at the Option of the Noteholders).

4. **Exchange for Definitive Certificates**

**Exchange**

Each Global Certificate will be exchangeable, free of charge to the holder, on or after its Definitive Exchange Date (as defined below), in whole but not in part, for Definitive Certificates if a Global Certificate is held (directly or indirectly) on behalf of Euroclear, Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces its intention to permanently cease business or does in fact do so.

The Registrar will not register the transfer of, or exchange of interests in, a Global Certificate for Definitive Certificates for a period of 15 calendar days before the date for any payment of principal or interest in respect of the Notes.

If only one of the Global Certificates (the "Exchanged Global Certificate") becomes exchangeable for Definitive Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Definitive Certificates issued in exchange for beneficial interests in the Exchanged Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

"Definitive Exchange Date" means a day falling not less than 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar and in the cities in which Euroclear or Clearstream, Luxembourg or the relevant alternative clearing system is located.

5. **Delivery**

In such circumstances, the relevant Global Certificate shall be exchanged in full for Definitive Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar or
Transfer Agent for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Certificate must provide the Registrar or Transfer Agent with a written order containing instructions and such other information as the Issuer and the Registrar or Transfer Agent may require to complete, execute and deliver such Certificates.

6. Legends

The holder of a Definitive Certificate may transfer the Notes represented thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Definitive Certificate bearing the legend referred to under "Transfer Restrictions", or upon specific request for removal of the legend on a Definitive Certificate, the Issuer will deliver only Definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

7. Exchange of Class P Combination Notes

Exchange of Class P Combination Notes

So long as a Combination Note remains Outstanding, exchanges of a Combination Note, in whole or in part, for the Classes represented by its Components may be made, and shall only be made, as follows:

(a) A holder of a beneficial interest in a Combination Note represented by a Regulation S Global Certificate may exchange such interest for interests in the Regulation S Global Certificates of the Classes represented by Components of such Combination Note (each an "Exchange Class") by delivering to the Registrar or Transfer Agent instructions to so exchange the interest. Upon receipt by the Registrar or Transfer Agent of exchange instructions in a certificate in the form specified in the Trust Deed given by the holder of such beneficial interest, the Registrar shall cause the principal amount of the Regulation S Global Certificate Global Certificate representing the Combination Note to be reduced by the principal amount exchanged (and the holder's Euroclear or Clearstream, Luxembourg, account to be debited accordingly) and each Regulation S Global Certificate representing an Exchange Class to be increased by the principal amount of the related Component exchanged (and the holder's Euroclear or Clearstream, Luxembourg account to be credited accordingly).

(b) A holder of a beneficial interest in a Combination Note represented by a Definitive Certificate may exchange such interest in part for interests in the related Exchange Classes by delivering to the Registrar or any Transfer Agent, (A) such holder's Definitive Certificate properly endorsed for such exchange and (B) exchange instructions in a certificate in the form specified in the Trust Deed, given by the holder of such Definitive Certificate. Upon receipt thereof, the Registrar shall (A) cancel such Definitive Certificate, (B) authenticate and deliver to the holder (i) Definitive Certificates of each Exchange Class in the relevant amounts according to the principal amount of the Components of such Combination Note being exchanged and (ii) a Definitive Certificate for the remaining principal amount of the Combination Note previously surrendered for exchange, all registered in the same name as the Definitive Certificate surrendered for exchange, (C) instruct the common depository to credit to the securities account at Euroclear or Clearstream, Luxembourg as applicable, specified by the holder in its exchange instructions, a beneficial interest in a Regulation S Global Certificate (if the holder has represented that it is not a U.S. Person) of each other Exchange Class associated with the Definitive Certificate surrendered for exchange, in the same principal amount as the Component of such Combination Note associated with each such Exchange Class and (D) record such transfers in the Register.

(c) If any exchange pursuant to paragraph (b) occurs prior to the Record Date for the first Payment Date, the Registrar shall deliver to the related Noteholder a letter in the form specified in the Trust Deed evidencing the right to receive the payment, if any. Such right shall not be transferable, and the letter evidencing the right shall so state.

The Class P Combination Notes are, for the purposes of transfer, a separate Class of Notes and the Components are not separately transferable. A holder may exchange all or a portion of its Class P Combination Notes for proportional interests in the Classes of Notes to which the Components of each Combination Note correspond, as described in Condition 2(i) (Exchange of Class P Combination Notes).
BOOK-ENTRY CLEARANCE PROCEDURES

The information set out below has been obtained from sources that the Issuer believes to be reliable, but prospective investors are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or interpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (the "Clearing Systems") currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Initial Purchaser, the Portfolio Manager or any Agent party to the Agency Agreement (or any Affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

1. Euroclear and Clearstream, Luxembourg

Custodial and depository links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. (See "Settlement and Transfer of Notes" below).

1.1 Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("Direct Participants") or indirectly through organisations which are Direct Participants in such Clearing Systems ("Indirect Participants") and together with Direct Participants, "Participants".

2. Book-Entry Ownership

2.1 Euroclear and Clearstream, Luxembourg

Each Global Certificate will have an ISIN and a Common Code and will be registered in the name of The Bank of New York Depositary (Nominees) Limited, as nominee of, and deposited with The Bank of New York as common depository on behalf of, Euroclear and Clearstream, Luxembourg.

3. Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note represented by a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Certificate, the common depository by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Certificate as shown in the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Certificate held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Certificate in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.
4. **Settlement and Transfer of Notes**

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "Beneficial Owner") will in turn be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until, interests in any Global Certificate held within a Clearing System is exchanged for Definitive Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing Systems and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Initial settlement for the Notes will be in Euro, following the settlement procedures applicable to conventional Eurobonds, which provide that the Notes will be credited to the securities custody accounts of Euroclear or Clearstream, Luxembourg Participants on the Business Day following the settlement date against payment for value on the settlement date.

5. **Trading between Euroclear and/or Clearstream, Luxembourg Participants**

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.
RATINGS OF THE NOTES

It is a condition of the issue and sale of the Notes that the Notes (except for the Subordinated Notes) be issued with at least the following ratings: the Class A-1R Notes: "AAA" from S&P, and "Aaa" from Moody's; the Class A-1T Notes: "AAA" from S&P, and "Aaa" from Moody's; the Class A-2A Notes: "AAA" from S&P, and "Aaa" from Moody's; the Class A-2B Notes: "AAA" from S&P, and "Aaa" from Moody's; the Class B Notes: "AA" from S&P, and "Aa2" from Moody's; the Class C Notes: "A-" from S&P, and "A2" from Moody's; the Class D Notes: "Not Rated" from S&P and "Baa2" from Moody's; and the Class E Notes: "BB-" from S&P, and "Ba3" from Moody's. It is expected that the Class P Combination Notes will be rated "Baa2" by Moody's. The Subordinated Notes being offered hereby will not be rated.

The rating assigned to the Class A Notes by S&P address the timely payment of interest and the ultimate payment of principal by the Maturity Date. The ratings assigned by S&P to the Class B Notes, the Class C Notes and the Class E Notes address the ultimate payment of principal and interest. The Moody's ratings of the Rated Notes address the expected loss posed to investors by the Maturity Date.

The rating assigned by Moody's to the Class P Combination Notes addresses the ultimate repayment of the Rated Balance on or before the Maturity Date.

1. S&P Ratings

S&P will rate the Rated Notes and the Class P Combination Notes in a manner similar to the manner in which it rates other structured issues. This requires an analysis of the following:

(a) the credit quality of the portfolio of Collateral Obligations securing the Notes;

(b) the cash flow used to pay liabilities and the priorities of these payments; and

(c) legal considerations.

Based on these analyses, S&P determines the necessary level of credit enhancement needed to achieve a desired rating. In this connection, the CDO Monitor Test is applied on and from the Effective Date up to expiry of the Reinvestment Period.

S&P's analysis includes the application of its proprietary default expectation computer model (the "CDO Monitor"), which is used to estimate the default rate S&P projects the Portfolio is likely to experience and which will be provided to the Portfolio Manager on or before the Effective Date. The CDO Monitor calculates the cumulative default rate of a pool of Collateral Obligations and Eligible Investments consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. The CDO Monitor takes into consideration the rating of each Obligor, the number of Obligors, the Obligor industry concentration and the remaining weighted average life of each of the Collateral Obligations included in the Portfolio. The risks posed by these variables are accounted for by effectively adjusting the necessary default level needed to achieve a desired rating. The higher the desired rating, the higher the level of defaults the Portfolio must withstand. For example, the higher the Obligor industry concentration or the longer the weighted average life, the higher the default level is assumed to be.

Credit enhancement to support a particular rating is then provided on the results of the CDO Monitor, as well as other more qualitative considerations such as legal issues and management capabilities. Credit enhancement is typically provided by a combination of over-collateralisation/subordination, cash collateral/reserve account, excess spread/interest and amortisation. A cash flow model (the "Transaction-Specific Cash Flow Model") prepared by the seller or adviser is used to evaluate the portfolio and determine whether it can comfortably withstand the estimated level of default while fully repaying the class of debt under consideration.

There can be no assurance that actual losses on the Collateral Obligations will not exceed those assumed in the application of the CDO Monitor or that recovery rates and the timing of recovery with respect thereto will not differ from those assumed in the Transaction-Specific Cash Flow Model. None of S&P, the Issuer, the Portfolio Manager, the Collateral Administrator, the Trustee or the Initial Purchaser makes any representation as to the expected rate of defaults on the Portfolio or as to the expected timing of any defaults that may occur.

S&P's ratings of the Rated Notes will be established under various assumptions and scenario analyses. There can be no assurance that actual defaults on the Collateral Obligations will not exceed those assumed by S&P in its analysis, or that recovery rates with respect thereto (and, consequently, loss rates) will not differ from those assumed by S&P.
2. **Moody's Ratings**

The ratings assigned to the Rated Notes and the Class P Combination Notes by Moody's are based upon its assessment of the probability that the Collateral Obligations will provide sufficient funds to pay each such Class of Notes, based largely upon Moody's statistical analysis of historical default rates on debt obligations with various ratings, the asset and interest coverage required for the relevant Class of Rated Notes (which is achieved through the subordination of the Subordinated Notes and, in the case of the Class A-1 Notes, subordination of the other Classes of Notes, in the case of the Class A-2, subordination of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, in the case of the Class B Notes, subordination of the Class C Notes, the Class D Notes and the Class E Notes, in the case of the Class C Notes, subordination of the Class D Notes and the Class E Notes, in the case of the Class D Notes, subordination of the Class E Notes) and the diversification requirements that the Collateral Debt Obligations are required to satisfy.

The ratings on the Class P Combination Notes address the ultimate repayment of the Rated Balance on or before the Maturity Date.

"Rated Balance" means an amount equal to (a) the aggregate principal amount of the Class P Combination Notes upon issuance thereof on the Closing Date or (b) on any Payment Date, the greater of:

(a) zero; and

(b) the aggregate of:

- (i) the product of (1) the Rated Balance of the Class P Combination Notes on the immediately preceding Payment Date (or, if there is no such date, the Closing Date) and (2) 1 plus the Class P Rated Coupon minus

- (ii) the aggregate amount of all cash distributions (interest and principal) in respect of the Class P Combination Notes payable to the Class P Combination Noteholders on such Payment Date.

Moody’s ratings address the expected loss posed to investors by the Maturity Date. Moody’s analyses the likelihood that each Collateral Debt Obligation will default, based on historical default rates for similar debt obligations, the historical volatility of such default rates (which increases as securities with lower ratings are added to the portfolio) and an additional default assumption to account for future fluctuations in defaults. Moody’s then determines the level of credit protection necessary to achieve the expected loss associated with the rating of the structured securities, taking into account the expected volatility of the default rate of the portfolio based on the level of diversification by region, issuer and industry.

In addition to these quantitative tests, Moody's ratings take into account qualitative features of a transaction, including the experience of the Portfolio Manager, the legal structure and the risks associated with such structure and other factors that they deem relevant.

In addition, a portion of the Collateral Obligations may not be rated by Moody's but will be assigned a rating pursuant to the methodology described herein.
THE ISSUER

General

The Issuer was incorporated on 15 February 2007 in Ireland as a private limited liability company with the name Harvest CLO VI Limited. It has subsequently changed its name to Windmill CLO I Limited with effect from 26 July 2007. It has been incorporated with unlimited duration, and is registered under number 434806.

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the acquisition of the Portfolio, the authorisation and issue of the Notes and activities incidental to the exercise of its rights and compliance with its obligations under the Notes, the Subscription Agreement, the Agency Agreement, the Trust Deed, the Portfolio Management Agreement, the Class A-1R Note Purchase Agreement, the Liquidity Facility Agreement, the Corporate Services Agreement, each Asset Swap Agreement and the other documents and agreements entered into in connection with the issue of the Notes and the purchase of the Portfolio.

The registered office of the Issuer is at 5 Harbourmaster Place, Dublin 1, Ireland. The authorised share capital of the Issuer is €1,000 divided into 1,000 ordinary shares of €1.00 each (the "Issuer Ordinary Shares"). The Issuer has issued 1,000 Issuer Ordinary Shares all of which are fully paid and are held, directly or indirectly, on trust by Deutsche International Finance (Ireland) Limited (as share trustee) for one or more charities. The telephone number of the Issuer at its registered office is +353 1 680 6000.

Corporate Purpose of the Issuer

The Issuer has been established as a special purpose vehicle for the purpose of issuing asset backed securities. The principal activities of the Issuer are the issuance of financial instruments, the acquisition of financial assets and the entering into of other legally binding arrangements as more particularly set out in clause 3 of its Memorandum of Association.

Save as disclosed above and warehouse funding (which will be repaid on the Closing Date), the Issuer has no loan capital outstanding, has not created shares which have not been allotted and has no term loans and no other borrowings or indebtedness in the nature of borrowings nor any contingent liabilities or guarantees.

Administration

The Corporate Services Provider, an Irish company, acts as the corporate services provider for the Issuer. The office of the Corporate Services Provider serves as the general business office of the Issuer. Through the office and pursuant to the terms of the Corporate Services Agreement, the Corporate Services Provider performs various management functions on behalf of the Issuer, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Corporate Services Agreement provide that either party may terminate the Corporate Services Agreement upon the occurrence of certain stated events, including any breach by the other party of its obligations under the Corporate Services Agreement which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Corporate Services Agreement at any time by giving at least 90 days' written notice to the other party. Under the Corporate Services Agreement, the Issuer indemnifies the Corporate Services Provider against all reasonable fees and expenses, plus any value added tax properly thereon, incurred by the Corporate Services Provider in obtaining the advice and/or performing its duties, obligations and responsibilities under the Corporate Services Agreement and/or in the provision of the services described therein. The Corporate Services Agreement contains provisions for the appointment of a replacement corporate services provider.

The Corporate Services Provider's registered office is 5 Harbourmaster Place, IFSC, Dublin 1.

Directors

The Directors of the Issuer and their business occupations are as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Principal outside activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carmel Naughton</td>
<td>Director</td>
</tr>
<tr>
<td>Eimir McGrath</td>
<td>Director</td>
</tr>
</tbody>
</table>

The Directors will provide management, corporate and administrative services to the Issuer.

The business address of each of the Directors is 5 Harbourmaster Place, Dublin 1, Ireland. The Company Secretary is Deutsche International Corporate Services (Ireland) Limited of 5 Harbourmaster Place, IFSC, Dublin 1.
Business

Under the terms of the Trust Deed, the Issuer will not undertake any business other than the business and activities in which it has already engaged (as set out above) and the issuance of Notes, the entry into of other obligations and the entry into, and performance of, agreements and obligations relating to such Notes and other obligations, in accordance with the Trust Deed, any Asset Swap Agreement, any Interest Rate Hedge Agreement, any Offsetting Credit Default Swap, any Credit Short Obligation and any related agreements and will not have any subsidiaries nor declare any dividends without the consent of the Trustee.

The Issuer has, and will have, no assets other than the Collateral and the Irish Account.

Financial Statements

The financial year of the Issuer is 30 June and the Issuer will publish financial statements on an annual basis and will make available such financial statements, when prepared, at the registered office of the Issuer. The Issuer will not prepare interim financial statements. Each year, a copy of the audited profit and loss account and balance sheet of the Issuer together with the report of the Directors and the auditors thereon is required to be filed in the Irish Companies Registration Office within 28 days of the annual return date of the Issuer and is to be available for inspection.

The auditors of the Issuer are Deloitte & Touche, Earlsfort Terrace, Dublin 2, Ireland who are chartered accountants and are members of the Institute of Chartered Accountants in Ireland (ICAI) and are qualified to practise as auditors in Ireland.
THE PORTFOLIO MANAGER

The information appearing in this section has been prepared by the Portfolio Manager and has not been independently verified by the Initial Purchaser, the Issuer, the Trustee or any of the Agents. None of the Initial Purchaser, the Issuer, the Trustee, or any other party other than the Portfolio Manager assumes any responsibilities for the accuracy, completeness or applicability of such information.

The Portfolio Manager

Mizuho Investment Management (UK) Ltd. ("MIMUK"), will act as the Portfolio Manager. MIMUK is incorporated in England with limited liability and its registered office is at Bracken House, One Friday Street, London EC4M 9JA. MIMUK is regulated by the Financial Services Authority.

MIMUK is a wholly owned subsidiary of Mizuho Corporate Bank, Ltd. ("MCBL"), the corporate bank of the Mizuho Financial Group ("MHFG"), which is one of the world's largest banking groups, with total assets of US$1.27 trillion as of 31 December 2006. MHFG is a global retail, wholesale and corporate banking and financial services franchise with headquarters in Japan and offices worldwide.

MHFG was constituted in September 2000 with the establishment of Mizuho Holdings Inc., in order to facilitate the merger of and corporate re-organisation among the following three Japanese financial institutions: The Dainich Kangyo Bank, Limited ("DKB"); The Fuji Bank, Limited ("Fuji"); and The Industrial Bank of Japan, Limited ("IBJ"). The merger was finalised on 1 April 2002, on which date the London Branch of MCBL assumed the business previously conducted by the London Branches of DKB, Fuji and IBJ.

MHFG stock (being shares in Mizuho Financial Group, Inc., the ultimate Mizuho group financial holding company) trades publicly in Tokyo, Osaka and New York and as at 16 March 2007 the market capitalisation of MHFG was $76.5 billion.

In July 2006 MIMUK became portfolio manager for the asset management business of MCBL.

The resources of the European Leveraged Finance Group ("LFG") of MCBL will be made available to MIMUK to enable it to perform its obligations as Portfolio Manager under the Portfolio Management Agreement. LFG was formed in 1987 as part of the London Branch of Fuji and is now represented by 85 professionals and support staff including leveraged loan originations, syndications and secondary loan trading, located in the London branch of MCBL. Since 1993 there has been a dedicated LFG division which has invested in over 325 transactions (of which over 180 have been in a lead arranging capacity, and 72 mezzanine investments), representing total underwriting and hold commitments of over US$126.9 billion and US$30.8 billion, respectively.

The team specialises in providing senior and mezzanine debt financing to management buy-out transactions. The business model is based upon long-standing relationships with private equity buy-out funds and other arranging banks in the European leveraged loan market, which together combine to provide unique access to a consistent level of high quality buy-out transaction opportunities. This has enabled LFG to position MCBL as one of the leading players in the European leveraged loan market. To date the team has originated deals in 15 jurisdictions.

Due to these strong relationships plus a rigorous and proven credit process, the team has been able develop a broadly based investment approach with no significant industry concentrations. The current European leveraged loan portfolio is split across 125 obligors, in 30 different industries and 10 jurisdictions.

A team from within MIMUK will have responsibility for the day-to-day management activities to be carried out on behalf of the Issuer. A management committee comprising experienced members of LFG and the credit risk group will have responsibility for approving credit and investment decisions presented by the collateral management team relating to the transaction.

MIMUK's Asset Selection Process

MIMUK has developed and employed LFG's asset selection process, which remains a disciplined and rigorous credit-based approach to asset selection resulting in a historical annualized payment default rate of less than 0.2 per cent. since 1993. Each investment opportunity is reviewed on a stand-alone basis and is subject to a comprehensive analysis of credit fundamentals, with a key focus on the potential risks associated with investment and resultant impact on cash flows.

LFG and now MIMUK have based their successful investment track record on a philosophy of generating a below average loss experience through detailed third party and internal due diligence and evaluation. Key investment criteria emphasise investment in "old world" economy businesses and sectors, ideally where the company is an industry market leader holding a strong market share. Demonstrable barriers to entry and consistent margin generation (e.g. strong EBITDA margin performance) and determining the obligor's ability to generate sufficient
cash pay interest and principal on its outstanding borrowings are key considerations in making an investment decision.

Each investment opportunity is also reviewed on a portfolio basis, taking into consideration the total portfolio of investments across a broad range of industry sectors. Analysts within the team focus on particular obligors. Each obligor will be subject to independent rating analysis by S&P and Moody's. This is intended to provide a comprehensive and ongoing credit analysis process for all the Issuer's investments.

It is therefore the intention of the Portfolio Manager to construct a broadly diversified portfolio of investments, using a proven credit process, based on key investment criteria actively monitored by experienced credit analysts within the Portfolio Manager and independently rated and monitored by third-party rating agencies.

**Key Personnel:**

Set forth below is information regarding certain persons who are currently employed by MCBL and MIMUK, although such persons may not necessarily continue to be so employed during the entire term of the Portfolio Management Agreement, or if so employed remain responsible for the performance of the Portfolio Manager's obligations under the Portfolio Management Agreement.

**Jeremy Ghose**, Executive Officer, MCBL

Jeremy joined Fuji in 1988 from HSBC. At MCBL, Jeremy has overall responsibility for the LBO/MBO franchise, leveraged syndications, mezzanine finance and equity fund business in Europe, U.S. and Asia (excluding Japan). Under his supervision, the bank has been involved in financing over 325 buy-out transactions, of which it has lead- or joint-managed over 178 transactions and has underwritten in excess of US$126.9 billion of debt. Jeremy has overall responsibility for the fund management business and is CEO of MIMUK. Jeremy has over 20 years experience in the structured and leveraged finance businesses. He holds a B.A. (Honours) degree in Business Administration and is an Associate of the Chartered Institute of Bankers. Jeremy is an Executive Officer of MCBL, being the first non-Japanese to achieve this status in the bank's history.

**Paul Carman**, Managing Director, Leveraged Finance Group, MCBL

Paul joined Fuji in 1995 to negotiate, structure and lead deals for the team's mandated lead-arranger business. He assumed responsibility for the leveraged debt business in 1998 and is head of MCBL leveraged finance business in Europe, Asia-Pacific and North America together with its fund management activities under MIMUK. Previously he worked at the National Australia Group in London and New Zealand and has in excess of 17 years experience in the leveraged finance market. Paul holds a B.A. degree with majors in Economics and Geography. Paul is registered as a CF27 Approved Person with the FSA. Paul also holds the Level 3 in Investment Management from the UK Society of Investment Professionals.

**Simon Heywood**, Chief Investment Officer, MIMUK

Simon joined IBJ in 1996, and was until recently head of the co-arranging, agency and portfolio teams of MCBL's European Leveraged Finance Group. Under his supervision, the bank manages approximately 110 LBO transactions, including approximately 20 as agent. He has 10 years of experience in the European LBO market. Previously, Simon held a key role at IBJ in developing its acquisition finance capabilities, and before that worked at NatWest for nine years. Simon graduated with a B.A. (Honours) degree from Oxford University and is an Associate of the Chartered Institute of Bankers. Simon also holds the Level 3 in Investment Management from the UK Society of Investment Professionals and is a CF27 Approved Person with the FSA. In April 2007, Simon was appointed CIO of MIMUK.

**Peter Ryan**, Joint General Manager, MCBL

Peter joined IBJ in 1986 and is currently Joint General Manager whose responsibilities include credit risk and portfolio management. Day-to-day responsibilities include branch credit committee secretariat, credit ratings, asset quality and self-assessment, covenant monitoring, portfolio reporting and Credit Value at Risk calculation. Peter was previously responsible for arranging, underwriting and participating in an MBO lending at IBJ. He graduated with a B.A. (Honours) degree from York University and is a Fellow of the Chartered Institute of Bankers.

**Bryan Thomas**, Deputy Head of Credit, MCBL

Bryan joined Fuji in 2000 and is currently the Senior Credit Officer within MCBL's European Credit Division ("ECD"). ECD has responsibility for approval of all credit applications received from Mizuho branches in Europe, Africa and the Middle East covering all lending products (i.e. corporate finance, Leveraged Buy Outs, project finance, structured finance etc.). Previously Bryan worked extensively within credit approval offices at NatWest and also spent two years as a credit analyst for the NatWest Mezzanine Fund.
Marcus Barnes, Director – Portfolio Management, MIMUK

Marcus joined in 2004 from Babson Capital Europe where he worked on the portfolio management of a series of leveraged loan / high yield bond cashflow arbitrage CLO funds (Duchess I, II & III). Prior to joining Babson, Marcus worked in the risk management area at Nomura International specialising in fixed income derivatives. Marcus holds a BSc (Hons) in engineering and is a qualified accountant (FCCA). Marcus heads up portfolio management for all the Harvest funds, being responsible for all aspects of macro portfolio optimisation and asset allocation, secondary trading, ensuring the respective Harvest portfolios are individually and collectively maximised in terms of return, diversity and risk. He is also responsible for launching new funds, including deal structuring to ensure maximum programme flexibility and capacity for procurement, note coverage and investor returns.

Timothy McKean, Director – Credit and Asset Generation, MIMUK

Timothy began his career with Fuji as part of the graduate training program in 1996. Following the successful project management of MCBL’s inaugural European leveraged loan CLO, Harvest CLO I S.A. in April 2004, he took the role as head of asset procurement and credit analysis within MCBL on behalf of the Harvest CLO franchise. Prior to this, he had been a member of the European Leveraged Finance Group since April 1998 and has 9 years of experience in the European leveraged loan market, working in the portfolio, co-arranger and origination teams on a number of high-profile European leveraged loan transactions. Timothy is responsible for all aspects of asset generation, analysis, monitoring and trading for the Harvest CLO programmes. He holds an L.L.B. (Honours) degree from Trinity College, Dublin.

Ian Kavanagh, Director Technical Systems and Control, MIMUK

Ian joined MIMUK in January 2006 from Deutsche Bank London where for the prior four years he managed the European CDO Client Service team at Deutsche Bank London in their capacity as Trustee and Portfolio Administrator. The team managed in excess of 100 transactions and included a range of cash CLO and CBO funds, synthetic and CFO funds. Prior to Deutsche Bank Ian held several middle office fixed-income positions at JPMorgan Chase London and New York. Ian is responsible for systems, liquidity, portfolio and hypothetical trade evaluation, data integrity and reporting of the Harvest funds. Ian holds a B.A. (Honours) degree from the University of Kent.

Neil Rickard, Senior Associate Director, MIMUK

Neil joined the Leveraged Finance Department in MCBL in 2005, having spent the previous 6 years working at a number of other organisations within the Leveraged Finance market. He is now responsible for assisting in the product and asset procurement, analysis and monitoring roles for the Harvest CLO programmes. Neil holds a 2.1 BSc (Hons) in Management and Chemicals Sciences and an MSc (Hons) in International Business, both of which were obtained from U.M.I.S.T. In addition Neil is a qualified accountant (ACCA).

Kieran Carmody, Associate Director, MIMUK

Kieran joined MIMUK in November 2005, being responsible for the full lifecycle administration of the Harvest funds collateral from purchase, through the hold period to sale or redemption. After graduating from University with a 2.1 (Hons) Degree in Business Studies & Economics, Kieran worked at the Royal Bank of Scotland for four and a half years, where he built up a wide range of knowledge through working on the Mezzanine, CDO and Secondary debt markets teams. He also managed a number of teams during this time and was involved in a number of projects, most notably the launch of the Royal Bank of Scotland within the Leverage markets in several European countries.

Benoit Charles, Associate Director, MIMUK

Benoit has four years of experience in Leverage Finance and prior to joining MIMUK, he held various roles (origination and underwriting as well as investment in Private Equity funds) at Calyon in New York, GE Capital in Paris and ING in London. Benoit has a MSc in General Engineering from Ecole Nationale Supérieure d'Electricité et de Mécanique (Nancy, France) and a Specialised Master's Degree in Corporate Finance from EM Lyon (Lyon, France).

Damien Liu, Associate Director, MIMUK

Damien joined MCBL in 2005 where he was responsible for the primary analysis of leveraged and structured credits for a diversified range of European companies. Prior to this he worked in the Credit department for the National Australia Bank, primarily within the Energy & Utility and Asia portfolios, where he was responsible for assessing and/or approving a range of corporate finance transactions. Damien joined MIMUK in January 2007 where his primary responsibility is the analysis, recommendation and monitoring of a portfolio of credits. He holds B.Com and B.Sci undergraduate degrees, obtained from the University of Melbourne, and is a CFA charterholder.
**Natalia Blaskova**, Associate Director, MIMUK

Natalia joined MIMUK in June 2007. Previously she worked at BONY/JP Morgan where she carried out an institutional clients trustee role. She was responsible for 11 CDOs and she managed a team of transaction/portfolio administrators for two years. She dealt with a number of big institutional clients and gained an excellent experience working on the full lifecycle of collateral portfolios from the warehousing phase through to closing and redemption. Prior to that Natalia worked for State Street bank and was responsible for maintaining client investment portfolios. She graduated from London Guildhall University from BA Business Studies with a 2.1 (Hons). Natalia is currently responsible for the MIMUK’s collateral fund administration and data control.

**Matine Raza**, Associate Director, MIMUK

Matine started his career at Goldman Sachs in their leveraged finance division in 1998, working on both origination and syndication of leveraged transactions. He has also worked in ING's acquisition finance team again in the origination of leveraged finance deals. Matine has a B.A. in Geography from Oxford University and an MPhil in International Relations from Cambridge University. Matine is responsible for analysing and transacting new investment opportunities.

**George Mavridoglou**, Associate - Portfolio Management, MIMUK

George started his career at KPMG Australia in February 2002 within their Corporate Restructuring division after graduating with a double degree in Banking & Finance and International Business from Griffith University and in the process, earned awards for Academic Excellence. He has built up a wide range of knowledge in Business Turnaround across numerous sectors including mining, manufacturing, tourism and agriculture. He is a recent addition to the Harvest team and is focusing on deal pipeline management, asset allocation and portfolio optimisation by ensuring the individual portfolios are maximised in terms of return, diversity and risk. George is an Associate of the Institute of Chartered Accountants.

**Andrew Strong**, Associate, MIMUK

After graduating from Brunel University with a first class honours degree in Economics and Business Finance in June 2005, Andrew joined the Harvest team to assist with both the credit analysis of new transactions, and monitoring of existing assets. Andrew began his career prior to university, working for two years within the Credit Risk and Portfolio Management Department at MCBL.

**David Clough**, Associate, MIMUK

David graduated from the University of Durham in 2005 with a BA (Hons) in Business Finance. He then joined ABN Amro Bank within their Global Securities and Trust Services department working in transaction management on their TRS desk. As administrator, David ensures that the team's records of the assets in the portfolio are accurate and complete at any point in time. He also investigates and resolves unscheduled events, and ensures that amounts payable and received are processed correctly across the portfolios.

**Tim Warren**, Associate, MIMUK

Tim joined the Harvest team in September 2006. After studying Economics at University of New England, Tim worked for two years at Royal and Sun Alliance in Sydney in their Financial Control team, following which he then worked for JP Morgan for three years in Asset Management Reconciliations. After moving to London in 2005 he worked for Mellon and ING in their finance department before joining MIMUK. Tim is responsible for the administration of the Harvest funds collateral from purchase, through the hold period to sale or redemption.

**Hisae Yukawa**, Associate, MIMUK

Ms. Yukawa started her career at MCBL in their Leveraged Finance Group in August 2004 to assist with strategic planning and new structured products. She moved to the Credit and Asset Generation group of the Harvest team and is responsible for the monitoring of existing assets and documentation aspects of new investments, including liaising with the SPV management.
THE PORTFOLIO

Terms used and not otherwise defined herein or in this Prospectus as specifically referenced herein shall have the meaning given to them in Condition 1 (Definitions) of the Terms and Conditions of the Notes.

1. Introduction

Pursuant to the Portfolio Management Agreement, the Portfolio Manager is required to manage the Portfolio, to act in specific circumstances in relation to the Portfolio on behalf of the Issuer and to carry out the duties and functions described below. In addition, the Collateral Administrator is required to perform certain calculations in relation to the Portfolio on behalf of the Issuer in each case to the extent and in accordance with the information provided to it by the Portfolio Manager. The duties of the Portfolio Manager with respect to the Portfolio include (amongst others):

(a) the selection of Collateral Obligations to be purchased on or prior to the Closing Date and during the Initial Investment Period;

(b) the investment of amounts standing to the credit of the Accounts in Eligible Investments;

(c) the sale of certain of the Collateral Obligations and the reinvestment of Principal Proceeds received in Substitute Collateral Obligations in accordance with the criteria set out in the Portfolio Management Agreement;

(d) its currency hedging strategy and to the extent applicable, its interest rate hedging strategy, in respect of the Portfolio; and

(e) determining whether to increase or decrease the Aggregate Class A-1R Commitment from time to time in accordance with the applicable Leverage Scenario Grids as described below under Description of the Class A-1R Notes – Increase in Aggregate Class A-1R Commitment and Decrease in the Aggregate Class A-1R Commitment.

The Portfolio Manager is required to monitor the Collateral Obligations with a view to seeking to determine whether any Collateral Obligation has converted into, or been exchanged for, an Exchanged Equity Security or become a Credit Improved Obligation, Defaulted Obligation or Credit Impaired Obligation, provided that, if it fails to do so, except by reason of acts constituting bad faith, wilful misconduct or negligence in the performance of its obligations, no Noteholder shall have any recourse against any of the Issuer, the Portfolio Manager, the Collateral Administrator, the Custodian, the Principal Paying Agent, the Registrar, the Initial Purchaser, or the Trustee for any loss suffered as a result of such failure.

Under the Portfolio Management Agreement, the Noteholders have certain rights in respect of the removal of the Portfolio Manager and appointment of a successor Portfolio Manager.

2. Acquisition of Collateral Obligations

A portfolio of Secured Senior Loans, Unsecured Senior Loans, Second Lien Loans, Mezzanine Obligations, High Yield Bonds, Structured Finance Securities and Principal Protected Equity Obligations may be purchased by the Portfolio Manager (on behalf of the Issuer) during the Initial Investment Period, the Reinvestment Period and thereafter, all in accordance with the Portfolio Management Agreement. The Issuer anticipates that, by the Closing Date, it will have committed to purchase Collateral Obligations the Aggregate Principal Balance of which equals approximately 60 per cent. of the Closing Date Target Par Amount, (this being €500,000,000 and representing the Aggregate Principal Balance of Collateral Obligations purchased or committed to being purchased by the Issuer by the Effective Date, provided that, for the purposes of determining the Aggregate Principal Balance as provided above, any repayments or prepayments of any Collateral Obligations subsequent to the date of acquisition thereof and not subsequently reinvested shall be disregarded). The proceeds of issue of the Notes remaining after payment of the acquisition costs for the Collateral Obligations acquired by the Issuer on or prior to the Closing Date and after the payment of the amounts referred to in paragraph (A) of Condition 3(k)(ix) (Expense Reserve Account) and paragraph (A) of Condition 3(k)(xvi) (Interest Reserve Account) will be deposited in the Unused Proceeds Account on the Closing Date. The Portfolio Manager, acting in accordance with the Portfolio Management Agreement, shall use all commercially reasonable endeavours to procure the purchase by the Issuer of the Collateral Obligations out of the Balance standing to the credit of the Unused Proceeds Account during the Initial Investment Period in order to procure that the Aggregate Principal Balance of Collateral Obligations purchased or committed to be purchased by the Issuer is equal to or greater than the Target Par Amount as of the Effective Date.

The Portfolio Manager may declare that the Initial Investment Period has ended and the Effective Date has occurred prior to the expiry of 360 days from (but excluding) the Closing Date subject to the Effective Date Requirements being satisfied.
The Portfolio Manager, acting on behalf of the Issuer, shall, within 20 Business Days following the Effective Date, request that within 30 Business Days after the Effective Date, the independent accountants appointed by the Issuer in accordance with the Portfolio Management Agreement shall issue a report confirming details of the Aggregate Principal Balance of the Collateral Obligations purchased or committed to be purchased as at such date and the computations and results of the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests by reference to such Collateral Obligations, copies of which shall be delivered to the Issuer, the Trustee, the Portfolio Manager, the Collateral Administrator and the Rating Agencies.

The Portfolio Manager (acting on behalf of the Issuer) shall promptly following receipt of such report request that each of the Rating Agencies confirm the Initial Ratings of the Rated Notes. If (i) the Initial Ratings of the Rated Notes are reduced or withdrawn or (ii) either or both of the Rating Agencies notifies the Issuer or the Portfolio Manager (on behalf of the Issuer) that such Rating Agency intends to reduce or withdraw its Initial Ratings of the Rated Notes then, in each case, all further purchases of Collateral Obligations shall cease unless the Portfolio Manager, acting on behalf of the Issuer, prepares and presents to the Rating Agencies a plan (a "Rating Confirmation Plan") in respect of which Rating Agency Confirmation is received setting forth the timing and manner of acquisition of additional Collateral Obligations or any other intended action which will cause confirmation or reinstatement of the Initial Ratings. The Portfolio Manager (acting on behalf of the Issuer) is under no obligation whatsoever to present a Rating Confirmation Plan to the Rating Agencies and may, in its discretion (acting on behalf of the Issuer), determine not to present such plan in favour of redemption of Rated Notes as described in the paragraph below and as provided pursuant to Condition 7(e) (Redemption upon Effective Date Rating Event).

For so long as, in the above circumstances, no such Rating Confirmation Plan is presented to and accepted by the Rating Agencies, an Effective Date Rating Event shall have occurred and be continuing. If an Effective Date Rating Event has occurred and is continuing on the second Business Day prior to the Payment Date next following the Effective Date and any other Payment Date thereafter, the Balance standing to the credit of the Unused Proceeds Account will be transferred to the Payment Account and shall be applied as Principal Proceeds in redemption of the Rated Notes in accordance with the Priorities of Payments to the extent required to cause the Initial Ratings assigned to the Rated Notes to be confirmed. Upon confirmation by each of the Rating Agencies of the Initial Ratings assigned to the Rated Notes after the Effective Date, the transaction will be "effective" and the Balance standing to the credit of the Unused Proceeds Account (if any) shall, upon the direction of the Portfolio Manager acting on behalf of the Issuer, be transferred to the Interest Account and/or to the Principal Account, as applicable, for reinvestment in Substitute Collateral Obligations (in accordance with Condition 3(k)(iii) (Unused Proceeds Account)).

3. Eligibility Criteria

Each Collateral Obligation must, at the time of entering into a binding commitment to purchase such obligation by, or on behalf of, the Issuer, satisfy the following "Eligibility Criteria", provided that:

(i) in the case of any Synthetic Security, such Synthetic Security, the related Reference Obligation and the related Deliverable Obligation shall be required to satisfy each of the Eligibility Criteria, save for:

(A) paragraphs (a) and (k) below which shall be required to be satisfied solely by the Reference Obligation;

(B) paragraph (dd) below which shall be required to be satisfied solely by the Synthetic Security; and

(C) paragraphs (b), (e), (n), (p) and (q) below which shall be required to be satisfied solely by the Synthetic Security and any Deliverable Obligation only; and

(ii) in respect of Principal Protected Equity Obligations, the Eligibility Criteria (other than Eligibility Criteria (a) below) shall only apply to the Equity OAT Strip Component:

(a) it is an Assignment of, or Participation in, a Secured Senior Loan, a Second Lien Loan, an Unsecured Senior Loan or a Mezzanine Obligation (for the avoidance of doubt, including a PIK Only Obligation and a Zero Coupon Security), a High Yield Bond or Structured Finance Security or a Principal Protected Equity Obligation;

(b) it is (I) denominated in Euro or (II) denominated in a Non-Euro Qualifying Currency, and if the Non-Euro Obligation was not denominated in Sterling or U.S. Dollars and was not a Primary Market Collateral Debt Obligation or the Par Value Tests were not satisfied immediately following the acquisition thereof, not later than on or around the settlement date of the acquisition thereof, enters into an Asset Swap Transaction (which may be a Form-Approved Asset Swap save for in relation PIK Only Obligations which must be approved by Moody's) with a notional amount in the relevant currency equal
to the aggregate principal amount of such obligation and otherwise complies with the requirements set out in respect of Non-Euro Obligations in the Portfolio Management Agreement (as described under “Non-Euro Obligations” below) and (III) is not convertible into or payable in any other currency;

(c) it is not an obligation which is actually known by the Portfolio Manager after due enquiry to be a Defaulted Obligation or a Collateral Obligation which in the Portfolio Manager's reasonable business judgement has a significant risk of declining in credit quality and becoming a Defaulted Obligation or a Current Pay Obligation;

(d) it is not the subject of an offer of exchange, conversion or tender by its Obligor, for cash, securities or any other type of consideration (other than for an obligation which satisfies the Eligibility Criteria, the acquisition of which would also satisfy the Reinvestment Criteria);

(e) it is eligible to be sold, novated, assigned or participated to the Issuer and is eligible to be sold, novated and assigned by the Issuer, in each case without a breach of any applicable law or regulation, selling restriction or contractual provision;

(f) in the case of each Collateral Debt Obligation, it has been assigned or otherwise has an S&P Rating of at least "B-", and a Moody's Rating of at least "B3" and does not have an "r", "p", "q", "pi" or "t" subscript unless S&P otherwise consents in writing;

(g) except for (I) a Synthetic Security in the form of a swap or (II) a Delayed Drawdown Collateral Obligation or Revolving Collateral Obligation in respect of which such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation does not permit any other person to accede thereto as an issuer thereof or borrower thereunder without the consent of the Issuer, is not a debt obligation, Participation or Synthetic Security pursuant to which any future advances are required to be made by the Issuer;

(h) if it is a Delayed Drawdown Collateral Obligation or a Revolving Collateral Obligation, it is not a Non-Euro Obligation, except where Rating Agency Confirmation and consent of the Senior Outstanding Class, acting by Ordinary Resolution, for as long as the Class A-1 Notes are the Senior Outstanding Class have been received in respect of such acquisition;

(i) it is not a lease;

(j) in the case of each Collateral Debt Obligation, it is not an obligation whose repayment is subject to substantial non credit related risk or the non occurrence of certain catastrophes as determined by the Portfolio Manager;

(k) it is an obligation in respect of which the Obligor (or the guarantor of such obligation) is incorporated in, and has its principal place of business or the majority of its assets in, a Qualifying Country, as determined by the Portfolio Manager;

(l) in the case of each Collateral Debt Obligation, except for PIK Only Obligations, Zero Coupon Securities, Revolving Collateral Obligations (to the extent undrawn) and Delayed Drawdown Collateral Obligations (to the extent undrawn), it pays interest no less frequently than annually;

(m) in the case of each Collateral Debt Obligation, except for PIK Only Obligations and Zero Coupon Securities, it is not an obligation which by its terms does not provide for the current payment of interest at any time;

(n) it is not an obligation whose acquisition by the Issuer will cause the Issuer to be deemed to have participated in a primary loan origination in the United States;

(o) it is not convertible into equity and is not Margin Stock as defined under Regulation U issued by The Board of Governors of the Federal Reserve System;

(p) upon acquisition the Collateral Obligation is capable of being, and will be, the subject of a first fixed charge or first priority security interest (or other arrangement having similar commercial effect) in favour of the Trustee for the benefit of the Secured Parties pursuant to the Trust Deed (or any deed or document supplemental thereto);

(q) it will not result in the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer other than those:

(i) which may arise at its option; or
(ii) which are fully collateralised (which collateralisation may be by way of deposit of an amount with a third party and which must be in an amount which is not less than 100 per cent. of the Issuer's unfunded principal payment obligations in respect thereof) (for the purposes of this sub clause (q), an Offsetting Credit Default Swap shall be deemed to be fully collateralised where the related Reference Obligation is a Collateral Debt Obligation) or which arise under a Revolving Collateral Obligation, a Delayed Drawdown Collateral Obligation or an Unfunded Synthetic Security in respect of which there exists a Class A-1R Allocated Commitment; or

(iii) which are owed to an agent bank, security trustee or other syndicate bank in relation to the performance of its duties under a Secured Senior Loan, Unsecured Senior Loan, Second Lien Loan or Mezzanine Obligation or to any other lender under the Underlying Instruments applicable thereto as a result of any pro rata sharing or from another trust arrangements which apply to the Issuer in accordance with usual market practice which should have been shared between the syndicate of lenders; or

(iv) which may arise as a result of an undertaking to participate in a financial restructuring of a Secured Senior Loan, Unsecured Senior Loan, Second Lien Loan, Mezzanine Obligation, High Yield Bond or Structured Finance Security where such undertaking is contingent upon the redemption in full of such Secured Senior Loan, Unsecured Senior Loan, Second Lien Loan, Mezzanine Obligation, High Yield Bond or Structured Finance Security on or before the time by which the Issuer is obliged to enter into the restructured Secured Senior Loan, Unsecured Senior Loan, Second Lien Loan, Mezzanine Obligation, High Yield Bond or Structured Finance Security and where the Portfolio Manager reasonably determines that the purchase of such restructured Secured Senior Loan, Unsecured Senior Loan, Second Lien Loan, Mezzanine Obligation, High Yield Bond or Structured Finance Security would satisfy the Reinvestment Criteria if purchased on the date of such financial restructuring; or

(v) in respect of Delayed Drawdown Collateral Obligations and Revolving Collateral Obligations to make future advances;

(r) is an obligation that will be considered to be in registered form for United States federal income tax purposes or is held through a financial institution in a manner that would not cause a holder to be subject to the denial of a deduction for any loss under section 165 of the United States Internal Revenue Code of 1986, as amended;

(s) in the case of a Collateral Debt Obligation which is not a Structured Finance Security, it is not an obligation that by its terms permits the Obligor thereunder to defer interest for credit related reasons that would otherwise be paid on a current basis;

(t) it must require the consent of the Issuer for any extension to the date on which a payment is due or for any reduction in interest applicable to such obligation;

(u) in the case of a Collateral Debt Obligation, it is not an obligation in respect of which interest payments are scheduled to decrease (although payments may decrease due to unscheduled events such as a decrease of the index relating to a Floating Rate Collateral Debt Obligation, the change from a default rate of interest to a non-default rate of interest, an improvement in the Obligor's financial condition or as a result of the satisfaction of contractual conditions set out in the relevant documentation for such obligation);

(v) in the case of a Structured Finance Security, it is a debt security which is a collateralised debt obligation or is issued as part of a whole business securitisation;

(w) it is not a Collateral Obligation that is issued, managed or the Obligor of which receives investment management or investment advisory services from the Portfolio Manager or any of its Affiliates;

(x) in the case of a Principal Protected Equity Obligation, it will consist of two components namely:

(i) an Equity OAT Strip Component with a face value equal to the Principal Balance of such Principal Protected Equity Obligation; and

(ii) an Equity Obligation Component the face value of which is determined in accordance with the following formula:

\[ A = B \times (100\% - C) \]

where:
A = the purchase price of the Equity Obligation Component;
B = the Principal Balance of the related Principal Protected Equity Obligation; and
C = the related Equity OAT Strip Purchase Price;

(y) in the case of a Principal Protected Equity Obligation, the Equity OAT Strip Purchase Price must be a minimum of 50 per cent. of the purchase price of such Principal Protected Equity Obligation;
(z) in the case of a Principal Protected Equity Obligation, the Equity OAT Strip Purchase Price must be a minimum of 50 per cent. of the face value of such Principal Protected Equity Obligation;
(aa) in the case of a Principal Protected Equity Obligation, the foreign currency long term debt rating of France must be at least "AAA" by S&P;
(bb) in the case of a Principal Protected Equity Obligation, the Stated Maturity of the Equity OAT Strip Component thereof falls on or before the earlier of (i) the Maturity Date, and (ii) the date falling fifteen years after the date of purchase thereof by the Issuer;
(cc) in the case of an Equity OAT Strip Component of a Principal Protected Equity Obligation, it must be denominated in Euro;
(dd) in the case of a Synthetic Security, the related Deliverable Obligation or cash settlement amount must be denominated in Euro; and
(ee) in the case of a Revolving Collateral Obligation or a Delayed Drawdown Collateral Obligation, advances or drawings may only be made in Euros.
(ff) it is not an interest or a participation in a letter of credit given in favour of an Obligor located in the United States, including an interest that could arise because the Issuer would be obligated to acquire a right to receive a reimbursement by such Obligor of any drawings made in accordance with such letter of credit;
(gg) it is a "qualifying asset" for the purposes of section 110 of the Irish Taxes Consolidation Act, 1997; and
(hh) it is not a project finance obligation. For the avoidance of doubt an obligation which otherwise satisfies the Eligibility Criteria under which the Obligor is obliged to make payments that depend on operating cash flows arising from infrastructure assets, including, without limitation:
   (i) the sale of products, such as electricity, water, gas or oil, generated by one or more infrastructure assets in the utility industry by a special purpose entity; and
   (ii) fees charged in respect of one or more highways, bridges, tunnels, pipelines or other infrastructure assets by a special purpose entity, and in each case, the sole activity of such special purpose entity is the ownership and/or management of such asset or assets and the acquisition and/or development of such asset by the special purpose entity was effected primarily with the proceeds of debt financing made available to it on a limited recourse basis,
shall not be construed as a project finance obligation.
The subsequent failure of any Collateral Obligation to satisfy any of the Eligibility Criteria shall not prevent any obligation which would otherwise be a Collateral Obligation from being a Collateral Obligation so long as such obligation satisfied the Eligibility Criteria when the Issuer or the Portfolio Manager (on behalf of the Issuer) entered into a binding agreement to purchase such obligation.

4. Management of the Portfolio

Overview

Subject to compliance with the Portfolio Management Agreement, the Portfolio Manager (acting on behalf of the Issuer) is permitted, in certain circumstances and, subject to certain requirements and subject to the overall policies and direction of the Issuer, to sell Collateral Obligations, Collateral Enhancement Obligations and Exchanged Equity Securities and to reinvest the Sale Proceeds (other than Collateral Enhancement Obligation Proceeds and Equity OAT Strip Principal Proceeds, proceeds of an Equity Obligation Disposal and Equity Obligation Distributions credited to the Interest Account in accordance with paragraph (M) of Condition 3(k)(ii) (Interest Account) and for the avoidance of doubt accrued interest on such Collateral Debt Obligations and deferred interest in respect of such Deferring Mezzanine Obligations and PIK Only Obligations that has been capitalised since the date of purchase thereof included in Interest Proceeds by the Portfolio Manager) thereof in Substitute Collateral
Obligations. The Collateral Administrator (on behalf of the Issuer) shall determine and shall provide confirmation of whether certain of the criteria which are required to be satisfied in connection with any such sale or reinvestment are satisfied or, if any such criteria are not satisfied, shall notify the Issuer and the Portfolio Manager of the reasons and the extent to which such criteria are not so satisfied, following request by the Portfolio Manager, which request shall specify all necessary details of the Collateral Obligation, Collateral Enhancement Obligation or Exchanged Equity Security to be sold and the proposed Substitute Collateral Obligation to be purchased.

Subject to compliance with the Portfolio Management Agreement, the Portfolio Manager (acting on behalf of the Issuer) will purchase the Collateral Obligations (including all Substitute Collateral Obligations) taking into account the Eligibility Criteria and will monitor the performance and credit quality of the Collateral Obligations on an ongoing basis to the extent practicable using sources of information reasonably available to it and provided that the Portfolio Manager shall not be responsible for determining whether or not the terms of any individual Collateral Obligation have been observed.

Notwithstanding anything to the contrary, the Portfolio Manager may not purchase or sell any Collateral Obligation, Equity Obligation or Equity OAT Strip at any time after it has received notice of its removal for cause pursuant to the terms of the Portfolio Management Agreement without the prior consent of the Senior Outstanding Class for so long as the Class A-1 Notes are the Senior Outstanding Class.

**Sale of Collateral Obligations - Overview**

Subject to no Event of Default having occurred which is continuing and subject to the provisions of the Portfolio Management Agreement the Portfolio Manager, acting on behalf of the Issuer, may, as more particularly described below, sell any Defaulted Obligation, Exchanged Equity Security, Credit Impaired Obligation or Credit Improved Obligation held by or on behalf of the Issuer at any time. The Portfolio Manager, acting on behalf of the Issuer may, at any time during the Reinvestment Period, also sell any other Collateral Obligations in accordance with and subject to the Portfolio Management Agreement provided that all such sales do not in any annual period exceed 20 per cent. of the Aggregate Collateral Balance at the beginning of that period.

Subject to no Event of Default having occurred which is continuing and subject to the provisions of the Portfolio Management Agreement, the Portfolio Manager, acting on behalf of the Issuer may sell any Equity OAT Strips at any time if the Principal Protected Equity Obligation Ledger Deficiency is zero immediately following such sale.

The Portfolio Manager may also sell Equity Obligations at any time providing that no Event of Default has occurred and is continuing.

The Portfolio Manager (acting on behalf of the Issuer) shall also be required to sell Exchanged Equity Securities in certain circumstances, within certain time limits as further described below and subject to the provisions of the Portfolio Management Agreement.

During the Reinvestment Period, the Sale Proceeds (other than Collateral Enhancement Obligation Proceeds and for the avoidance of doubt accrued interest on such Collateral Debt Obligations and deferred interest in respect of Deferring Mezzanine Obligations and PIK Only Obligations (that has been capitalised since the date of purchase thereof) included in Interest Proceeds by the Portfolio Manager) shall be applied by the Issuer to acquire Substitute Collateral Obligations in accordance with the Reinvestment Criteria or shall be applied by the Issuer in accordance with the Priorities of Payments on the next succeeding Payment Date. After the Reinvestment Period, any Sale Proceeds (other than those relating to Credit Improved Obligations and Unscheduled Principal Proceeds, as more particularly described below and other than Collateral Enhancement Obligation Proceeds and for the avoidance of doubt accrued interest on such Collateral Obligation and deferred interest in respect of Deferring Mezzanine Obligations and PIK Only Obligations (that has been capitalised since the date of purchase thereof) included in Interest Proceeds by the Portfolio Manager) shall not be reinvested in Substitute Collateral Obligations, but shall be paid into the Principal Account and shall be applied in accordance with the Priorities of Payments on the next succeeding Payment Date.

**Discretionary Reinvestment during the Reinvestment Period**

During the Reinvestment Period only, and subject to the provisions of the Portfolio Management Agreement, the Issuer or the Portfolio Manager (acting on behalf of the Issuer), may dispose of any Collateral Obligation (other than a Credit Improved Obligation, a Credit Impaired Obligation, a Defaulted Obligation or a Principal Protected Equity Obligation, each of which may only be sold in the circumstances provided below) and reinvest the Sale Proceeds (other than for the avoidance of doubt accrued interest on such Collateral Debt Obligations and deferred interest in respect of such Collateral Debt Obligations which are Deferring Mezzanine Obligations and PIK Only Obligations that has been capitalised since the date of purchase thereof and which has not been irrevocably designated as Principal Proceeds by the Portfolio Manager) thereof in Substitute Collateral Obligations, such sale and reinvestment being subject to:

(a) in the Portfolio Manager's knowledge, no Event of Default having occurred which is continuing;
(b) the Portfolio Manager certifying that it believes in its reasonable business judgement that:

(i) such Sale Proceeds may be reinvested within 20 Business Days of settlement of such sale; and

(ii) after giving effect to such sale and purchase, the Reinvestment Criteria will be met;

(c) the Collateral Administrator confirming that the Aggregate Principal Balance of Collateral Obligations sold in any year (with each year commencing on the Closing Date or, as the case may be, an anniversary thereof, and ending in the next succeeding anniversary thereof) when aggregated with the Aggregate Principal Balance of any Collateral Obligations to be sold (in each case excluding any Credit Improved Obligations, Credit Impaired Obligations, or Defaulted Obligations sold, any Principal Protected Equity Obligations or related components the Sale Proceeds of which are reinvested in Principal Protected Equity Obligations or related components and any Collateral Obligations which the Portfolio Manager, in its reasonable business judgement, certifies as having been sold for the purpose of enabling a reduction of the Leverage Scenario), does not exceed 20 per cent. of the Aggregate Collateral Balance, measured as at the beginning of each such year (provided that upon any change of a Leverage Scenario the portion of such percentage which remains unutilised on the date of such change of Leverage Scenario shall be applied to the Aggregate Collateral Balance applicable to the changed Leverage Scenario for the remainder of the then current annual period) (except to the extent any Class A Coverage Test is not satisfied, in which case no such discretionary substitutions shall take place until such time as each Class A Coverage Test is satisfied);

(d) in the case of the sale of an Equity OAT Strip the Principal Protected Equity Obligation Ledger Deficiency is zero immediately following such sale;

(e) (i) the ratings by Moody's of any of the Class A Notes or the Class B Notes having not been reduced by Moody's by at least one sub-category from the Initial Ratings or having not been withdrawn by Moody's; or

(ii) the ratings by Moody's of any of the Class C Notes, the Class D Notes or the Class E Notes having not been reduced by Moody's by at least two sub-categories from the Initial Ratings or having not been withdrawn by Moody's; and

(f) the Portfolio Manager using all commercially reasonable endeavours to reinvest such Sale Proceeds promptly.

Terms and Conditions Applicable to the Sale of Credit Improved Obligations

Credit Improved Obligations may be sold at any time by the Portfolio Manager (acting on behalf of the Issuer) subject to the conditions set out below:

(a) in the Portfolio Manager's knowledge, no Event of Default having occurred which is continuing; and

(b) the Portfolio Manager certifying that it believes that in its reasonable business judgement:

(i) such obligation constitutes a Credit Improved Obligation; and

(ii) the Sale Proceeds (other than Collateral Enhancement Obligation Proceeds and for the avoidance of doubt accrued interest on Collateral Debt Obligations and deferred interest in respect of such Deferring Mezzanine Obligations and PIK Only Obligations (that has been capitalised since the date of purchase thereof) included in Interest Proceeds by the Portfolio Manager) may be reinvested within 20 Business Days of settlement of such sale; and

(iii) after giving effect to such sale and reinvestment of the Sale Proceeds thereof, the Reinvestment Criteria will be met; and

(c) during the Reinvestment Period, the Portfolio Manager using all commercially reasonable endeavours to reinvest such Sale Proceeds within 45 Business Days of the receipt thereof; and

(d) in addition to the foregoing, following the Reinvestment Period:

(i) the Market Value (excluding accrued interest) of such Credit Improved Obligation being greater than the principal amount thereof; and

(ii) if the Portfolio Manager does intend to reinvest the Sale Proceeds of such Credit Improved Obligation, the Portfolio Manager using all commercially reasonable endeavours to reinvest such Sale Proceeds within 20 Business Days of receipt of such Sale Proceeds.
Terms and Conditions Applicable to the Sale of Credit Impaired Obligations or Defaulted Obligations

Credit Impaired Obligations or Defaulted Obligations may be sold at any time by the Portfolio Manager (acting on behalf of the Issuer) subject to:

(a) in the Portfolio Manager's knowledge, no Event of Default having occurred which is continuing;

(b) the Portfolio Manager certifying that it believes, in its reasonable business judgement, that such security is a Credit Impaired Obligation or a Defaulted Obligation and to the extent relevant the Sale Proceeds thereof are intended to be reinvested by the end of the Due Period following the Due Period in which the relevant sale was settled;

(c) during the Reinvestment Period, the Portfolio Manager using all commercially reasonable endeavours to reinvest such Sale Proceeds within 45 Business Days of the receipt thereof; and

(d) the Portfolio Manager (acting on behalf of the Issuer) (i) during the Reinvestment Period, reinvesting the Sale Proceeds thereof in Substitute Collateral Obligations provided that such reinvestment satisfies the Reinvestment Criteria, (ii) directing the Custodian to procure that the Sale Proceeds thereof are paid into the Principal Account pending reinvestment in Substitute Collateral Obligations or (iii) depositing the Sale Proceeds in the Principal Account to be disbursed in accordance with the Priorities of Payments on the first Payment Date following such sale.

To the extent that the Sale Proceeds are to be reinvested, the Portfolio Manager shall use all commercially reasonable endeavours to reinvest such Sale Proceeds by the end of the Due Period following the Due Period in which the relevant sale was settled.

In the event an Asset Swap Transaction terminates following the occurrence of a Credit Event thereunder, the applicable Non-Euro Obligation shall constitute a "Defaulted Obligation" for the purposes of the restrictions on the sale of Collateral Obligations specified in the Portfolio Management Agreement and shall be deemed to have been sold upon receipt of the termination payments payable under the relates Asset Swap Transaction.

Terms and Conditions Applicable to the Sale of Exchanged Equity Securities

Any Exchanged Equity Security may be sold at any time by the Portfolio Manager in its discretion (acting on behalf of the Issuer) subject to, to the Portfolio Manager's knowledge, no Event of Default having occurred which is continuing.

In addition to any discretionary sale of Exchanged Equity Securities as provided above, the Portfolio Manager shall be required by the Issuer to use its reasonable efforts to sell (on behalf of the Issuer) any Exchanged Equity Security which constitutes Margin Stock, as soon as practicable upon its receipt or upon its becoming Margin Stock.

Unscheduled Principal Proceeds

Subject to compliance with the Portfolio Management Agreement, the Portfolio Manager (acting on behalf of the Issuer) may reinvest Unscheduled Principal Proceeds received at any time, both during and following expiry of the Reinvestment Period, subject, to the Portfolio Manager’s knowledge, no Event of Default having occurred that is continuing and shall use all commercially reasonable endeavours to apply Unscheduled Principal Proceeds in the acquisition of Substitute Collateral Obligations satisfying the Reinvestment Criteria prior to the end of the Due Period following the Due Period in which such proceeds were received shall be paid into the Principal Account and disbursed in accordance with the Priorities of Payments on the next following Payment Date.

Scheduled Principal Proceeds

Subject to compliance with the Portfolio Management Agreement, (i) during the Reinvestment Period and (ii) in respect of binding commitments to purchase entered into during the Reinvestment Period, following the Reinvestment Period, the Portfolio Manager (acting on behalf of the Issuer) shall use all commercially reasonable endeavours to apply Scheduled Principal Proceeds in the acquisition of one or more Substitute Collateral Obligations satisfying the Reinvestment Criteria prior to the end of the Due Period following the Due Period in which such Scheduled Principal Proceeds were received subject to, to the Portfolio Manager’s knowledge, no Event of Default having occurred which is continuing.

After the expiry of the Reinvestment Period, any Scheduled Principal Proceeds that have not been so reinvested shall be paid into the Principal Account and disbursed in accordance with the Priorities of Payments.
Designation for Reinvestment

During the Reinvestment Period, the Issuer or the Portfolio Manager (acting on behalf of the Issuer) may:

(a) reinvest all Sale Proceeds received in respect of a Collateral Obligation other than that portion thereof attributable to Purchased Accrued Interest which was purchased with amounts standing to the credit of the Unused Proceeds Account where such Purchased Accrued Interest upon receipt has been deposited in the Unused Proceeds Account, excluding (i) any Sale Proceeds representing deemed interest or deferred interest in respect of a Deferring Mezzanine Obligation or a PIK Only Obligation (that has been capitalised since the date of purchase thereof), and (ii) any Sale Proceeds received in respect of Credit Short Obligations;

(b) procure that the net amount of such Sale Proceeds thereof are paid into the Principal Account and designated for reinvestment pending such reinvestment; or

(c) deposit such Sale Proceeds in the Principal Account to be disbursed in accordance with the Priorities of Payments on the first Payment Date following such sale.

Following the Reinvestment Period, the Issuer or the Portfolio Manager (acting on behalf of the Issuer) may:

(a) reinvest the Sale Proceeds thereof in Substitute Collateral Obligations subject to the Portfolio Management Agreement;

(b) procure that Sale Proceeds thereof are paid into the Principal Account and designated for reinvestment in Substitute Collateral Obligations; or

(c) deposit the Sale Proceeds in the Principal Account to be disbursed in accordance with the Priorities of Payments on the first Payment Date following such sale.

To the extent that the Sale Proceeds are to be reinvested, the Portfolio Manager shall use all commercially reasonable endeavours to reinvest such Sale Proceeds by the end of the Due Period following the Due Period in which the relevant sale was settled.

Sale of Collateral Prior to Maturity Date

In the event of any redemption of the Notes in whole prior to the Maturity Date or upon receipt of notification from the Trustee of the enforcement of the security over the Collateral, the Portfolio Manager (acting on behalf of the Issuer) will (at the direction of the Trustee following the enforcement of such security), use all commercially reasonable endeavours to arrange for liquidation of the Collateral in order to procure that the proceeds thereof are in immediately available funds by the Business Day prior to the applicable Redemption Date or date of purchase and sell all or part of the Portfolio, as applicable, without regard to the limitations set out in the Portfolio Management Agreement, subject always to any limitations or restrictions set out in the Conditions and the Trust Deed.

Reinvestment Criteria

During the Reinvestment Period

Subject to compliance with the Portfolio Management Agreement, during the Reinvestment Period and following the Reinvestment Period in respect of binding commitments to purchase entered into during the Reinvestment Period, the Portfolio Manager (acting on behalf of the Issuer) shall use all commercially reasonable endeavours to reinvest Principal Proceeds and in the circumstances contemplated in paragraph (X) of the Interest Proceeds Priority of Payments, Interest Proceeds in the purchase of Substitute Collateral Obligations satisfying the Eligibility Criteria, provided that immediately after each such purchase or immediately after the cancellation of any Offsetting Credit Default Swap without an associated sale of the underlying Reference Obligation, the criteria set out below (the “Reinvestment Criteria”) must be satisfied:

(a) to the Portfolio Manager's knowledge, no Event of Default has occurred that is continuing at the time of such purchase;

(b) the Collateral Quality Tests are satisfied or if any test was not satisfied, is no worse after giving effect to such reinvestment than it was immediately prior to the sale of such Collateral Obligation or prior to receiving Principal Proceeds, save that this paragraph (b) shall not apply in respect of the CDO Monitor Test in the case of the reinvestment of Sale Proceeds from Credit Impaired Obligations;

(c) the Portfolio Profile Tests are satisfied or, if any such limitation is not satisfied, in the case of each limitation (i) in respect of which an upper limit is applicable, the relevant concentration is no greater, and (ii) in respect of which a lower limit is applicable, the relevant concentration is no lesser, after giving
effect to such reinvestment than it was immediately prior to the sale of such Collateral Debt Obligation or prior to receiving Principal Proceeds;

(d) the Coverage Tests are satisfied in the case of any reinvestment of Principal Proceeds received from any Defaulted Obligation, Exchanged Equity Security or Scheduled Principal Proceeds or, in the case of any reinvestment of Principal Proceeds, other than Principal Proceeds received in respect of any Defaulted Obligation, Exchanged Equity Security or Scheduled Principal Proceeds, if as calculated immediately upon the receipt of the Principal Proceeds being reinvested, any Coverage Test was not satisfied, the coverage ratio relating to such test will be at least as close to being satisfied after giving effect to such reinvestment than it was immediately prior to the sale of such Collateral Obligation or prior to receiving Principal Proceeds; and

(e) (i) in the case of additional Collateral Obligations purchased with the Sale Proceeds of a Credit Impaired Obligation or Defaulted Obligation or Exchanged Equity Securities immediately following such purchase, the Aggregate Principal Balance of all Collateral Obligations purchased with the Sale Proceeds of Credit Impaired Obligations, Defaulted Obligations or Exchanged Equity Securities will be at least equal to the Sale Proceeds from such sale or if the Aggregate Principal Balance of the Collateral Obligations so purchased is less than the Sale Proceeds received, the Par Preservation Test will be satisfied immediately following such acquisition; and

(ii) in the case of any purchase of additional Collateral Obligations other than in (e)(i) above: the Aggregate Principal Balance of all Collateral Debt Obligations will be at least maintained or, if the Aggregate Principal Balance of the Collateral Obligations is not maintained or increased, the Par Preservation Test will be satisfied immediately following such acquisition,

(f) in the case of the purchase of Equity Obligations, the Class A Coverage Tests are satisfied (both immediately before and immediately after such purchase).

Following the Expiry of the Reinvestment Period

Subject to compliance with the Portfolio Management Agreement, following the expiry of the Reinvestment Period, Unscheduled Principal Proceeds, and the Sale Proceeds from the sale of Credit Improved Obligations and the amounts received in respect of Principal Protected Equity Obligations that are credited to the Principal Account in accordance with paragraphs (B) and (C) of Condition 3(k)(i) (Principal Account) in excess of the Principal Protected Equity Obligation Ledger Required Balance only, may be reinvested by the Portfolio Manager (acting on behalf of the Issuer) in one or more Substitute Collateral Debt Obligations satisfying the Eligibility Criteria, in each case provided that immediately after each such purchase or immediately after the cancellation of any Offsetting Credit Default Swap without an associated sale of the underlying Reference Obligation, the criteria set out below is satisfied:

(a) to the Portfolio Manager's knowledge, no Event of Default has occurred that is continuing at the time of such reinvestment;

(b) the Aggregate Principal Balance of all Collateral Obligations will be at least maintained, taking only into account the sale and purchase, or if the Aggregate Principal Balance is not maintained or increased, the Principal Balance of the related Substitute Collateral Debt Obligation is not less than the principal amount of the Collateral Obligation redeemed or sold;

(c) the Coverage Tests, the Collateral Quality Tests and the Portfolio Profile Tests (except the CDO Monitor Test and the Moody's Minimum Diversity Test) are satisfied (both immediately before and immediately after such reinvestment);

(d) neither of the following has occurred and is continuing:

(i) the ratings by Moody's of any of the Class A Notes or Class B Notes have been reduced by Moody's by one sub-category or more from the Initial Ratings or are withdrawn by Moody's; or

(ii) the ratings by Moody's of any of the Class C Notes, the Class D Notes or the Class E Notes have been reduced by Moody's by two sub-categories or more from the Initial Ratings or are withdrawn by Moody's;

(e) such Substitute Collateral Obligation(s) have the same or a higher S&P Rating and the same or a shorter Stated Maturity as the Collateral Obligation sold or prepaid;

(f) the concentration of "CCC" Rated Collateral Debt Obligations is lower than or equal to 7.5 per cent. of the Aggregate Collateral Balance; and
(g) the Class E Par Value Ratio is equal to or above the percentage specified in the Leverage Scenario Grid from time to time before and after such reinvestment.

(the "Post-Reinvestment Period Reinvestment Criteria")

In addition following the expiry of the Reinvestment Period, subject to compliance with the Portfolio Management Agreement, the Portfolio Manager (acting on behalf of the Issuer) may, subject to the Portfolio Manager's knowledge, no Event of Default having occurred that is continuing, apply Principal Protected Equity Obligation Principal Proceeds in an amount which shall not exceed the amount (if any) by which the Equity OAT Strips Market Value exceeds the Principal Protected Equity Obligation Ledger Required Balance in the purchase of Equity Obligations which are not Equity Obligations Components of Principal Protected Equity Obligations or in the purchase of Substitute Collateral Obligations.

Following the expiry of the Reinvestment Period, any Unscheduled Principal Proceeds and any Sale Proceeds from the sale of Credit Improved Obligations shall be paid into the Principal Account and may be designated for reinvestment in Substitute Collateral Obligations subject to the above at the discretion of the Portfolio Manager (acting on behalf of the Issuer) up to the end of the Due Period following the Due Period in which such proceeds were received. To the extent that such Unscheduled Principal Proceeds or Sale Proceeds designated for reinvestment are not so reinvested, such proceeds shall be paid into the Principal Account and disbursed in accordance with the Priorities of Payments on the next following Payment Date.

**Designation for Reinvestment and as Principal Proceeds**

The Portfolio Manager will notify the Issuer and the Collateral Administrator of the details of all Sale Proceeds and other Principal Proceeds which it has designated for reinvestment upon receipt thereof and will confirm the extent to which such amounts remain designated for reinvestment on the next following Payment Date two Business Days prior to each Determination Date, in which event such amounts shall not constitute Principal Proceeds which are to be paid into the Payment Account and disbursed on such Payment Date in accordance with the Priorities of Payments, save to the extent to which any time period specified for the reinvestment of that type of Principal Proceeds, in the Portfolio Management Agreement (as detailed above) has expired.

In addition, the Portfolio Manager (acting on behalf of the Issuer) may direct that the proceeds of sale of any Collateral Debt Obligation which represents accrued interest or deferred interest in respect of a Deferring Mezzanine Obligation or a PIK Only Obligation (that has been capitalised since the date of purchase thereof) be designated as Principal Proceeds and paid into the Principal Account. The Portfolio Manager will notify the Trustee and Collateral Administrator of any such designation.

**Block Trades**

The requirements described herein with respect to the Portfolio shall be deemed to be satisfied upon any sale and/or purchase of Collateral Obligations on any day if such Collateral Obligations satisfy such requirements in aggregate rather than on an individual basis.

**Eligible Investments**

The Issuer or the Portfolio Manager (acting on behalf of the Issuer), subject to the provisions of the Portfolio Management Agreement, may from time to time purchase Eligible Investments out of the Balances standing to the credit of the Accounts other than the Payment Account, the Class A-1R Collateralising Noteholder Account, the Liquidity Payment Account, the Synthetic Collateral Account and the Counterparty Downgrade Account. For the avoidance of doubt, Eligible Investments may be sold by the Issuer or the Portfolio Manager (acting on behalf of the Issuer) at any time.

**Collateral Enhancement Obligations**

The Issuer or the Portfolio Manager (acting on behalf of the Issuer) may, from time to time, subject to the final paragraph below and compliance with the Portfolio Management Agreement, purchase Collateral Enhancement Obligations as part of a unit with the Collateral Debt Obligations being so purchased.

All funds required in respect of the purchase price of any Collateral Enhancement Obligations, and all funds required in respect of the exercise price of any rights or options thereunder, may only be paid out of the balance standing to the credit of the Accounts other than the Payment Account, the Class A-1R Collateralising Noteholder Account, the Liquidity Payment Account, the Synthetic Collateral Account and the Counterparty Downgrade Account. For the avoidance of doubt, Eligible Investments may be sold by the Issuer or the Portfolio Manager (acting on behalf of the Issuer) at any time.
Enhancement Account at the relevant time is not sufficient to fund a purchase or exercise (as applicable) of one or more Collateral Enhancement Obligations, the Portfolio Manager (acting on behalf of the Issuer) may, at its discretion, arrange for the payment of any such shortfall by making a Portfolio Manager Advance.

No such Portfolio Manager Advance may be made to the Issuer unless:

(a) the Portfolio Manager has provided a solvency certificate to the Trustee and the Rating Agencies dated not earlier than ten Business Days prior to the date of such Portfolio Manager Advance; or

(b) Rating Agency Confirmation has been received from S&P, and Moody's in respect of a legal opinion received from legal counsel in the jurisdiction of incorporation of the Portfolio Manager in respect of the potential for such Portfolio Manager Advance to be set aside pursuant to any applicable insolvency related provisions.

All such Portfolio Manager Advances together with any interest thereon in accordance with the Portfolio Management Agreement shall be repaid out of Collateral Enhancement Obligation Proceeds and thereafter out of Interest Proceeds and Principal Proceeds on each Payment Date pursuant to the Priority of Payments.

The Portfolio Manager, acting on behalf of the Issuer, may at any time sell Collateral Enhancement Obligations.

Collateral Enhancement Obligations and any income or return generated thereby are not taken into account for the purposes of determining satisfaction of, or required to satisfy, any of the Coverage Tests, Portfolio Profile Tests or Collateral Quality Tests.

Exercise of Warrants and Options

Subject to compliance with the Portfolio Management Agreement, the Portfolio Manager, acting on behalf of the Issuer, may, at any time exercise a warrant or option attached to a Collateral Debt Obligation or comprised in a Collateral Enhancement Obligation and shall on behalf of the Issuer instruct the Account Bank to make any necessary payment pursuant to a duly completed form of instruction.

Margin Stock

The Portfolio Management Agreement requires that the Portfolio Manager, on behalf of the Issuer, will sell any Collateral Obligation, Exchanged Equity Security or Collateral Enhancement Obligation which is or at any time becomes Margin Stock as soon as practicable following such event.

Special Situation Investments

The Issuer or the Portfolio Manager (acting within the mandate granted to it under the Portfolio Management Agreement) may from time to time during the Reinvestment Period direct that moneys on deposit in the Interest Account or the Principal Account (or any combination of such Accounts) be used for the purpose of providing additional capital to Obligors of any Collateral Debt Obligations previously acquired by the Issuer provided that:

(a) in the event that the Portfolio Manager so directs the use of amounts from the Interest Account, the Coverage Tests and the Par Value Tests will be satisfied immediately following such application;

(b) in the event that the Portfolio Manager so directs the use of amounts from the Principal Account, the Collateral Quality Tests and the Par Preservation Test applicable to such Leverage Scenario will be satisfied immediately following such application;

(c) in the reasonable business judgement of the Portfolio Manager (which shall not be called into question as a result of any subsequent event) such additional lending will result in an improved financial condition of such Obligor;

(d) the consideration for such additional lending will be evidenced in the form of a Special Situation Investment Obligation of equal or prior ranking to the corresponding Collateral Debt Obligation;

(e) as soon as a Special Situation Investment Obligation satisfies the Eligibility Criteria it will be deemed to be a Collateral Debt Obligation for all purposes and shall no longer be classified as a Special Situation Investment Obligation;

(f) prior to being classified as a Collateral Debt Obligation, all cash and non cash distributions on such Special Situation Investment Obligations shall be treated in the same manner as distributions on Collateral Debt Obligations, as applicable.
Non-Euro Obligations

The Portfolio Manager shall be authorised to purchase, on behalf of the Issuer, Non-Euro Obligations from time to time provided that any such Non-Euro Obligation shall only constitute a Collateral Debt Obligation that satisfies paragraph (b) of the Eligibility Criteria if, either (a) for any Non-Euro Obligation which was denominated in Sterling or U.S. Dollars and which was a Primary Market Collateral Debt Obligation when acquired by the Issuer and the Par Value Tests were satisfied immediately following the acquisition thereof by the Issuer, upon such Non-Euro Obligation ceasing to be a Primary Market Collateral Debt Obligation or (b) for any Non-Euro Obligation which was not denominated in Sterling or U.S. Dollars or was not a Primary Market Collateral Debt Obligation when acquired by the Issuer or the Par Value Tests are not satisfied immediately following the acquisition thereof, not later than on or around the settlement date of the acquisition thereof, the Portfolio Manager procures entry by the Issuer into an Asset Swap Transaction pursuant to which the currency risk arising from receipt of cash flows from such Non-Euro Obligations, including interest and principal payments, is hedged through the swapping of such cash flows for Euro payments to be made by an Asset Swap Counterparty and provided that the Aggregate Principal Balance of all Unhedged Collateral Debt Obligations shall not exceed five per cent. of the Aggregate Collateral Balance at any time. Rating Agency Confirmation shall be required in relation to entry into (a) each Asset Swap Transaction unless such Asset Swap Transaction is a Form-Approved Asset Swap (save for in relation to PIK Only Obligations which must be approved by Moody's) and (b) each Revolving Collateral Obligation and Delayed Drawdown Collateral Obligation which is a Non-Euro Obligation. See “Hedging Arrangements”.

In relation to each Non-Euro Obligation, the Portfolio Manager shall procure the entry of the Issuer into an Asset Swap Transaction within the time periods specified in the immediately preceding paragraph, and, if having used all commercially reasonable endeavours to procure entry into an Asset Swap Transaction, the Portfolio Manager has failed to procure the entry into an Asset Swap Transaction, the Portfolio Manager (on behalf of the Issuer) shall use all commercially reasonable endeavours to sell any such Unhedged Collateral Debt Obligation as soon as reasonably practicable.

The Principal Balance of any Non-Euro Obligation shall be:

(a) in the case of an Asset Swap Obligation, the outstanding principal balance of such Asset Swap Obligation converted into Euros at the rate specified in the relevant Asset Swap Transaction entered into in respect thereof; and

(b) in the case of an Unhedged Collateral Debt Obligation, for the purpose of calculating (1) the Coverage Tests, (2) the Aggregate Collateral Balance for the purposes of the Reinvestment Criteria, (3) the definition of CCC Market Value and (4) the definition of Market Value, 70 per cent. of the outstanding principal amount of such Unhedged Collateral Debt Obligation where such Unhedged Collateral Debt Obligation is denominated in U.S. Dollars or Sterling and is not a Deferring Mezzanine Obligation or a PIK Only Obligation and 50 per cent. of the outstanding principal amount of such Unhedged Collateral Debt Obligation where such Unhedged Collateral Debt Obligation is denominated in a currency other than U.S. Dollars or Sterling or is a Deferring Mezzanine Obligation or a PIK Only Obligation or (or, in each case, where such Unhedged Collateral Debt Obligation is sold, repaid or prepaid, 100 per cent.), converted into Euro at the then prevailing Spot Rate, provided that the Principal Balance of an Unhedged Collateral Debt Obligation shall be zero in the following circumstances:

(i) to the extent that the Aggregate Principal Balance of Unhedged Collateral Debt Obligations exceeds 5 per cent. of the Aggregate Collateral Balance, such amount in excess in respect thereof; or

(ii) where such Unhedged Collateral Debt Obligation either (a) is not denominated in Sterling or U.S. Dollars or (b) is not a Primary Market Collateral Debt Obligation and was not hedged on or around the settlement date of the acquisition thereof.

In the event that the Coverage Tests are not satisfied, the Portfolio Manager shall procure the entry by the Issuer into Asset Swap Transactions in respect of any Unhedged Collateral Debt Obligations as soon as practicable. In the event that a Non-Euro Obligation is subject to any readjustment, restructuring, refinancing or rescheduling (howsoever described) (“Debt Restructuring”), then the Portfolio Manager shall, in any negotiations in respect thereof, take into account the effect of such Debt Restructuring on the terms of any Asset Swap Transaction in respect of such Non-Euro Obligation.

Class A-1R Advances and Acquisition of Substitute Collateral Obligations

The Portfolio Manager, acting on behalf of the Issuer, is permitted during the Reinvestment Period in certain circumstances and subject to certain requirements (including certification from the Issuer in accordance with the Class A-1R Note Purchase Agreement), all as set out below, to give notice of not less than three Business Days to the Class A-1R Note Agent (with a copy to the Trustee) and the Collateral Administrator of the Issuer's intention to effect a Class A-1R Advance for the purpose of applying such amount, inter alia, in the acquisition of additional
Collateral Obligations. Any such notice will specify (a) the Class A-1R Advance Date and (b) the amount of the relevant Class A-1R Advance. The Class A-1R Note Agent shall then prepare and forward a Class A-1R Advance Request to each Class A-1R Noteholder in accordance with the provisions of the Class A-1R Note Purchase Agreement.

In connection with the Class A-1R Notes and Class A-1R Advances, the Portfolio Manager will carry out all duties and obligations to which it is subject and exercise all rights and discretions granted to it under the Class A-1R Note Purchase Agreement and the Portfolio Management Agreement.

During the Reinvestment Period the Portfolio Manager, at its discretion, acting on behalf of the Issuer, shall procure that Class A-1R Advances are applied as follows:

(a) in payment into the Principal Account (or during the Initial Investment Period, the Unused Proceeds Account) for the acquisition of additional Collateral Obligations in accordance with the Portfolio Management Agreement; and/or

(b) to reduce the aggregate Class A-1R Allocated Commitment by payment of amounts in the relevant currency into the Revolving Reserve Account in respect of Unfunded Amounts under Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations in respect of which the aggregate Class A-1R Allocated Commitment was previously allocated; and/or

(c) to reduce the aggregate Class A-1R Allocated Commitment by payment of amounts in the relevant currency into the Synthetic Collateral Account in respect of Unfunded Amounts under Unfunded Synthetic Securities in respect of which the aggregate Class A-1R Allocated Commitment was previously allocated; and/or

(d) in payment into the Revolving Reserve Account for application in the funding of Unfunded Amounts of any Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations when required pursuant to any such obligation in respect of which Class A-1R Allocated Commitments have been designated; and/or

(e) in payment into the Synthetic Collateral Account for application in the funding of Unfunded Amounts of any Unfunded Synthetic Security in the relevant currency when required pursuant to any such obligation in respect of which Class A-1R Allocated Commitments have been designated.

The Portfolio Manager (acting on behalf of the Issuer) shall procure that Principal Proceeds relating to any Collateral Obligation are applied as follows:

(a) in reinvestment in substitute Collateral Obligations, provided that after the expiry of the Reinvestment Period, only Unscheduled Principal Proceeds and the Sale Proceeds of Credit Improved Obligations may be used to reinvest in substitute Collateral Obligations; and/or

(b) to repay Class A-1R Advances, or part thereof; and/or

(c) for deposit into the Revolving Reserve Account to reduce any Class A-1R Allocated Commitment; and/or

(d) retained in the Principal Account for application in accordance with the Priorities of Payments.

Principal in respect of any Class A-1R Advance shall be repaid on each Payment Date as may be required in accordance with and subject to the Priorities of Payments. In addition, Class A-1R Prepayments may, at the option of the Portfolio Manager acting on behalf of the Issuer, be prepaid on any Business Day which is not a Payment Date out of amounts standing to the credit of the Principal Account or the Revolving Reserve Account.

Synthetic Securities

Subject to compliance with the Portfolio Management Agreement, the Portfolio Manager (acting on behalf of the Issuer) may from time to time acquire Collateral Debt Obligations which are Synthetic Securities as described further below.

Characteristics of Synthetic Securities

A Synthetic Security is a security denominated in Euros which may be a credit default swap transaction, a credit-linked note, a security issued by a trust or similar vehicle or other investment (excluding any equity investment) purchased from or entered into by the Issuer with a Synthetic Counterparty, the returns on which are linked to the credit and/or price performance of a Reference Obligation but which may provide for a different maturity, payment dates, interest rate, credit exposure or other credit or non-credit related characteristics than such Reference Obligation. Such Synthetic Securities will be documented such that the Issuer is not exposed to any currency risk.
The Issuer may, subject to Rating Agency Confirmation and consent of the Senior Outstanding Class acting by Ordinary Resolution for as long as the Class A-1 Notes are the Senior Outstanding Class, enter into Synthetic Securities with any of the market makers in respect of a credit default swap index (including, without limitation, the iTraxx LevX Credit Default Swap Index) pursuant to which the Issuer will sell credit protection to such Synthetic Counterparties on each of the Reference Obligations which comprise such index from time to time. In each case, the liability of the Issuer under a Synthetic Security will not exceed the notional amount of such swap transaction.

The entry into, or acquisition of, any Synthetic Security (other than a Form-Approved Synthetic Security) will be subject to (i) Rating Agency Confirmation and (ii) only in respect of an Uncollateralised CLN:

(a) the number of different Interest Rate Hedge Counterparties, Selling Institutions, Synthetic Counterparties and Offsetting Credit Default Swap Counterparties (together, the "Counterparties" and each a "Counterparty") currently involved in transactions with the Issuer not exceeding 20 provided always that where a number of Counterparties are guaranteed by a single Counterparty then, for the purposes of this paragraph, such Counterparties shall only count as a single Counterparty;

(b) the percentage of the Aggregate Collateral Balance that represents Uncollateralised CLNs entered into by the Issuer with a single Synthetic Counterparty and the percentage of the Aggregate Collateral Balance that represents Offset Credit Default Swaps entered into by the Issuer with such Synthetic Counterparty (as Offsetting Credit Default Swap Counterparty) will not exceed the individual and aggregate percentages set forth in the Bivariate Risk Table determined by reference to the credit rating of such Synthetic Counterparty (or any guarantor thereof); and

(c) the percentage of the Aggregate Collateral Balance that represents Uncollateralised CLNs entered into by the Issuer with Synthetic Counterparties and/or with Offsetting Credit Default Swap Counterparties (or any guarantor thereof) having the same credit rating (taking the lowest rating assigned thereto by any Rating Agency) will not exceed the aggregate percentage set out in the Bivariate Risk Table.

For purposes of the Coverage Tests, the Collateral Quality Tests (other than the Moody's Minimum Diversity Test, the S&P Minimum Weighted Average Recovery Test and the CDO Monitor Test and paragraphs (a), (b), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), (i), (n), (y), (z), (aa), (bb), (cc) and (dd) of the Portfolio Profile Tests) a Synthetic Security shall be included as a Collateral Debt Obligation having the relevant characteristics of the Synthetic Security and not of the related Reference Obligation.

For purposes of the Moody's Minimum Diversity Test, the S&P Minimum Weighted Average Recovery Test and the CDO Monitor Test and paragraphs (c), (d), (e), (f), (g), (s), (v) (w) and (x) of the Portfolio Profile Tests, a Synthetic Security shall be included as a Collateral Debt Obligation having the relevant characteristics of the related Reference Obligation (and the issuer of such Synthetic Security shall be deemed to be the issuer of the related Reference Obligation) and not of the Synthetic Security.

As part of the acquisition of or entry into a Synthetic Security which is an unfunded credit default swap transaction, the Issuer or the Portfolio Manager (acting on behalf of the Issuer) shall be required:

(a) to provide Synthetic Collateral the principal amount of which is not less than 100 per cent. of the notional amount of such credit swap transaction to the applicable Synthetic Counterparty which the Issuer or the Portfolio Manager (acting on behalf of the Issuer) will deposit in the Synthetic Collateral Account as security for its payment obligations to the Synthetic Counterparty under the Synthetic Security; or

(b) to reserve an amount of the Class A-1R Undrawn Amount for allocation towards the payment of any Unfunded Amounts in respect of such unfunded credit swap transaction. Subject as provided below, the Issuer may purchase such Synthetic Collateral notwithstanding that it may not satisfy the Eligibility Criteria (provided that such Synthetic Collateral may not include Margin Stock). For the purposes of the Portfolio Management Agreement, the purchase price of any Collateral Debt Obligation that is a Synthetic Security shall include the principal amount of any Synthetic Collateral deposited by the Issuer in the Synthetic Collateral Account as security for its payment obligations to the Synthetic Counterparty under the Synthetic Security.

**Synthetic Collateral**

The Issuer shall grant a first priority security interest in such Synthetic Collateral to the related Synthetic Counterparty and a second priority security interest to the Trustee for the benefit of the Secured Parties and shall cause the Synthetic Counterparty holding such Synthetic Collateral to be notified of and acknowledge such second priority security interest. Synthetic Collateral (or any amount received upon liquidation thereof) which ceases to be subject to the first priority security interest of a Synthetic Counterparty upon expiration, redemption, termination, or sale of a Synthetic Security shall be deemed to constitute:
(a) Sale Proceeds in the event that the Synthetic Security was sold, assigned or terminated at the option of the Issuer or the Portfolio Manager, acting on its behalf;

(b) Unscheduled Principal Proceeds in the event that the Synthetic Security was subject to an early termination other than by or on behalf of the Issuer or the Portfolio Manager, acting on its behalf; or

(c) Scheduled Principal Proceeds in the event that the Synthetic Security expires at its scheduled maturity.

Upon any release of Synthetic Collateral from the first priority security interest in favour of the applicable Synthetic Counterparty upon termination or sale of such Synthetic Security or otherwise, such Synthetic Collateral will if in the form of cash or Eligible Investments, be deposited or transferred into the Principal Account, or if in the form of securities (i) to the extent that it satisfies the Eligibility Criteria, at the discretion of the Portfolio Manager, be retained and shall constitute a Collateral Debt Obligation or (ii) in all other circumstances be sold as soon as reasonably practicable in accordance with the Portfolio Management Agreement.

The interest rate or coupon of a fixed rate Synthetic Security shall be a fraction, expressed as a percentage and annualised, the numerator of which is the current stated periodic payments of interest or premium scheduled to be received by the Issuer from the related Synthetic Counterparty (including any interest accruing on any Synthetic Collateral to the extent not payable to such Synthetic Counterparty) and the denominator of which is the notional balance of such Synthetic Security. The interest rate or spread of a floating rate Synthetic Security shall be a fraction, expressed as a percentage and annualised, the numerator of which is the current stated periodic spread over EURIBOR scheduled to be received by the Issuer from the related Synthetic Counterparty (taking into account any interest accruing on any Synthetic Collateral to the extent not payable to such Synthetic Counterparty) and the denominator of which is the notional balance of such Synthetic Security.

Unfunded Synthetic Securities

Upon acquisition of any Unfunded Synthetic Security, the Portfolio Manager, acting on behalf of the Issuer shall procure that an amount of the Class A-1R Undrawn Amount is reserved for allocation towards the payment of such Unfunded Amounts in the future and/or amounts are deposited into the Synthetic Collateral Reserve Account so that the part of the Class A-1R Allocated Commitment allocated to Unfunded Synthetic Securities at least equals the aggregate of all Unfunded Amounts in respect of all Unfunded Synthetic Securities.

The Portfolio Manager, acting on behalf of the Issuer, may from time to time, subject to the provisions of the Class A-1R Note Purchase Agreement:

(a) increase the amount of Class A-1R Allocated Commitment applicable to any Unfunded Synthetic Security and transfer an equivalent amount in Euro as such increase in Class A-1R Allocated Commitment from the Synthetic Collateral Account to the Principal Account; or

(b) transfer amounts out of the Principal Account to the Synthetic Collateral Account and decrease the Class A-1R Allocated Commitment by the amount so transferred.

Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations

The Portfolio Manager (acting on behalf of the Issuer) may from time to time acquire Collateral Debt Obligations which are Revolving Collateral Obligations or Delayed Drawdown Collateral Obligations.

Each Revolving Collateral Obligation and Delayed Drawdown Collateral Obligation will, pursuant to its terms, require the Issuer to make one or more future advances or other extensions of credit (including extensions of credit made on an unfunded basis pursuant to which the Issuer may be required to reimburse the provider of a guarantee or other ancillary facilities made available to the Obligor thereof in the event of any default by the Obligor thereof in respect of its reimbursement obligations in connection therewith). Such Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations may or may not provide that it may be repaid and reborrowed from time to time by the Obligor thereunder. Upon acquisition of any Revolving Collateral Obligations or Delayed Drawdown Collateral Obligations, the Issuer shall deposit into the Revolving Reserve Account and shall maintain from time to time in the Revolving Reserve Account amounts equal to the combined aggregate principal amounts of the Unfunded Amounts under each of the Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations.

Upon acquisition of any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation, the Portfolio Manager, acting on behalf of the Issuer shall procure that an amount of the Class A-1R Undrawn Amount is reserved for allocation towards the payment of any Unfunded Amounts in respect of such Revolving Collateral Obligation and Delayed Drawdown Collateral Obligation and/or that amounts are deposited into the Revolving Reserve Account so that the aggregate of the Balance standing to the credit of the Revolving Reserve Account and the part of the Class A-1R Allocated Commitment allocated to Revolving Collateral Obligations and Delayed
Drawdown Collateral Obligations Euro at least equals the aggregate of all Unfunded Amounts in respect of all Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations.

The Class A-1R Allocated Commitment may only be designated (with such allocation to take place on the purchase date of the relevant Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation) to fund payments of the Unfunded Amount of a Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation if the minimum drawing period in respect of such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation is equal to or exceeds the applicable Class A-1R Notes Draw Period.

To the extent required, the Portfolio Manager (acting on behalf of the Issuer) may direct that amounts standing to the credit of the Revolving Reserve Account be deposited with a third party from time to time as collateral for any reimbursement or indemnification obligations owed by the Issuer to any other lender in connection with a Revolving Collateral Obligation or a Delayed Drawdown Collateral Obligation or to collateralise the Issuer's obligation to fund drawings under any Delayed Drawdown Collateral Obligation or Revolving Collateral Obligation and upon receipt of an Issuer Order (as defined in the Portfolio Management Agreement) the Trustee shall release such amounts from the security granted thereover pursuant to the Trust Deed.

The Portfolio Manager, acting on behalf of the Issuer, may from time to time, subject to the provisions of the Class A-1R Note Purchase Agreement:

(a) increase the amount of Class A-1R Allocated Commitment applicable to any Revolving Collateral Obligations or Delayed Drawdown Collateral Obligations and transfer an equivalent amount from the Revolving Reserve Account to the Principal Account; or

(b) transfer amounts out of the Principal Account to the Revolving Reserve Account and decrease the Class A-1R Allocated Commitment by the amount so transferred.

The Issuer shall be required to enter into an Asset Swap Transaction in respect of each Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation which is a Non-Euro Obligation. Each such Asset Swap Transaction shall be subject to the receipt of Rating Agency Confirmation and consent of the Senior Outstanding Class, acting by Ordinary Resolution, for as long as the Class A-1 Notes are the Senior Outstanding Class and shall be entered into in respect of the full Principal Balance of such Revolving Collateral Obligation and Delayed Drawdown Collateral Obligation (including any Unfunded Amount thereof) and the interim payments payable thereunder shall, pursuant to the terms of such Asset Swap Transaction, be subject to amendment on an ongoing basis to reflect changes in the amount of coupon and/or commitment fees receivable by the Issuer in respect of such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation from time to time as amounts are drawn down thereunder. The purchase of any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation which, pursuant to its terms, requires the Issuer to make one or more future advances or other extensions of credit in more than one currency shall be subject to the receipt of Rating Agency Confirmation.

**Principal Protected Equity Obligations**

The Portfolio Manager acting on behalf of the Issuer may acquire Principal Protected Equity Obligations from time to time provided the criteria below is satisfied:

(a) the Principal Protected Equity Obligation satisfies the Eligibility Criteria;

(b) to the Portfolio Manager's knowledge, no Event of Default has occurred that is continuing at the time of purchase;

(c) the Class A Coverage Tests are satisfied (both immediately before and immediately after such purchase); and

(d) subject to satisfaction of Conditions (a) to (c) (inclusive) above, following the expiry of the Reinvestment Period, in an amount which shall not exceed the amount (if any) by which the Equity OAT Strips Market Value exceeds the Principal Protected Equity Obligation Ledger Required Balance.

Cash payments comprising Equity OAT Strip Principal Proceeds, the proceeds of Equity Obligation Disposals and Equity Obligation Distributions shall be paid into the Principal Account in accordance with paragraphs (B) and (C) of Condition 3(k)(i) (Principal Account) and/or in the case of the proceeds of any Equity Obligation Disposal and Equity Obligation Distributions, the Interest Account in accordance with Condition 3(k)(ii)(M) (Interest Account).

The Portfolio Manager may only sell Principal Protected Equity Obligations or Equity OAT Strips during the Reinvestment Period if the Principal Protected Equity Obligation Ledger Deficiency is zero immediately following such sale.
Subject to compliance with the Portfolio Management Agreement, the Portfolio Manager (acting on behalf of the Issuer) may during the Reinvestment Period subject to satisfaction of the Reinvestment Criteria, apply the Sale Proceeds of Principal Protected Equity Obligations and their related Equity OAT Strip Components and Equity Obligation Components in the purchase of Substitute Collateral Obligations.

Subject to compliance with the Portfolio Management Agreement, Principal Proceeds shall be applied:

(a) at the discretion of the Portfolio Manager during the Reinvestment Period in the purchase of Equity Obligation Components provided that, immediately following such purchase the Class A Coverage Tests are satisfied;

(b) at the discretion of the Portfolio Manager at any time after the Effective Date in payment to (a) the Interest Account and/or (b) in the purchase of Equity Obligations, in an amount which in aggregate shall not exceed the amount (if any) by which the Equity OAT Strips Market Value exceeds the Principal Protected Equity Obligation Ledger Required Balance.

For the purposes of determining satisfaction of the Collateral Quality Tests, the Principal Protected Equity Obligations shall be disregarded.

**Credit Short Obligations**

The Portfolio Manager, acting on behalf of the Issuer, may from time to time enter into Credit Short Obligations with one or more Credit Short Obligation Counterparties pursuant to which the Issuer buys credit protection in respect of a specified Reference Entity in the event of the occurrence of specified Credit Events in respect thereof in return for payment of an upfront payment or premium by the Issuer to such Credit Short Obligation Counterparty. Such Credit Short Obligations may provide for Cash Settlement or Physical Settlement or such alternative means pursuant to the relevant Credit Short Obligation thereof following the occurrence of such a Credit Event. The entry by the Issuer into a Credit Short Obligation shall be subject to:

(a) receipt of Rating Agency Confirmation (save in relation to a Credit Short Obligation which is a Form-Approved Credit Short Obligation); and

(b) an upfront payment of the premium; and

(c) no outstanding obligation of the Issuer to make payments to the Credit Short Counterparty or to post collateral; and

(d) the Coverage Tests are satisfied immediately after the entry; and

(e) no Event of Default has occurred that is continuing or would occur upon such entry.

In the event that such Credit Short Obligation provides for Cash Settlement, any Cash Settlement Amount payable to the Issuer following the occurrence of a Credit Event thereunder shall be paid into either the Principal Account or the Interest Account at the discretion of the Portfolio Manager (which shall not be called into question as a result of subsequent events), acting on behalf of the Issuer at the time of entry by the Issuer into such Credit Short Obligation. In the event that any such Credit Short Obligation provides for Physical Settlement following the occurrence of a Credit Event, the Portfolio Manager, acting on behalf of the Issuer, shall be required to purchase obligations in the amount, of the category and with the characteristics of the Deliverable Obligations required to be delivered to the applicable Credit Short Obligation Counterparty thereunder, the purchase of which shall be funded by the Issuer by making a payment out of the Principal Account at the discretion of the Portfolio Manager. If there are insufficient funds in the Principal Account then the Credit Short Obligation shall be settled by Cash Settlement. The Physical Settlement Amount paid against delivery of such Deliverable Obligations shall be paid first into the Principal Account up to the amount withdrawn from such account to purchase the relevant Deliverable Obligations under a Physical Settlement and, in respect of any excess amount, into the Interest Account.

**Offsetting Credit Default Swaps**

The Portfolio Manager, acting on behalf of the Issuer, may from time to time enter into Offsetting Credit Default Swaps. An Offsetting Credit Default Swap is an unfunded credit default swap entered into between the Issuer (as protection buyer) and an Offsetting Credit Default Swap Counterparty (as protection seller), the Reference Obligation(s) of which is a Collateral Debt Obligation owned by the Issuer or under which the Issuer has a corresponding pari-passu credit exposure but which may provide for a different maturity, payment dates, credit exposure or other credit or non-credit related characteristics than such Reference Obligation(s). The maturity of an Offsetting Credit Default Swap must be equal to the maturity of the related Collateral Debt Obligation that is the Reference Obligation or must not fall more than one month prior to such maturity. The Portfolio Manager, acting on behalf of the Issuer may only enter into an Offsetting Credit Default Swap to hedge the Issuer's credit exposure to the related Collateral Debt Obligation or if the related Collateral Debt Obligation is an Uncollateralised CLN or
is a Credit Impaired Obligation at the time of such entry into the Offsetting Credit Default Swap. The Portfolio Manager, acting on behalf of the Issuer, may only terminate an Offsetting Credit Default Swap either upon the disposal of the related Collateral Debt Obligation or if the Portfolio Manager reasonably determines that it is no longer necessary to hedge the Issuer's credit exposure to the related Collateral Debt Obligation.

The entry into, or acquisition of, any Offsetting Credit Default Swap Security will be subject to Rating Agency Confirmation (save in relation to an Offsetting Credit Default Swap which is a Form-Approved Offsetting Credit Default Swap) and will be subject to:

(a) the number of different Interest Rate Hedge Counterparties, Selling Institutions, Synthetic Counterparties, Offsetting Credit Default Swap Counterparties and Credit Short Obligation Counterparties (together, the "Counterparties" and each a "Counterparty") currently involved in transactions with the Issuer not exceeding twenty provided always that where a number of Counterparties are guaranteed by a single Counterparty then, for the purposes of this paragraph, such Counterparties shall only count as a single Counterparty;

(b) at the time such Offsetting Credit Default Swap is entered into, the percentage of the Aggregate Collateral Balance that represents Offsetting Credit Default Swaps entered into by the Issuer with a single Offsetting Credit Default Swap Counterparty when combined with the percentage of the Aggregate Collateral Balance that represents Participations entered into by the Issuer with such Offsetting Credit Default Swap Counterparty, if such Synthetic Counterparty is also a Selling Institution and the percentage of the Aggregate Collateral Balance that represents Synthetic Securities entered into by the Issuer with such Offsetting Credit Default Swap Counterparty (as a Synthetic Counterparty), not exceeding the individual percentage set forth in the S&P column of the Bivariate Risk Table determined by reference to the credit rating of such Offsetting Credit Default Swap Counterparty (or any guarantor thereof); and

(c) at the time such Offsetting Credit Default Swap is entered into, the percentage of the Aggregate Collateral Balance that represents Synthetic Securities and/or Offsetting Credit Default Swaps entered into by the Issuer with counterparties having the same credit rating will not exceed the aggregate percentage set forth in the Bivariate Risk Table.

In the event of any sale, prepayment or repayment of any Collateral Debt Obligation linked to an Offsetting Credit Default Swap, if such sale, prepayment or repayment would result in the Principal Balance of the related Collateral Debt Obligation being less than the notional amount of the relevant Offsetting Credit Default Swap then, at the discretion of the Portfolio Manager, (i) all or part, as applicable, of that Offsetting Credit Default Swap will be sold or unwound so that its notional amount is less than or equal to the Principal Balance of the related Collateral Debt Obligation or (ii) such excess notional amount shall be deemed to be a Credit Short Obligation provided that following such sale, prepayment or repayment the Weighted Average Spread and all the conditions applicable under the S&P criteria for the entering into of Credit Short Obligations would be satisfied (for the avoidance of doubt, any related Offsetting Credit Default Swap Termination Payment to the relevant Offsetting Credit Default Swap Counterparty shall be paid from any sale, prepayment or repayment proceeds of the relevant Collateral Debt Obligation).

For the avoidance of doubt, subject to Rating Agency Confirmation from S&P, the notional amount of any Offsetting Credit Default Swap whose maturity and amortisation are equal to the Reference Obligation shall be deemed to have an "A-1" credit rating by S&P.

**Participations**

The Issuer or the Portfolio Manager, acting on behalf of the Issuer, may from time to time acquire in accordance with the Portfolio Management Agreement, Collateral Debt Obligations from Selling Institutions by way of Participation provided that at the time such Participation is acquired:

(a) the entry into of any such Participation will not cause the number of different Interest Rate Hedge Counterparties, Selling Institutions selling Participations, Synthetic Counterparties and Offsetting Credit Default Swap Counterparties currently involved in transactions with the Issuer to exceed 20 provided always that where a number of Counterparties are guaranteed by a single Counterparty then, for the purposes of this paragraph, such Counterparties shall only count as single Counterparty;

(b) at the time such Participation is acquired, the percentage of the Aggregate Collateral Balance that represents Participations entered into by the Issuer with a single Selling Institution, when combined with the percentage of the Aggregate Collateral Balance that represents Synthetic Securities entered into by the Issuer with such Selling Institution, and the percentage of the Aggregate Collateral Balance that represents Offsetting Credit Default Swaps entered into by the Issuer with such Selling Institution, will not exceed the individual percentage set forth in the Bivariate Risk Table determined by reference to the credit rating of such Selling Institution (or any guarantor thereof);
at the time such Participation is acquired, the percentage of the Aggregate Collateral Balance that represents Participations entered into by the Issuer with Selling Institutions (or any guarantor thereof) having the same credit rating will not exceed the aggregate percentage set forth in the Bivariate Risk Table provided that if the Selling Institution selling the Participation continues, after such sale, to derive its interest through a participation or series of participations then:

(i) for the purposes of paragraphs (a) and (b) above, each entity (excluding the relevant borrower) through which such Selling Institution, directly or indirectly, derives its interest in the relevant Collateral Debt Obligation shall be treated as a Selling Institution; and

(ii) for the purposes of this paragraph (c), the relevant Collateral Debt Obligation shall be treated as a single participation (with a Principal Balance equal to that of the relevant Participation) entered into by the Portfolio Manager, acting on behalf of the Issuer, with a Selling Institution having a credit rating prescribed by the relevant Rating Agency as the combined rating with respect to the combination of the ratings of the entities (excluding the relevant borrower) from whom the Issuer, directly or indirectly, derives its interest in the relevant Collateral Debt Obligation; and

(d) the Portfolio Manager shall ensure that each Participation (other than an Intermediary Obligation) is entered into pursuant to a standard form Participation Agreement but which includes additional limited recourse provisions, in the form or substance of those set out in the Portfolio Management Agreement or in such other form or substance in respect of which Rating Agency Confirmation has been received save that, in the case of each Participation that is committed to be entered into prior to the Closing Date and the proposed Participation Agreement in respect of which does not include such additional limited recourse provisions, the Portfolio Manager shall use all commercially reasonable endeavours to have such provisions included in such proposed Participation Agreement as soon as is reasonably practicable following the Closing Date,

and for the purpose of determining the foregoing, account shall be taken of each sub-participation from which the Issuer, directly or indirectly derives its interest in the relevant Collateral Debt Obligation.

**Securities Lending**

The Issuer may be permitted to lend Collateral Debt Obligations pursuant to securities lending agreements, provided that at such time the Portfolio Manager has all the relevant consents and authorities and subject to:

(a) the prior approval of the Senior Outstanding Class of Noteholders acting by Ordinary Resolution;

(b) receipt of Rating Agency Confirmation in respect of such securities lending;

(c) the percentage of the Aggregate Collateral Balance of Collateral Debt Obligations the subject of securities lending agreements that represents securities lending not exceeding the aggregate percentage set forth in the Bivariate Risk Table;

(d) the Portfolio Profile Tests being satisfied; and

(e) the Issuer executing and doing all such acts and things as the Trustee may require or consider desirable in connection with such securities lending including, but not limited to, the provision of security over the benefit of any securities lending agreement and any collateral received pursuant thereto.

**Assignments**

The Issuer or the Portfolio Manager, acting on behalf of the Issuer, may from time to time acquire in accordance with the Portfolio Management Agreement, Collateral Debt Obligations from Selling Institutions by way of Assignment provided that at the time any such Collateral Debt Obligation is acquired the Issuer or the Portfolio Manager acting on behalf of the Issuer shall have complied, to the extent within their control, with any requirements relating to such Assignment set out in the relevant loan documentation for such Collateral Debt Obligation (including, without limitation, with respect to the form of such Assignment and obtaining the consent of or giving notification to, any person specified in the relevant loan documentation).

**Bivariate Risk Table**

The following is the bivariate risk table (the "Bivariate Risk Table") as referred to in "Portfolio Profile Tests" below and "Participations" and "Characteristics of Synthetic Securities" above which indicates the third party credit exposure limit to Selling Institutions and Synthetic Counterparties (in respect of Uncollateralised CLNs) which have the same rating or lower. For the purposes of the limits specified in the Bivariate Risk Table, the individual third party credit exposure limit shall be determined with reference to the sum of the Principal Balances of all Synthetic Securities and Participations entered into by the Issuer with the same counterparty and the
applicable percentage limits shall be determined by reference to the lower of the Moody's or S&P rating applicable to such counterparty and the aggregate third party credit exposure limit shall be determined by reference to the aggregate of such third party credit exposure of all counterparties which share the same rating level or have a lower rating level, as indicated in the Bivariate Risk Table. The Portfolio Manager shall use all commercially reasonable endeavours to determine whether a Participation entered into by the Issuer is entered into with the lender of record under the applicable loan or whether there are intervening participants between the Issuer and such lender of record. In the event that there are any such intervening participants, each participant thereunder shall be treated as a separate Counterparty for the purposes of determining the third party exposure applicable to such Collateral Debt Obligation so that the Principal Balance of such Collateral Debt Obligation shall be multiplied by the number of such intervening participants.

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* As a percentage of the Aggregate Collateral Balance

5. **Portfolio Profile Tests and Collateral Quality Tests**

5.1 **Measurement of Tests**

The Portfolio Profile Tests and the Collateral Quality Tests will be used primarily as the criteria for purchasing Collateral Obligations. The Collateral Administrator will measure the Portfolio Profile Tests and the Collateral Quality Tests on each Measurement Date.

The Portfolio Profile Tests and the Collateral Quality Tests must be satisfied after giving effect to the purchase of any Substitute Collateral Obligation after the Effective Date or, if not satisfied prior to such purchase during the Reinvestment Period only, the relevant thresholds and amounts calculated pursuant thereto must be maintained or improved after giving effect to such purchase. See "Reinvestment Criteria" above.

Notwithstanding the foregoing, the failure of the Portfolio to meet the requirements of the Portfolio Profile Tests at any time shall not prevent any obligation which would otherwise be a Collateral Obligation from being a Collateral Obligation.

The Portfolio Profile Tests, Collateral Quality Tests (save for the CDO Monitor) and the S&P Model Test must be satisfied for the Proposed Portfolio prior to a change in Leverage Scenario.

5.2 **Portfolio Profile Tests**

The Portfolio Profile Tests will consist of each of the following:

(a) not more than 20 per cent. of the Aggregate Collateral Balance may consist of Synthetic Securities and Participations;

(b) at least 85 per cent. of the Aggregate Collateral Balance shall consist of Floating Rate Collateral Debt Obligations (excluding for the avoidance of doubt PIK Only Obligations and Zero Coupon Securities)
(provided that for the purpose of this paragraph (b), any repayments or prepayments of any Collateral Debt Obligations that are Floating Rate Collateral Debt Obligations that have not been subsequently reinvested shall be treated as if they have not been repaid or prepaid) provided that for the purpose of this paragraph (b), any of the Balances standing to the credit of the Principal Account, the Asset Swap Termination Account (to the extent that such amounts would constitute Principal Proceeds payable into the Principal Account, the Unused Proceeds Account, the Asset Swap Account (to the extent that any such amount represents excess standing to the credit of such account after providing for amounts to be paid to any Asset Swap Counterparty pursuant to any Asset Swap Transaction and which has been designated as Principal Proceeds) and which have been designated as Principal Proceeds, shall be deemed to be Floating Rate Collateral Debt Obligations;

(c) at least the percentage specified in the applicable Leverage Scenario Grid shall consist of Secured Senior Loans (provided that for the purpose of this paragraph (c), any repayments or prepayments of any Collateral Debt Obligations that are Secured Senior Loans that have not been subsequently reinvested shall be treated as if they have not been repaid or prepaid) provided that for the purpose of this paragraph (c) any of the Balances standing to the credit of the Principal Account, the Asset Swap Termination Account (to the extent that such amounts would constitute Principal Proceeds payable into the Principal Account, the Unused Proceeds Account, the Asset Swap Account (to the extent that any such amount represents excess standing to the credit of such account after providing for amounts to be paid to any Asset Swap Counterparty pursuant to any Asset Swap Transaction and which has been designated as Principal Proceeds) and which have been designated as Principal Proceeds shall be deemed to be Secured Senior Loans;

(d) not more than 5 per cent. of the Aggregate Collateral Balance may consist of Unsecured Senior Loans;

(e) not more than 40 per cent. of the Aggregate Collateral Balance may consist of Mezzanine Obligations and Second Lien Loans;

(f) not more than 5 per cent. of the Aggregate Collateral Balance may consist of High Yield Bonds and U.S. Mezzanine Obligations;

(g) not more than 2 per cent. of the Aggregate Collateral Balance may consist of Structured Finance Securities;

(h) the Aggregate Collateral Balance of Collateral Debt Obligations of a single Obligor may not exceed €10,000,000, save that seven Obligors may each represent up to €12,000,000 provided that not more than two Obligors may represent more than €10,000,000 and fall within the same Moody's Industry Category;

(i) not more than 30 per cent. of the Aggregate Collateral Balance may consist of Non-Euro Obligations;

(j) the limits specified in the Bivariate Risk Table determined by reference to the S&P Ratings and Moody's Ratings of Selling Institutions, Synthetic Counterparties, Offsetting Credit Default Swap Counterparties, Credit Short Obligation Counterparties and Securities Lending Counterparties (in respect of Uncollateralised CLNs) are satisfied;

(k) not more than 5 per cent. of the Aggregate Collateral Balance may consist of Collateral Debt Obligations in respect of which withholding tax is deducted and which is not grossed-up or recoverable under applicable double tax treaty relief;

(l) not more than the percentage specified in the applicable Leverage Scenario Grid may consist of PIK Only Obligations, Zero Coupon Securities and Principal Protected Equity Obligations;

(m) not more than 5 per cent. of the Aggregate Collateral Balance may consist of Revolving Collateral Obligations and/or Delayed Drawdown Collateral Obligations;

(n) not more than 10 per cent. of the Aggregate Collateral Balance may consist of Offsetting Credit Default Swaps;

(o) not more than 5 per cent. of the Aggregate Collateral Balance may consist of Credit Short Obligations;

(p) not more than 10 per cent. of the Aggregate Collateral Balance may consist of Collateral Debt Obligations that may be lent subject to securities lending agreements;

(q) not more than 5 per cent. of the Aggregate Collateral Balance may consist of Collateral Debt Obligations (other than PIK Only Obligations and Zero Coupon Securities) that pay interest less frequently than semi-annually;
(r) not more than 5 per cent. of the Aggregate Collateral Balance may consist of Collateral Debt Obligations (other than PIK Only Obligations and Zero Coupon Securities) which are Fixed Rate Collateral Debt Obligations;

(s) not more than 2.5 per cent. of the Aggregate Collateral Balance may consist of Bridge Loans;

(t) not more than 5 per cent. of the Aggregate Collateral Balance may consist of Zero Coupon Securities;

(u) not more than 2 per cent. of the Aggregate Collateral Balance may consist of Collateral Debt Obligations with a Stated Maturity falling after the Maturity Date;

(v) at least 85 per cent. of the Aggregate Collateral Balance shall consist of Senior Secured Loans, Mezzanine Obligations and Second Lien Loans which are not PIK Only Obligations, Zero Coupon Obligations or U.S. Mezzanine Obligations;

(w) not more than 10 per cent of the Aggregate Collateral Balance shall consist of Cov-lite Loans;

(x) not more than 15 per cent. of the Aggregate Collateral Balance shall consist of Non-European Collateral Debt Obligations;

(y) the Aggregate Collateral Balance of Equity Obligations Components or Equity Obligations that are not a Principal Protected Equity Obligation of a single Obligor may not exceed €8,000,000;

(z) at any time the face amount of Equity OAT Strip Components of Principal Protected Equity Obligations with a maturity falling later than the date falling 12 years after the Closing Date shall not exceed 50 per cent. of the maximum Aggregate Principal Balance of Principal Protected Equity Obligations permitted under the Leverage Scenario applicable at that time;

(aa) not more than 5 per cent. of the Aggregate Collateral Balance shall consist of Collateral Debt Obligations with a stated maturity that falls after the date falling 17 years after the Closing Date;

(bb) not more than 3 per cent. of the Aggregate Collateral Balance shall consist of Collateral Debt Obligations with a stated maturity that falls after the date falling 20 years after the Closing Date;

(cc) the Aggregate Principal Balance of all Unhedged Collateral Debt Obligations may not exceed 5 per cent. of the Aggregate Collateral Balance; and

(dd) the sum of (i) the Aggregate Collateral Balance of Equity Obligations and (ii) the Aggregate Collateral Balance of Collateral Debt Obligations, of a single Obligor shall not exceed €18,000,000.

The percentage requirements applicable to different types of Collateral Obligations specified in the Portfolio Profile Tests shall be determined by reference to the Aggregate Principal Balance of such type of Collateral Obligations.

For the purposes of the Portfolio Profile Tests, the following shall have the following meaning:

"Cov-lite Loan" means a Secured Senior Loan, a Second Lien Loan, an Unsecured Senior Loan, a Mezzanine Obligation or Reference Obligation (or Participation therein), each a "Loan", that, (i) does not contain any financial covenants or (ii) requires the borrower to comply with an Incurrence Covenant, but does not require the borrower to comply with a Maintenance Covenant.

"Incurrence Covenant" means a covenant by the borrower of a Loan to comply with one or more financial covenants only upon the occurrence of certain actions of the borrower or certain events relating to the borrower, including, but not limited to, a debt issuance, dividend payment, share purchaser, merger, acquisition or divestiture, unless, as at any date of determination, such action was taken or such event has occurred, the effect of which causes such covenant to meet the criteria of a Maintenance Covenant.

"Maintenance Covenant" means as at any date of determination, a covenant by the borrower of a Loan to comply with one or more financial covenants during each reporting period applicable to such Loan, whether or not any action by, or event relating to, the borrower occurs after such date of determination.

"Non-European Collateral Debt Obligation" means a Collateral Debt Obligation of an Obligor or Obligors having (i) a principal place of business or significant operations or (ii) its jurisdiction of incorporation, in a Qualifying Country that is not in Europe.

"U.S. Mezzanine Obligations" means a Mezzanine Obligation governed by the laws of one of the States of the United States of America and which is an obligation of any Obligor or Obligors having (i) a principal place of
business or significant operations in the United States of America or (ii) its jurisdiction of incorporation in the United States of America.

5.3 Collateral Quality Tests

The Collateral Quality Tests will consist of each of the following:

(a) so long as any Notes rated by S&P are Outstanding:
   (i) the CDO Monitor Test; and
   (ii) the S&P Minimum Weighted Average Recovery Rate Test;

(b) so long as any Notes rated by Moody's are Outstanding:
   (i) the Moody's Minimum Diversity Test;
   (ii) the Moody's Maximum Weighted Average Rating Factor Test; and
   (iii) the Moody's Minimum Weighted Average Recovery Rate Test; and

(c) so long as any Notes rated by S&P and/or Moody's are Outstanding:
   (i) the Minimum Spread Test; and
   (ii) the Maximum Weighted Average Life Test,

each as defined in the Portfolio Management Agreement.

5.4 S&P Test Matrix

Subject to the provisions provided below, on or after the Effective Date, the Portfolio Manager, acting on behalf of the Issuer, will have the option to elect which of the cases set forth in the matrix set out in the Portfolio Management Agreement for the applicable Leverage Scenario Grid, the S&P Deferring Mezzanine Obligation Conditions and the S&P Weighted Average Deferred Interest Percentage (as the same may be amended with the consent of the Senior Outstanding Class for so long as the Class A-1 Notes are the Senior Outstanding Class and by agreement between S&P and the Portfolio Manager on behalf of the Issuer and notified to the Collateral Administrator) (the "S&P Test Matrix") shall be applicable for purposes of the CDO Monitor Test, the Minimum Spread Test and the S&P Minimum Weighted Average Recovery Rate Test. For any given case:

(1) the applicable row and column for the applicable Break-even Loss Rate for a given Class of Notes for performing the CDO Monitor Test will be the row and column in the applicable matrix in which the elected case is set out;

(2) the applicable row for determining the Minimum Spread Test will be the row in which the elected case is set out; and

(3) the applicable column for performing the S&P Minimum Weighted Average Recovery Rate Test will be the column in which the elected case is set out.

On the Effective Date, the Portfolio Manager, acting on behalf of the Issuer, will be required to elect which case shall apply initially. Thereafter, on ten Business Days' notice to the Trustee and the Collateral Administrator the Portfolio Manager, acting on behalf of the Issuer, may elect to have a different case apply, provided that the CDO Monitor Test, the S&P Minimum Weighted Average Recovery Rate Test and the Minimum Spread Test applicable to the case to which the Portfolio Manager desires to change, are satisfied (and, in relation to the Minimum Spread Test, taking into account the case that the Portfolio Manager, acting on behalf of the Issuer, has elected to apply under the Moody's Test Matrix), or, in the case of any tests that are not satisfied, are closer to being satisfied. In no event will the Portfolio Manager be obliged to elect to have a different case apply.

On or after the Closing Date, further cases (other than those applicable to the Leverage Scenario Grids) may be added, changed or replaced by the Portfolio Manager on behalf of the Issuer to the S&P Test Matrix provided that not less than five Business Days' written notice is provided to the Trustee and the Collateral Administrator. Such addition, change or replacement shall also be subject to Rating Agency Confirmation from S&P and the consent of the holders of the Senior Outstanding Class, acting by Ordinary Resolution, for so long as the Class A-1 Notes are the Senior Outstanding Class. Any such addition, change or replacement shall be deemed to be added to the S&P Test Matrix in the Portfolio Management Agreement. The Portfolio Manager may however notify the Issuer, the Trustee, the Collateral Administrator of the matrix to be applied for Leverage Scenario Grids after the Closing
Date if the methodology used is based on the methodology used for the Leverage Scenario Grid that is applicable on the Closing Date.


The "S&P Deferring Mezzanine Obligation Condition 1" will be satisfied if the average of the S&P Actual Deferred Interest Credit on each of the previous and current (if applicable) Determination Date is greater than the S&P Required Deferred Interest Credit 1 percentage as set out in the S&P Test Matrix.

The "S&P Deferring Mezzanine Obligation Condition 2" will be satisfied if the average of the S&P Actual Deferred Interest Credit on each of the previous and current (if applicable) Determination Dates is greater than the S&P Required Deferred Interest Credit 2 percentage as set out in the S&P Test Matrix.

The "S&P Actual Deferred Interest Credit" means the Weighted Average Deferred Interest Percentage multiplied by the percentage of the Aggregate Collateral Balance that are Deferring Mezzanine Obligations and PIK Only Obligations (excluding capitalised interest thereon) expressed as a percentage of the Aggregate Collateral Balance (excluding the Aggregate Collateral Balance of Principal Protected Equity Obligations) (all calculated at a Determination Date).

The "S&P Weighted Average Deferred Interest Percentage" as of any Determination Date will equal a fraction (expressed as a percentage) obtained by:

(a) multiplying:

(i) the Principal Balance of each Deferring Mezzanine Obligation and each PIK Only Obligation (excluding capitalised interest therein and excluding Defaulted Obligations) held by the Issuer as of such Determination Date (provided that, for such purpose, the Principal Balance of a Deferring Mezzanine Obligation and a PIK Only Obligation which is a Non-Euro Obligation shall be the amount equal to 50 per cent. of the principal amount thereof outstanding (excluding capitalised interest) at the relevant time converted to Euro by the Portfolio Manager at the prevailing spot rate of exchange as determined by the Calculation Agent at the direction of the Portfolio Manager); by

(ii) the current per annum rate at which it contractually defers interest on such Principal Balance (disregarding the portion of such rate paid out as current interest);

(b) summing the amounts determined pursuant to paragraph (a) above; and

(c) dividing such sum by the Aggregate Principal Balance of all Deferring Mezzanine Obligations and PIK Only Obligations (excluding capitalised interest therein and excluding Defaulted Obligations) in the Portfolio.

5.5 Moody's Tests Matrix

Subject to the provisions provided below, on and after the Effective Date, the Portfolio Manager (on behalf of the Issuer), will have the option to elect which of the cases set forth in the matrix set out in the Portfolio Management Agreement for the applicable Leverage Scenario Grid, the Moody's Deferring Mezzanine Obligation Conditions and the Moody's Weighted Average Deferred Interest Percentage (as the same may be amended with the consent of the Senior Outstanding Class for so long as the Class A-1 Notes are the Senior Outstanding Class and by agreement between Moody's and the Portfolio Manager on behalf of the Issuer and notified to the Collateral Administrator) (the "Moody's Tests Matrix") shall be applicable for purposes of the Moody's Maximum Weighted Average Rating Factor Test, the Moody's Minimum Weighted Average Recovery Rate Test, the Moody's Minimum Diversity Test and the Minimum Spread Test. For any given case:

(a) the applicable Moody's Test Matrix for performing the Moody's Minimum Diversity Test will be the Moody's Test Matrix in which the elected case is set out;

(b) the applicable row and column for performing the Moody's Maximum Weighted Average Rating Factor Test will be the row and column in which the elected case is set out in the applicable Moody's Test Matrix;

(c) the applicable row for performing the Minimum Spread Test will be the row in which the elected case is set out in the applicable Moody's Test Matrix; and

(d) the applicable column for performing the Moody's Minimum Weighted Average Recovery Rate Test will be the column in which the elected case is set out in the applicable Moody's Test Matrix.
On the Effective Date, the Portfolio Manager, acting on behalf of the Issuer, will be required to elect which case shall apply initially to each Leverage Scenario. Thereafter, on ten Business Days' notice to the Issuer, the Trustee, the Collateral Administrator and Moody's, the Portfolio Manager (on behalf of the Issuer) may elect to have a different case apply, provided that the Moody's Maximum Rating Factor Test, the Moody's Minimum Diversity Test, the Moody's Minimum Weighted Average Recovery Rate Test and the Minimum Spread Test applicable to the case to which the Portfolio Manager (on behalf of the Issuer), desires to change are satisfied (and, in relation to the Minimum Spread Test, taking into account the case that the Portfolio Manager (on behalf of the Issuer) has elected to apply under the S&P Test Matrix). In no event will the Issuer or the Portfolio Manager (on behalf of the Issuer) be obliged to elect to have a different case apply.

On or after the Closing Date, further cases (other than those applicable to the Leverage Scenario Grids) may be added, changed or replaced by the Portfolio Manager on behalf of the Issuer to the Moody's Test Matrix provided that not less than five Business Days' written notice is provided to the Trustee and the Collateral Administrator. Such addition, change or replacement shall also be subject to Rating Agency Confirmation from Moody's and the consent of the holders of the Senior Outstanding Class, acting by Ordinary Resolution, for so long as the Class A-1 Notes are the Senior Outstanding Class and shall be deemed to be added to the Moody's Test Matrix in the Portfolio Management Agreement. The Portfolio Manager may however notify the Issuer, the Trustee, the Collateral Administrator of the matrix to be applied for Leverage Scenario Grids after the Closing Date if the methodology used is based on the methodology used for the Leverage Scenario that is applicable on the Closing Date.

**Moody's Tests Matrix**

The Moody's Test Matrix for when the Moody's Deferring Mezzanine Obligation Condition 1 is satisfied will be as agreed between Moody's and the Portfolio Manager on behalf of the Issuer and notified to the Collateral Administrator and as more particularly described in the Portfolio Management Agreement.

The "**Moody's Deferring Mezzanine Obligation Conditions**" will consist of the Moody's Deferring Mezzanine Obligation Condition 1 and the Moody's Deferring Mezzanine Obligation Condition 2.

The "**Moody's Deferring Mezzanine Obligation Condition 1**" will be satisfied if the average of the Moody's Actual Deferred Interest Credit on each of the previous and current (if applicable) Determination Dates is greater than the Required Deferred Interest Credit percentage as set out in the Moody's Test Matrix.

The "**Moody's Deferring Mezzanine Obligation Condition 2**" will be satisfied if the average of the Moody's Actual Deferred Interest Credit on each of the previous and current (if applicable) Determination Dates is greater than the Required Deferred Interest Credit percentage as set out in the Moody's Test Matrix.

The "**Moody's Actual Deferred Interest Credit**" means the Weighted Average Deferred Interest Percentage multiplied by the percentage of the Aggregate Collateral Balance that are Deferring Mezzanine Obligations and PIK Only Obligations (excluding capitalised interest thereon) expressed as a percentage of the Aggregate Collateral Balance (excluding the Aggregate Collateral Balance of Principal Protected Equity Obligations) (all calculated at a Determination Date).

The "**Moody's Weighted Average Deferred Interest Percentage**" as of any Determination Date will equal a fraction (expressed as a percentage) obtained by:

(a) multiplying:

(i) the Principal Balance of each Deferring Mezzanine Obligation and each PIK Only Obligation (excluding capitalised interest therein and excluding Defaulted Obligations) held by the Issuer as of such Determination Date (provided that, for such purpose, the Principal Balance of a Deferring Mezzanine Obligation and a PIK Only Obligation which is a Non-Euro Obligation shall be the amount equal to 50 per cent. of the principal amount thereof outstanding (excluding capitalised interest) at the relevant time converted to Euro by the Portfolio Manager at the prevailing spot rate of exchange as determined by the Calculation Agent at the direction of the Portfolio Manager); by

(ii) the current per annum rate at which it contractually defers interest on such Principal Balance (disregarding the portion of such rate paid out as current interest);

(b) summing the amounts determined pursuant to paragraph (a) above; and

(c) dividing such sum by the Aggregate Principal Balance of all Deferring Mezzanine Obligations and PIK Only Obligations (excluding capitalised interest therein and excluding Defaulted Obligations) in the Portfolio.
5.6 The CDO Monitor Test & S&P Model Test

The "CDO Monitor Test" will be satisfied on any date on and from the Effective Date if, after giving effect to the purchase or sale of a Collateral Obligation, the Loss Differential of the Proposed Portfolio is positive on such date. The Loss Differential will be considered to be "improved" if the Loss Differential of the Proposed Portfolio which is applicable to each Class of Notes rated by S&P is greater than the Loss Differential of the Current Portfolio which is applicable to each Class of Notes rated by S&P. The CDO Monitor Test shall not apply until the later of (a) the Effective Date and (b) the receipt by the Portfolio Manager of the CDO Monitor from S&P.

The "S&P Model Test" means, in respect of a proposed change in the Leverage Scenario, the test which will be satisfied on the later of the Effective Date and the date of change in the Leverage Scenario, if the Loss Differential of the Proposed Portfolio for the proposed Leverage Scenario is positive on such date. The Loss Differential will be considered to be "improved" if the Loss Differential of the Proposed Portfolio is greater than the Loss Differential of the Current Portfolio. The Loss Differential will be calculated by analysing the cash flows for the proposed Leverage Scenario and an assumed Proposed Portfolio.

The "Loss Differential" in respect of any Class of Notes is, at any time, the rate calculated by subtracting the Scenario Loss Rate for each such Class from the Break-even Loss Rate in respect of such Class at such time.

The "Scenario Loss Rate" means in respect of any Class of Notes:

(a) in respect of the CDO Monitor Test, at any time, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a rating in respect of any Class of Notes by S&P determined by application of the CDO Monitor Test at such time; and

(b) in respect of the S&P Model Test, at any time, an estimate of the cumulative default rate for the Proposed Portfolio consistent with a rating in respect of any Class of Notes determined by application of the CDO Evaluator at such time.

The "Break-even Loss Rate" means in respect of any Class of Notes at any time in respect of the CDO Monitor Test and the S&P Model Test, the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the CDO Monitor or CDO Evaluator as applicable, which, after giving effect to S&P's assumptions on recoveries and timing and to the Priorities of Payments, will result in sufficient funds remaining for the payment of the Notes of such Class in full by their stated maturity and the (timely) payment of interest on the Notes of such Class in full.

The "Current Portfolio" means the portfolio of Collateral Obligations (included at their Principal Balance) and Eligible Investments existing prior to the sale, maturity or other disposition of a Collateral Obligation or a proposed reinvestment of Principal Proceeds in a Substitute Collateral Obligation, as the case may be.

The "CDO Monitor" means, in relation to the CDO Monitor Test, the dynamic, analytical computer model developed by S&P and used to estimate default risk of Collateral Obligations and provided to the Portfolio Manager on or before the Closing Date, as it may be modified by S&P from time to time. The CDO Monitor calculates the cumulative default rate of a pool of Collateral Obligations and Eligible Investments consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. In calculating the relevant Scenario Loss Rate, the CDO Monitor considers each Obligor's issuer credit rating, the number of Obligors in the portfolio, the Obligor and industry concentrations in the Portfolio and the remaining weighted average life of the Collateral Obligations and Eligible Investments and calculates a cumulative default rate based on the statistical probability of distributions or defaults on the Collateral Obligations and Eligible Investments.

"CDO Evaluator" means, in relation to the S&P Model Test, the dynamic, analytical computer model developed by S&P and used to estimate the default risk of Collateral Obligations and provided to the Portfolio Manager on or before the Closing Date, as it may be modified by S&P from time to time. The CDO Evaluator calculates the cumulative default rate of a pool of Collateral Obligations and Eligible Investments consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. In calculating the relevant Scenario Loss Rate, the CDO Evaluator considers each Obligor's issuer credit rating, the number of Obligors in the portfolio, the Obligor and industry concentrations in the Portfolio and the remaining weighted average life of the Collateral Obligations and Eligible Investments and calculates a cumulative default rate based on the statistical probability of distributions or defaults on the Collateral Obligations and Eligible Investments.

The "Proposed Portfolio" means the portfolio of Collateral Obligations (included at their Principal Balance) and Eligible Investments resulting from the sale, maturity or other disposition of a Collateral Obligation or a proposed reinvestment of Principal Proceeds in a Substitute Collateral Obligation, as the case may be or, in the case of an increase in the Leverage Scenario, the proposed investment of Principal Proceeds in Collateral Obligations and Eligible Investments.
5.7 The S&P Minimum Weighted Average Recovery Rate Test

The "S&P Minimum Weighted Average Recovery Rate Test" will be satisfied, as at any Measurement Date from (and including) the Effective Date, if the S&P Average Recovery Rate is greater than or equal to the applicable level in the S&P Test Matrix based upon the Break-even Loss Rate and the relevant Class of Notes. For the purpose of this test, all Collateral Debt Obligations which are Defaulted Obligations shall be excluded and Synthetic Securities shall be assigned a priority category based on the underlying Reference Obligation.

If the S&P issue rating of such Collateral Debt Obligation which is a security is the same as or one sub-category below the S&P issuer rating of the Obligor thereunder such Collateral Debt Obligation shall be deemed to be a "Senior Unsecured Debt Security" or if it is two or more sub-categories below the S&P issuer rating of the Obligor thereunder such Collateral Debt Obligation shall be deemed to be a "Subordinated Debt Security". Further, a Secured Senior Loan shall be considered unsecured for the purpose of the S&P Average Recovery Rate unless such Secured Senior Loan is (A) secured by (i) fixed assets of the Obligor or guarantor if and to the extent pledge of fixed assets is permissible under applicable law (save in the case of assets so numerous or diverse that the failure to take such security is consistent with reasonable secured lending practices), and otherwise (ii) by 100 per cent. of the equity interests in the stock of an entity owning such fixed assets and (B) no other obligation of the Obligor has any higher priority security interest in such fixed assets or stock.

"S&P Average Recovery Rate" means, as of any Measurement Date, the number (expressed as a percentage) obtained by summing the products obtained by multiplying the outstanding Principal Balance (excluding Purchased Accrued Interest) of each Collateral Debt Obligation by its S&P Recovery Rate, dividing such sum by the Aggregate Principal Balance of all Collateral Debt Obligations and rounding up to the nearest 0.1 per cent. For the purposes of this rate, Synthetic Securities shall be assigned a priority category based on the underlying Reference Obligation.

The "S&P Recovery Rate" means, in respect of each Collateral Debt Obligation, the S&P recovery rate determined in accordance with the following tables:

| US and Canada Tiered Corporate Recovery Rates (by Asset Class and CDO Liability Rating) |
|---------------------------------|--------|--------|--------|--------|--------|
| CDO liability rating            | AAA    | AA     | A      | BBB    | BB     |
| Loan Recovery Rates             |        |        |        |        |        |
| Senior secured first-lien       | 56%    | 60%    | 64%    | 67%    | 70%    |
| Senior secured first-lien cov-lites | 51%  | 54%    | 57%    | 60%    | 63%    |
| Senior unsecured and secured lien | 40%   | 42%    | 44%    | 46%    | 48%    |
| Subordinated                    | 22%    | 22%    | 22%    | 22%    | 22%    |
| Bond Recovery Rates             |        |        |        |        |        |
| Senior Secured                  | 48%    | 49%    | 50%    | 51%    | 52%    |
| Unsecured                       | 38%    | 41%    | 42%    | 44%    | 45%    |
| Subordinated                    | 19%    | 19%    | 19%    | 19%    | 19%    |

| European and Asian Tiered Recovery Rates (by Asset Class and CDO Liability Rating) |
|---------------------------------|--------|--------|--------|--------|--------|
| CDO liability rating            | AAA    | AA     | A      | BBB    | BB     |
| Senior secured loans            |        |        |        |        |        |
| Group A1                        | 68%    | 73%    | 78%    | 81%    | 85%    |
| Group A2                        | 56%    | 60%    | 64%    | 67%    | 70%    |
| Group B                         | 48%    | 51%    | 55%    | 57%    | 60%    |
### European and Asian Tiered Recovery Rates (by Asset Class and CDO Liability Rating)

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<th>A</th>
<th>BBB</th>
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<td>52%</td>
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<td>39%</td>
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<td>42%</td>
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<td><strong>Subordinated loans</strong></td>
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<td>45%</td>
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<td><strong>Senior unsecured bonds (%)</strong></td>
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</tbody>
</table>

### Global Country Groups

<table>
<thead>
<tr>
<th>U.S. and Canada</th>
<th>Group A1: U.K., Ireland, Finland, Denmark, Netherlands, South Africa, Australia and New Zealand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group A2</td>
<td>Belgium, Germany, Austria, Spain, Portugal, Luxembourg, Switzerland, Sweden, Norway, Hong Kong and Singapore</td>
</tr>
<tr>
<td>Group B</td>
<td>France, Italy, Greece, Japan, Korea and Taiwan</td>
</tr>
</tbody>
</table>
Any Collateral Debt Obligation that cannot be assigned a recovery rate based upon the relevant table will be assigned an S&P recovery rate in consultation with S&P.

5.8 The Moody's Minimum Diversity Test

The "Moody's Minimum Diversity Test" will be satisfied as at the Effective Date and each subsequent Measurement Date, if the Diversity Score equals or exceeds the number set out in the applicable Moody's Test Matrix.

The "Diversity Score" is a single number that indicates collateral concentration and correlation in terms of both issuer and industry concentration and correlation. It is similar to a score that Moody's uses to measure concentration and correlation for the purposes of its ratings. A higher Diversity Score reflects a more diverse portfolio in terms of the issuer and industry concentration. The Diversity Score for the Collateral Debt Obligations is calculated by summing each of the Industry Diversity Scores which are calculated as follows:

(a) an "Average Principal Balance" is calculated by summing the Obligor Principal Balances and dividing by the sum of the aggregate number of issuers and/or borrowers represented;

(b) an "Obligor Principal Balance" is calculated for each Obligor represented in the Collateral Debt Obligations by summing the Principal Balances of all Collateral Debt Obligations issued by such Obligor;

(c) an "Equivalent Unit Score" is calculated for each Obligor by taking the lesser of (i) one and (ii) the Obligor Principal Balance for such Obligor divided by the Average Principal Balance;

(d) an "Aggregate Industry Equivalent Unit Score" is then calculated for each of the 33 Moody's industrial classification groups by summing the Equivalent Unit Scores for each Obligor in the industry (or such other industrial classification groups and Equivalent Unit Scores as are published by Moody's from time to time). For the purpose of this calculation, certain industries are classified as "local" by Moody's and are subdivided into three sub-industries by geographical region (Asia Pacific, North America and Europe). For local industries the Aggregate Industry Equivalent Unit Score is calculated for each sub-industry; and

(e) an "Industry Diversity Score" is then established by reference to the Diversity Score Table shown below (or such other Diversity Score Table as is published by Moody's from time to time) (the “Diversity Score Table”) for the related Aggregate Industry Equivalent Unit Score. If the Aggregate Industry Equivalent Unit Score falls between any two such scores shown in the Diversity Score Table below, then the Industry Diversity Score is the lower of the two Diversity Scores in the Diversity Score Table.

For purposes of calculating the Diversity Score any Obligors affiliated with one another will be considered to be one Obligor and all Structured Finance Securities which are collateralised debt obligations will be disregarded.
<table>
<thead>
<tr>
<th>Aggregate Industry Diversity Score</th>
<th>Industry Diversity Score</th>
<th>Aggregate Industry Diversity Score</th>
<th>Industry Diversity Score</th>
<th>Aggregate Industry Diversity Score</th>
<th>Industry Diversity Score</th>
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</table>
Moody's "Industry Categories" are as follows:

Aerospace and Defence
Automobile
Banking
Beverage, Food and Tobacco
Buildings and Real Estate
Chemicals, Plastics and Rubber
Containers, Packaging and Glass
Personal and Non Durable Consumer Products (Manufacturing Only)
Diversified/Conglomerate Manufacturing
Diversified/Conglomerate Service
Diversified Natural Resources, Precious Metals and Minerals
Ecological
Electronics
Finance
Farming and Agriculture
Grocery
Healthcare, Education and Childcare
Home and Office Furnishings, Housewares and Durable Consumer Products
Hotels, Motels, Inns and Gaming
Insurance
Leisure, Amusement, Entertainment
Machinery (Non-Agriculture, Non-Construction, Non-Electronic)
Mining, Steel, Iron and Non Precious Metals
Oil and Gas
Personal, Food and Miscellaneous
Printing and Publishing
Cargo Transport
Retail Stores
Telecommunications
Textiles and Leather
Personal Transportation
Utilities
Broadcasting & Entertainment
Sovereign & Supranational
and any other Industrial Classification Groups listed in the Portfolio Management Agreement

5.9 The Moody's Maximum Weighted Average Rating Factor Test

The "Moody's Maximum Weighted Average Rating Factor Test" will be satisfied as at any Measurement Date from (and including) the Effective Date, if the Moody's Weighted Average Rating as at such Measurement Date is equal to or less than the level specified in the applicable row and column in the applicable Moody's Tests Matrix based on the option chosen by the Portfolio Manager (acting on behalf of the Issuer) as at such Measurement Date.

The "Moody's Weighted Average Rating" is determined by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation by its Moody's Rating Factor, dividing such sum by the Aggregate Principal Balances of all such Collateral Debt Obligations and rounding the result up to the nearest whole number.

The "Moody's Rating Factor" of any Collateral Debt Obligation and, in the case of a Participation, the Selling Institution, is the number set forth under the heading "Rating Factor" in the table below opposite the Moody's Rating (as defined under "Ratings – Moody's Ratings" below) or such other number as may be notified to the Portfolio Manager by Moody's from time to time which has been approved by the Senior Outstanding Class for so long as the Class A-1 Noteholders are the Senior Outstanding Class.
5.10 The Moody's Minimum Weighted Average Recovery Rate Test

The "Moody's Minimum Weighted Average Recovery Rate Test" will be satisfied at any Measurement Date from (and including) the Effective Date, if the Weighted Average Moody's Recovery Rate (as defined below) is greater than or equal to the number set forth in the column of the Moody's Tests Matrix based upon the option chosen by the Portfolio Manager (on behalf of the Issuer) as currently applicable to the Portfolio.

"Weighted Average Moody's Recovery Rate" means, as of any Measurement Date, the number, expressed as a percentage, obtained by summing the products obtained by multiplying the outstanding Principal Balance of each Collateral Debt Obligation by its corresponding Moody's Recovery Rate and dividing such sum by the Aggregate Principal Balance of all Collateral Debt Obligations and rounding up to the nearest 0.1 per cent. For purposes of determining the Moody's Recovery Rate applicable to a particular Collateral Debt Obligation, the Portfolio Manager shall determine whether such Collateral Debt Obligation is a Mezzanine Obligation, a Senior Secured Loan, an Unsecured Senior Loan or a Second Lien Loan, based on its reasonable business judgement and specific guidelines set forth in the Portfolio Management Agreement.

The "Moody's Recovery Rate" means, in respect of each Collateral Debt Obligation, the Moody's recovery rate determined in accordance with the following table:

<table>
<thead>
<tr>
<th>Mezzanine Obligations</th>
<th>Secured Senior Loans</th>
<th>Unsecured Senior Loans</th>
<th>Second Lien Loans</th>
<th>Subordinated Bonds</th>
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<td>65.0%</td>
<td>45.0%</td>
<td>45.0%</td>
</tr>
<tr>
<td>Tier A (&lt; Baa2)*</td>
<td>25.0%</td>
<td>75.0%</td>
<td>25.0%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Tier B</td>
<td>45.0%</td>
<td>65.0%</td>
<td>45.0%</td>
<td>45.0%</td>
</tr>
<tr>
<td>Tier C</td>
<td>35.0%</td>
<td>50.0%</td>
<td>35.0%</td>
<td>35.0%</td>
</tr>
<tr>
<td>Tier D</td>
<td>25.0%</td>
<td>35.0%</td>
<td>25.0%</td>
<td>25.0%</td>
</tr>
<tr>
<td>USA</td>
<td>50.0%</td>
<td>70.0%</td>
<td>50.0%</td>
<td>50.0%</td>
</tr>
</tbody>
</table>

* The rating refers to the senior implied rating of the Obligor.
<table>
<thead>
<tr>
<th>Country</th>
<th>Tier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>A</td>
</tr>
<tr>
<td>Australia</td>
<td>A</td>
</tr>
<tr>
<td>New Zealand</td>
<td>A</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>A</td>
</tr>
<tr>
<td>Germany</td>
<td>B</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>B</td>
</tr>
<tr>
<td>Ireland</td>
<td>B</td>
</tr>
<tr>
<td>Singapore</td>
<td>B</td>
</tr>
<tr>
<td>Sweden</td>
<td>B</td>
</tr>
<tr>
<td>Switzerland</td>
<td>B</td>
</tr>
<tr>
<td>Austria</td>
<td>C</td>
</tr>
<tr>
<td>Belgium</td>
<td>C</td>
</tr>
<tr>
<td>Denmark</td>
<td>C</td>
</tr>
<tr>
<td>Finland</td>
<td>C</td>
</tr>
<tr>
<td>France</td>
<td>C</td>
</tr>
<tr>
<td>Iceland</td>
<td>C</td>
</tr>
<tr>
<td>Liechtenstein</td>
<td>C</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>C</td>
</tr>
<tr>
<td>Malaysia</td>
<td>C</td>
</tr>
<tr>
<td>Norway</td>
<td>C</td>
</tr>
<tr>
<td>Spain</td>
<td>C</td>
</tr>
<tr>
<td>China</td>
<td>D</td>
</tr>
<tr>
<td>Greece</td>
<td>D</td>
</tr>
<tr>
<td>Italy</td>
<td>D</td>
</tr>
<tr>
<td>Korea</td>
<td>D</td>
</tr>
<tr>
<td>Portugal</td>
<td>D</td>
</tr>
<tr>
<td>Taiwan</td>
<td>D</td>
</tr>
<tr>
<td>Thailand</td>
<td>D</td>
</tr>
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<td>United States</td>
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</tr>
<tr>
<td>Canada</td>
<td>USA</td>
</tr>
<tr>
<td>Bermuda</td>
<td>USA</td>
</tr>
<tr>
<td>Other Tax Havens</td>
<td>USA</td>
</tr>
</tbody>
</table>

Unless otherwise specified by Moody's, Synthetic Securities shall be assigned a Moody's recovery rate based on the underlying Reference Obligation and the obligor thereunder. A Collateral Debt Obligation shall be assigned to the country for the purposes of the Moody's Recovery Rate based on where 60 per cent. or more of the security for the relevant Collateral Debt Obligation is located as determined in good faith by the Portfolio Manager. If 60 per cent. of the security is not located in any single jurisdiction, the Portfolio Manager will determine the country with the largest percentage of such security.

Any Collateral Debt Obligation that cannot be assigned a Moody's Recovery Rate based upon the above will be assigned a Moody's Recovery Rate in consultation with Moody's.

In respect of any Non-Euro Obligation subject to any Asset Swap Agreement, the applicable Moody's Recovery Rate will be multiplied by a factor of (i) 0.67 if the recovery period on such Asset Swap Agreement is equal to or greater than 6 months but less than 9 months, (ii) 0.8 if the recovery period on such Asset Swap Agreement is less than 12 months, or (iii) 1.0 if the recovery period on such Asset Swap Agreement is 12 months or more.

5.11 Minimum Spread Test

The "Minimum Spread Test" will be satisfied if, as of the Closing Date, and as of the Effective Date and on each subsequent Measurement Date in relation to the Collateral Debt Obligations, the Weighted Average Spread as of such Measurement Date equals or exceeds the applicable Minimum Weighted Average Spread for such date.

For the avoidance of doubt, if the Collateral Debt Obligation is an obligation in respect of which interest payments are scheduled to decrease (other than for unscheduled events such as a decrease in the index relation to a Floating Rate Collateral Debt Obligation, the change from a default rate of interest to a non-default rate or an improvement in an Obligor's financial condition as a result of the satisfaction of contractual conditions set out in the relevant documentation for such obligation) then the lowest such coupon or spread shall be used for the purpose of the Minimum Spread Test. In addition if the interest payments of a Collateral Debt Obligation can be reduced without the consent of the majority of the lenders (per the terms of such Collateral Debt Obligation), the lowest such spread or coupon in respect of such Collateral Debt Obligation shall be used for the purpose of the Minimum Spread Test.
"Weighted Average Spread" means, as of the Closing Date and each subsequent Measurement Date, the fraction (expressed as a percentage) obtained by:

(a) summing the following:

(i) the products obtained by multiplying:

(A) the Principal Balance (excluding Purchased Accrued Interest) of each Floating Rate Collateral Debt Obligation (excluding (1) Defaulted Obligations, (2) Delayed Drawdown Collateral Obligations, (3) Revolving Collateral Obligations, (4) all Zero Coupon Securities, (5) Step Up Coupon Securities that are not currently paying cash interest and (6) PIK Only Obligations) held by the Issuer as at such Measurement Date; by

(B) (1) in the case of Euro-denominated Collateral Debt Obligations, the current per annum rate at which it pays interest in excess of EURIBOR or such other floating rate index upon which such Collateral Debt Obligation bears interest; (2) in the case of Asset Swap Obligations the current per annum rate at which the related Asset Swap Transaction pays interest in excess of EURIBOR or such other floating rate index upon which the related Asset Swap Transaction pays interest; and (3) in the case of an Unhedged Collateral Debt Obligation, the current per annum rate at which the Unhedged Collateral Debt Obligation, as applicable, pays interest, which, in each case, excludes, in respect of each Mezzanine Obligation held by the Issuer in respect of such Measurement Date, any interest which has been contractually deferred pursuant to its terms; plus

(ii) the products obtained by multiplying:

(A) the Principal Balance (excluding Purchased Accrued Interest) of each Fixed Rate Collateral Debt Obligation (excluding (1) Defaulted Obligations; (2) Delayed Drawdown Collateral Obligations, (3) Revolving Collateral Obligations, (4) all Zero Coupon Securities, (5) Step-Up Coupon Securities that are not currently paying cash interest and (6) PIK Only Obligations) held by the Issuer as at such Measurement Date; by

(B) the current rate per annum at which it pays interest minus the Applicable Swap Rate as at such Measurement Date; plus

(iii) the products obtained by multiplying:

(A) the aggregate of each Unfunded Amount (excluding Purchased Accrued Interest) held by the Issuer as at such Measurement Date in respect of which a commitment fee is receivable by the Issuer; by

(B) the current per annum rate payable by way of such commitment fee in respect of each such Unfunded Amount; plus

(iv) the products obtained by multiplying:

(A) the aggregate of each Funded Amount (excluding Purchased Accrued Interest) held by the Issuer as at such Measurement Date; by

(B) the current per annum rate in excess of EURIBOR or such other floating rate index applicable to each such Funded Amount as at such Measurement Date, in each case, calculated net of any withholding tax which is not grossed-up or recoverable under applicable double tax treaty relief, minus

(v) the amount obtained by multiplying the notional amount of each Offsetting Credit Default Swap or Credit Short Obligation by the fixed amounts payable (expressed as a percentage) by the Issuer pursuant to such Offsetting Credit Default Swap or Credit Short Obligation;

(b) and dividing such sum by the sum of:

(i) the aggregate Principal Balances (excluding Purchased Accrued Interest) referred to in paragraphs (i)(A) and (ii)(A) above;

(ii) the aggregate of all Funded Amounts and Unfunded Amounts referred to in paragraphs (iii)(A) and (iv)(A) above;
(iii) the aggregate of Principal Balances of all Zero Coupon Securities and Step-Up Securities excluded in paragraphs (i)(A) and (ii)(A) above,

In the case of an Unhedged Collateral Debt Obligation:

(a) the amount at paragraph (a)(i)(B)(3) above shall be 85 per cent. of the spread in excess of EURIBOR or such other floating rate index based upon which such Non-Euro Obligation bears interest; or

(b) the amount at paragraph (a)(ii)(B) above shall be 85 per cent. of the spread in excess of the Applicable Swap Rate at such Measurement Date

provided that the amounts at paragraphs (a)(i)(B)(3) and (a)(ii)(A) above in respect of a Non-Euro Obligation which (A) was denominated in Sterling or U.S. Dollars and which was a Primary Market Collateral Debt Obligation when acquired by the Issuer and which remains unhedged following such Collateral Debt Obligation ceasing to be a Primary Market Collateral Debt Obligation or (B) to the extent that where the Aggregate Principal Balance of all Unhedged Collateral Debt Obligations exceeds 5 per cent. of the Aggregate Principal Balance, such excess amount or (C) which was not a Primary Market Collateral Debt Obligation when purchased, shall be zero, provided that in the case of (C) above, the Portfolio Manager on behalf of the Issuer shall have 10 Business Days following the settlement date of the acquisition of the relevant Non-Euro Obligation to hedge such Collateral Debt Obligation before it shall be treated as zero.

"Applicable Swap Rate" means, in respect of:

(a) a Fixed Rate Collateral Debt Obligation, the interest rate risk of which is hedged via Interest Rate Hedge Transactions under which the Issuer pays a fixed rate of interest and receives a floating rate of interest, the weighted average fixed rate of interest that the Issuer pays under such Interest Rate Hedge Transactions on such Measurement Date; and

(b) any other Fixed Rate Collateral Debt Obligation, the swap rate in Euros determined on the date of purchase of such Fixed Rate Collateral Debt Obligation, taking into account both the remaining life of such Fixed Rate Collateral Debt Obligation and its payment frequency.

"Fixed Rate Collateral Debt Obligations" means the Collateral Debt Obligations which bear interest at a fixed rate.

"Minimum Weighted Average Spread" means, with respect to all Collateral Debt Obligations, the greater of the percentages set forth in the applicable row of the S&P Test Matrix and the applicable row of the applicable Moody's Test Matrix based upon the option chosen by the Portfolio Manager as currently applicable as of the Effective Date and each subsequent Measurement Date.

5.12 Maximum Weighted Average Life Test

The "Maximum Weighted Average Life Test" will be satisfied, as of the Effective Date and on each subsequent Measurement Date, if the "Maximum Weighted Average Life" as at the relevant Measurement Date does not exceed the applicable Maximum Weighted Average Life as set out in the following table:

<table>
<thead>
<tr>
<th>Relevant Period</th>
<th>Maximum Weighted Average Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective Date to 16 June 2014</td>
<td>10.5 years</td>
</tr>
<tr>
<td>16 June 2014 to 16 December 2014</td>
<td>5.5 years</td>
</tr>
<tr>
<td>After 16 December 2014</td>
<td>N/A</td>
</tr>
</tbody>
</table>

The "Maximum Weighted Average Life" means the number obtained with respect to each Collateral Debt Obligation by summing the products obtained by multiplying each scheduled principal payment on such Collateral Debt Obligation by the remaining number of years from the Closing Date (rounded to the nearest hundredth) until such scheduled principal payment is due and dividing such sum by the total of all scheduled principal payments due on such Collateral Debt Obligation and multiplying such product by a fraction, the numerator of which is the outstanding Principal Balance of such Collateral Debt Obligation and the denominator of which is the Aggregate Principal Balance of all Collateral Debt Obligations.

6. Ratings

The "S&P Rating" of any Collateral Debt Obligation will be determined as follows:
(a) with respect to any Collateral Debt Obligation other than a Structured Finance Security:

(i) other than with respect to a Bridge Loan if there is an issuer credit rating of the Obligor of such Collateral Debt Obligation, or of the guarantor who unconditionally and irrevocably guarantees such Collateral Debt Obligation, then the S&P Rating of such Obligor, or the guarantor, shall be such issuer credit rating (regardless of whether there is a published rating by S&P of the Collateral Debt Obligation of such Obligor held by the Issuer) and with respect to a Bridge Loan if there is an issuance credit rating of such Bridge Loan, then the S&P Rating shall be such issuance rating;

(ii) if paragraph (i) does not apply, the Issuer or the Portfolio Manager (acting on behalf of the Issuer) may, at its option, and shall if no other paragraph of this definition applies, apply to S&P for a corporate credit estimate, which shall be its S&P Rating provided that, pending receipt from S&P of such estimate, such Collateral Debt Obligation shall be assigned a temporary S&P Rating of "B-" if the Portfolio Manager believes that such estimate will be at least "B-" and if the Aggregate Collateral Balance of Collateral Debt Obligations having such S&P Rating by reason of this provision does not exceed 5 per cent. of the Aggregate Collateral Balance or otherwise;

(iii) if neither paragraph (i) nor (ii) above applies, but another security or obligation of the Obligor is rated by S&P and neither the Issuer nor the Portfolio Manager obtains an S&P Rating for such Collateral Debt Obligation pursuant to paragraph (ii) above, then the S&P Rating of such Collateral Debt Obligation shall be determined as follows:

(A) if there is a rating on a senior secured obligation of the Obligor, then the S&P Rating of such Collateral Debt Obligation shall be one subcategory below such rating if such Collateral Debt Obligation is a senior secured or senior unsecured obligation of the Obligor;

(B) if there is a rating on a senior unsecured obligation of the Obligor, then the S&P Rating of such Collateral Debt Obligation shall equal such rating if such Collateral Debt Obligation is a senior secured or senior unsecured obligation of the Obligor; and

(C) if there is a rating on a subordinated obligation of the Obligor, and if such Collateral Debt Obligation is a senior secured or senior unsecured obligation of the Obligor, then the S&P Rating of such Collateral Debt Obligation shall be one subcategory above such rating, if such rating is higher than "BB+", and shall be two subcategories above such rating, if such rating is "BB+" or lower; or

(iv) if none of paragraphs (i), (ii) or (iii) above apply, the S&P Rating of such Collateral Debt Obligation may be determined using any one of the methods provided below:

(A) if such Collateral Debt Obligation is publicly rated by Moody's, then the S&P Rating of such Collateral Debt Obligation will be (A) one subcategory below the S&P equivalent of the public rating assigned by Moody's if such Collateral Debt Obligation is rated "Baa3" or higher by Moody's and (B) two subcategories below the S&P equivalent of the public rating assigned by Moody's if such Collateral Debt Obligation is publicly rated "Ba1" or lower by Moody's provided, however, that (x) an S&P Rating may only be derived under this paragraph (A) from a Moody's public rating and may not be derived from any Moody's confidential credit rating or credit estimate and (y) the Aggregate Collateral Balance of the Collateral Debt Obligations that may be deemed to have an S&P Rating based on a rating assigned by Moody's as provided in this sub-clause (iv) may not exceed 20 per cent. of the Aggregate Collateral Balance; or

(B) if such Collateral Debt Obligation is not publicly rated by Moody's but a security with the same ranking (a "parallel security") is publicly rated by Moody's, then the S&P Rating of such parallel security will be determined in accordance with the methodology set forth in sub-clause above and the S&P Rating of such Collateral Debt Obligation will be determined in accordance with the methodology set forth in clause (c) above (for such purposes treating the parallel security as if it were rated by S&P at the rating determined pursuant to this sub-clause (ii)); or

(v) if no S&P Rating can be determined in accordance with paragraphs (i), (ii), (iii) or (iv) above, the S&P Rating of any applicable Collateral Debt Obligation will be "CCC-";
(b) with respect to any Structured Finance Security, the rating, if any, assigned by S&P to such Structured Finance Security or, if there is no such rating assigned by S&P at the relevant time, the S&P Notched Rating then assigned to such Structured Finance Security but only to the extent that the underlying assets of such Structured Finance Security are situated primarily in Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Iceland, Ireland, Italy, Netherlands, Norway, Portugal, Poland, Slovakia, Spain, Sweden, Switzerland or the United Kingdom and provided that the Aggregate Principal Balance of Structured Finance Securities not rated by S&P may not comprise more than 15 per cent. of the Aggregate Collateral Balance,

provided always that (i) if a debt security or obligation of the Obligor has been in default during the past two years, the S&P Rating of such Collateral Debt Obligation will be "D", (ii) with respect to any Current Pay Obligation that is rated "D" or "SD", the S&P Rating of such Current Pay Obligation will be "CCC-".

"S&P Notched Rating" means with respect to any Structured Finance Security that is, in the reasonable opinion of the Portfolio Manager, primarily backed by European assets, the following notching provisions apply (provided that if the Structured Finance Security is rated by only one rating agency, such Structured Finance Security shall be notched down in accordance with the following table and then further notched down one more S&P Rating sub-category):

(a) with respect to any Structured Finance Securities which are in the following asset classes and are publicly rated by either Moody's or Fitch:

(b) with respect to any Structured Finance Securities which are in the following asset classes:

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>Lower of Public Rating by Moody's or Fitch AAA/Aaa to BBB-/Baa3</th>
<th>Lower of Public Rating by Moody's or Fitch below BBB-/Baa3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto-Prime</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Consumer Loans</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Credit Card</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Leases other than Italian Leases</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Italian Leases</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>SME Loan Collateral Debt Obligations</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Cashflow Residential Mortgages - prime</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Cashflow Residential Mortgages - non prime</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>CMBS</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Cashflow CBO/CLO backed by pool of corporate loans</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>Lower of Public Rating by Moody's and Fitch AAA/Aaa to AA-/Aa3</th>
<th>Lower of Public Rating by Moody's and Fitch below AA-/Aa3 and above A-/A3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Company Securitisation Security</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Rated by Moody's and Fitch</td>
<td>1</td>
<td>n/a</td>
</tr>
</tbody>
</table>

(c) provided that

(i) in the case of Italian leases the highest S&P equivalent rating for a Structured Finance Security that is an Italian lease determined pursuant to this definition shall be AA- unless the originator of such Collateral Debt Obligation is publicly rated Baa3 or higher by Moody's or publicly rated BBB- or higher by Fitch;

(ii) the S&P equivalent rating for a Structured Finance Security which is a Synthetic Security and is publicly rated Aaa by Moody's and publicly rated AAA by Fitch determined pursuant to this definition shall be AA+;

(iii) RMBS with German situated properties that are not rated Aaa by Moody's and AAA by Fitch may not be determined pursuant to this definition;

(iv) RMBS with multi-family properties and/or construction dwellings may not be determined pursuant to this definition; and
with respect to any Structured Finance Security the Obligor in respect of which is organised in The Netherlands, the relevant rating of Moody's and/or Fitch for the purposes of this definition shall be the lower of the public ratings assigned by such rating agency to such Obligor and any insurance company that guarantees payments in respect of such Structured Finance Security; and provided however that the rating of a Collateral Debt Obligation by Moody's or Fitch used for the purposes of notching will comply with the following criteria: (i) such rating must be "conventional" in the sense that it addresses the full return of interest and principal, (ii) such rating must be non-exclusive, i.e. it is not for the benefit of a single investor and remain valid if the rate instrument is transferred to other buyers; (iii) such rating must be an actual public rating as opposed to rating estimates, (iv) such rating must be monitored throughout the life of the Collateral Debt Obligation; and provided that the Aggregate Principal Balance of Structured Finance Securities assigned an S&P Rating on the basis of an S&P Notched Rating based on a public rating by only one of either Moody's or Fitch may not exceed 10 per cent. of the Aggregate Collateral Balance.

The "Moody's Rating" of any Collateral Debt Obligation will be determined as follows:

(a) for any Collateral Debt Obligation:

(i) if the Obligor in respect of such Collateral Debt Obligation has a Corporate Family Rating from Moody's then the Moody’s Rating of such Collateral Debt Obligation shall be such rating;

(ii) if (i) does not apply, then if the Obligor in respect of such Collateral Debt Obligation has a senior unsecured obligation publicly rated by Moody’s, then the Moody’s Rating of such Collateral Debt Obligation shall be such rating;

(iii) if none of (i) and (ii) above applies, then if the Obligor in respect of such Collateral Debt Obligation has no senior obligation publicly rated by Moody’s, but the Collateral Debt Obligation itself is rated (other than a rating determined from an estimate by Moody’s of such Collateral Debt Obligation’s rating factor), then the Moody’s Rating of such Collateral Debt Obligation shall be one sub-category below such rating;

(b) if paragraph (a) does not apply to such Collateral Debt Obligation, the Moody’s Rating shall be determined as follows, at the option of the Issuer, or the Portfolio Manager acting on behalf of the Issuer:

(i) the confidential credit estimate assigned to such Collateral Debt Obligation by Moody’s upon the request of the Portfolio Manager on behalf of the Issuer which shall be the Moody’s Corporate Family Rating thereof, provided that until such credit estimate is assigned, such Collateral Debt Obligation shall be assigned a Moody’s Rating, in the event that:

(A) (1) neither the Obligor nor any of its Affiliates is subject to reorganisation or bankruptcy proceedings, (2) no debt securities or obligations of the Obligor are in default, (3) neither the Obligor nor any of its Affiliates has defaulted on any debt during the past two years, (4) the Obligor has been in existence for the past five years, (5) the Obligor is current on any cumulative dividends, (6) the fixed charge ratio for the Obligor exceeds 125 per cent. for each of the past two fiscal years and for the most recent quarter, (7) the Obligor had a net profit before tax in the past fiscal year and the most recent quarter and (8) the annual financial statements of the Obligor are unqualified and certified by a firm of independent certified public accountants of international reputation and quarterly statements are unaudited but signed by a corporate officer, “B3”; or

(B) (1) neither the Obligor nor any of its Affiliates is subject to reorganisation or bankruptcy proceedings and (2) no debt security or obligation of the Obligor has been in default during the past two years, "Caa2";

(C) a debt security or obligation of the Obligor has been in default during the past two years, “Ca”;

(ii) if the Collateral Debt Obligation is rated by S&P, then the implied Moody’s Rating (the "Implied Moody’s Rating" for Index Mark) of such Collateral Debt Obligation will be:

(A) one sub-category below the issuer rating assigned by S&P if the Obligor of such Collateral Debt Obligation is rated "BBB-" or better by S&P; and

(B) two sub-categories below the Moody’s equivalent of the issuer rating assigned by S&P if the Obligor of such Collateral Debt Obligation is rated lower than "BBB-" by S&P,
(c) provided however that (A) no more than 20 per cent. of the Collateral Debt Obligations may be given an Implied Moody’s Rating based on a rating given by S&P as provided in paragraph (b) above and (B) no Collateral Debt Obligation may be given an Implied Moody’s Rating based on a rating given by S&P as provided in paragraph (b) above if the Obligor under such Collateral Debt Obligation has no outstanding principal that is currently paying a coupon;

(d) for any Collateral Debt Obligation which is a Synthetic Security, if the Synthetic Counterparty has been downgraded to a long term senior unsecured credit rating lower than "A1" by Moody's, or a short-term senior unsecured credit rating lower than "P-1" by Moody's, the Moody's Rating will be the lower of such rating or the rating of the related Reference Obligation as determined above; and

(e) notwithstanding (a), (b), (c) or (d) above, if the public credit rating or confidential credit estimate (as notified by Moody's to the Portfolio Manager) of any Collateral Debt Obligation or Obligor thereof has been placed on credit watch for possible downgrade by Moody's (or by S&P in the case of Collateral Debt Obligations with implied Moody's Ratings), the Moody's Rating shall be one subcategory below the Moody's Rating as otherwise determined in accordance with this definition, and until such time as the Collateral Debt Obligation is no longer on credit watch for possible downgrade or if the rating of any Collateral Debt Obligation or Obligor thereof has been placed on credit watch for possible upgrade by Moody’s, the Moody's Rating shall be one subcategory above the Moody's Rating as otherwise determined in accordance with this definition, until such time as the Collateral Debt Obligation is no longer on credit watch for possible upgrade.

If at any time Moody’s ceases to provide rating services, references to rating categories of Moody’s shall be deemed instead to be references to the equivalent categories of any other rating agency selected by the Portfolio Manager acting on behalf of the Issuer (with written notice to the Trustee), as of the most recent date on which such other rating agency and Moody’s as the case may be, published rating for the type of security in respect of which such alternative rating agency is used.

7. The Coverage Tests

The coverage tests (the "Coverage Tests") will consist of the Class A Par Value Test, the Class B Par Value Test, the Class C Par Value Test, the Class D Par Value Test, and the Class E Par Value Test (each, a "Par Value Test" and as defined in the Conditions of the Notes) and the Class A Interest Coverage Test, the Class B Interest Coverage Test, the Class C Interest Coverage Test, the Class D Interest Coverage Test and the Class E Interest Coverage Test (each, an "Interest Coverage Test" and as defined in the Conditions of the Notes). The Par Value Tests and, following the Effective Date, the Coverage Tests will be used primarily to determine whether interest may be paid on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes and whether Principal Proceeds may be reinvested in Substitute Collateral Obligations, or whether Interest Proceeds and, to the extent needed, Principal Proceeds in the event of failure to satisfy the Class A Coverage Tests must instead be used to pay principal of the Class A-1 Notes and, after redemption in full thereof, principal of the Class A-2 Notes or, in the event of failure to satisfy the Class B Coverage Tests, to pay the principal of the Class A-1 Notes, and following redemption in full thereof, the principal of the Class A-2 Notes, and following the redemption in full thereof, the principal of the Class B Notes or, in the event of failure to satisfy the Class C Coverage Tests, to pay principal of the Class A-1 Notes and, after redemption in full thereof, principal of the Class A-2 Notes and, after redemption in full thereof, principal of the Class C Notes or, in the event of failure to satisfy the Class D Coverage Tests, to pay principal of the Class A-1 Notes and, after redemption in full thereof, principal of the Class A-2 Notes and, after redemption in full thereof, principal of the Class B Notes and, after redemption in full thereof, principal of the Class C Notes and, after redemption in full thereof, principal of the Class D Notes or, in the event of failure to satisfy the Class E Coverage Tests, to pay principal of the Class A-1 Notes and, after redemption in full thereof, principal of the Class A-2 Notes and, after redemption in full thereof, principal of the Class B Notes and, after redemption in full thereof, principal of the Class C Notes and, after redemption in full thereof, principal of the Class D Notes and, after redemption in full thereof, principal of the Class E Notes, in each case to the extent necessary to cause the Coverage Tests relating to the relevant Class of Notes to be met.

Each of the Class A Par Value Test, the Class A Interest Coverage Test, the Class B Par Value Test, the Class B Interest Coverage Test, the Class C Par Value Test, the Class C Interest Coverage Test, the Class D Par Value Test, the Class D Interest Coverage Test, the Class E Par Value Test, the Class E Interest Coverage Test shall be satisfied on a Measurement Date if the corresponding Par Value Ratio or Interest Coverage Ratio (as the case may be) is at least equal to the percentage specified in the Leverage Scenario Grid from time to time.

8. Leverage Scenario Grid

Each of the Leverage Scenario Grids are set out below, each of which will apply in respect of a different specified Aggregate Class A-1R Commitment and each of which contains the required levels for satisfaction for each Leverage Scenario Test for purposes of that Leverage Scenario. The Leverage Scenario Grid with an Aggregate Class A-1R Commitment of €100,000,000 (as may be amended by the Portfolio Manager subject to Rating
Agency Confirmation and consent of the Senior Outstanding Class for as long as the Class A-1 Notes are the Senior Outstanding Class) will apply on the Closing Date, the Effective Date and on each Measurement Date thereafter unless the Leverage Scenario is changed by the Portfolio Manager in accordance with the Portfolio Management Agreement and notified to the Class A-IR Noteholders.
<table>
<thead>
<tr>
<th>Aggregate Class A-1R Commitment</th>
<th>€0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target Par Amount</td>
<td>€400,000,000</td>
</tr>
</tbody>
</table>

**Coverage Tests**

<table>
<thead>
<tr>
<th>Class</th>
<th>Required Interest Coverage Test until and including 16 December 2008</th>
<th>Required Interest Coverage Test after 16 December 2008</th>
<th>Par Value Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A Notes</td>
<td>105%</td>
<td>125%</td>
<td>166.78%</td>
</tr>
<tr>
<td>Class B Notes</td>
<td>105%</td>
<td>120%</td>
<td>134.36%</td>
</tr>
<tr>
<td>Class C Notes</td>
<td>105%</td>
<td>115%</td>
<td>121.21%</td>
</tr>
<tr>
<td>Class D Notes</td>
<td>101%</td>
<td>110%</td>
<td>114.12%</td>
</tr>
<tr>
<td>Class E Notes</td>
<td>101%</td>
<td>105%</td>
<td>109.94%</td>
</tr>
<tr>
<td>Additional Reinvestment Test</td>
<td>111.19%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Class E Par Value Ratio for the purposes of reinvestment after the Reinvestment Period</td>
<td>115.44%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Par Preservation Test – amount to be subtracted from paragraph (a) of Par Preservation Amount</td>
<td>€400,000,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Collateral Quality Tests**

<table>
<thead>
<tr>
<th>S&amp;P Minimum Weighted Average Recovery Rate Test – column selected</th>
<th>As per table set out in Portfolio Management Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody's Minimum Diversity Test – case selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Moody's Maximum Weighted Average Rating Factor Test – row and column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Moody's Minimum Weighted Average Recovery Rate Test – column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Minimum Spread Test – S&amp;P – row and column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Minimum Spread Test – Moody's – row and column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Maximum Weighted Average Life Test</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>S&amp;P Model Test</td>
<td>As set out in Portfolio Management Agreement</td>
</tr>
</tbody>
</table>

**Portfolio Profile Tests**

<p>| Maximum percentage of the Aggregate Collateral Balance which may consist of PIK Only Obligations, Zero Coupon Securities and Principal Protected Equity Obligations | 15% |
| Minimum percentage of the Aggregate Collateral Balance which may consist of Senior Secured Loans | 60% |</p>
<table>
<thead>
<tr>
<th>Aggregate Class A-1R Commitment</th>
<th>€50,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target Par Amount</td>
<td>€450,000,000</td>
</tr>
<tr>
<td><strong>Coverage Tests</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Required Interest Coverage Test until and including 16 December 2008</td>
</tr>
<tr>
<td>Class A Notes</td>
<td>105%</td>
</tr>
<tr>
<td>Class B Notes</td>
<td>105%</td>
</tr>
<tr>
<td>Class C Notes</td>
<td>105%</td>
</tr>
<tr>
<td>Class D Notes</td>
<td>101%</td>
</tr>
<tr>
<td>Class E Notes</td>
<td>101%</td>
</tr>
<tr>
<td>Additional Reinvestment Test</td>
<td>109.32%</td>
</tr>
<tr>
<td>Class E Par Value Ratio for the purposes of reinvestment after the Reinvestment Period</td>
<td>113.57%</td>
</tr>
<tr>
<td>Par Preservation Test – amount to be subtracted from paragraph (a) of Par Preservation Amount</td>
<td>€450,000,000</td>
</tr>
<tr>
<td><strong>Collateral Quality Tests</strong></td>
<td></td>
</tr>
<tr>
<td>S&amp;P Minimum Weighted Average Recovery Rate Test – column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Moody's Minimum Diversity Test – case selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Moody's Maximum Weighted Average Rating Factor Test – row and column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Moody's Minimum Weighted Average Recovery Rate Test – column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Minimum Spread Test – S&amp;P – row and column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Minimum Spread Test – Moody's – row and column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Maximum Weighted Average Life Test</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>S&amp;P Model Test</td>
<td>As set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td><strong>Portfolio Profile Tests</strong></td>
<td>As set out in Portfolio Management Agreement save to extent set out below</td>
</tr>
<tr>
<td>Maximum percentage of the Aggregate Collateral Balance which may consist of PIK Only Obligations, Zero Coupon Securities and Principal Protected Equity Obligations</td>
<td>15%</td>
</tr>
<tr>
<td>Minimum percentage of the Aggregate Collateral Balance which may consist of Senior Secured Loans</td>
<td>74%</td>
</tr>
<tr>
<td>Aggregate Class A-1R Commitment</td>
<td>€100,000,000</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Target Par Amount</td>
<td>€500,000,000</td>
</tr>
<tr>
<td><strong>Coverage Tests</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Required Interest Coverage Test until and including 16 December 2008</td>
</tr>
<tr>
<td>Class A Notes</td>
<td>105%</td>
</tr>
<tr>
<td>Class B Notes</td>
<td>105%</td>
</tr>
<tr>
<td>Class C Notes</td>
<td>105%</td>
</tr>
<tr>
<td>Class D Notes</td>
<td>101%</td>
</tr>
<tr>
<td>Class E Notes</td>
<td>101%</td>
</tr>
<tr>
<td>Additional Reinvestment Test</td>
<td>107.86%</td>
</tr>
<tr>
<td>Class E Par Value Ratio for the purposes of reinvestment after the Reinvestment Period</td>
<td>112.11%</td>
</tr>
<tr>
<td>Par Preservation Test – amount to be subtracted from paragraph (a) of Par Preservation Amount</td>
<td>€500,000,000</td>
</tr>
<tr>
<td><strong>Collateral Quality Tests</strong></td>
<td></td>
</tr>
<tr>
<td>S&amp;P Minimum Weighted Average Recovery Rate Test – column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Moody's Minimum Diversity Test – case selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Moody's Maximum Weighted Average Rating Factor Test – row and column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Moody's Minimum Weighted Average Recovery Rate Test – column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Minimum Spread Test – S&amp;P – row and column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Minimum Spread Test – Moody's – row and column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Maximum Weighted Average Life Test</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>S&amp;P Model Test</td>
<td>As set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td><strong>Portfolio Profile Tests</strong></td>
<td></td>
</tr>
<tr>
<td>Maximum percentage of the Aggregate Collateral Balance which may consist of PIK Only Obligations, Zero Coupon Securities and Principal Protected Equity Obligations</td>
<td>9.38%</td>
</tr>
<tr>
<td>Minimum percentage of the Aggregate Collateral Balance which may consist of Senior Secured Loans</td>
<td>85%</td>
</tr>
<tr>
<td>Aggregate Class A-1R Commitment</td>
<td>€150,000,000</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Target Par Amount</td>
<td>€550,000,000</td>
</tr>
</tbody>
</table>

**Coverage Tests**

<table>
<thead>
<tr>
<th>Notes</th>
<th>Required Interest Coverage Test until and including 16 December 2008</th>
<th>Required Interest Coverage Test after 16 December 2008</th>
<th>Par Value Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A Notes</td>
<td>105%</td>
<td>125%</td>
<td>135.67%</td>
</tr>
<tr>
<td>Class B Notes</td>
<td>105%</td>
<td>120%</td>
<td>119.41%</td>
</tr>
<tr>
<td>Class C Notes</td>
<td>105%</td>
<td>115%</td>
<td>112.05%</td>
</tr>
<tr>
<td>Class D Notes</td>
<td>101%</td>
<td>110%</td>
<td>107.87%</td>
</tr>
<tr>
<td>Class E Notes</td>
<td>101%</td>
<td>105%</td>
<td>105.44%</td>
</tr>
</tbody>
</table>

Additional Reinvestment Test: 106.99%

Class E Par Value Ratio for the purposes of reinvestment after the Reinvestment Period: 110.94%

Par Preservation Test – amount to be subtracted from paragraph (a) of Par Preservation Amount: €550,000,000

**Collateral Quality Tests**

- S&P Minimum Weighted Average Recovery Rate Test – column selected: As per table set out in Portfolio Management Agreement
- Moody's Minimum Diversity Test – case selected: As per table set out in Portfolio Management Agreement
- Moody's Maximum Weighted Average Rating Factor Test – row and column selected: As per table set out in Portfolio Management Agreement
- Moody's Minimum Weighted Average Recovery Rate Test – column selected: As per table set out in Portfolio Management Agreement
- Minimum Spread Test – S&P – row and column selected: As per table set out in Portfolio Management Agreement
- Minimum Spread Test – Moody’s – row and column selected: As per table set out in Portfolio Management Agreement
- Maximum Weighted Average Life Test: As per table set out in Portfolio Management Agreement
- S&P Model Test: As set out in Portfolio Management Agreement

**Portfolio Profile Tests**

- Maximum percentage of the Aggregate Collateral Balance which may consist of PIK Only Obligations, Zero Coupon Securities and Principal Protected Equity Obligations: 3.75%
- Minimum percentage of the Aggregate Collateral Balance which may consist of Senior Secured Loans: 94%
<table>
<thead>
<tr>
<th>Aggregate Class A-1R Commitment</th>
<th>€200,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target Par Amount</td>
<td>€600,000,000</td>
</tr>
<tr>
<td><strong>Coverage Tests</strong></td>
<td></td>
</tr>
<tr>
<td>Required Interest Coverage Test until and including 16 December 2008</td>
<td>Required Interest Coverage Test after 16 December 2008</td>
</tr>
<tr>
<td>Class A Notes</td>
<td>105%</td>
</tr>
<tr>
<td>Class B Notes</td>
<td>105%</td>
</tr>
<tr>
<td>Class C Notes</td>
<td>105%</td>
</tr>
<tr>
<td>Class D Notes</td>
<td>101%</td>
</tr>
<tr>
<td>Class E Notes</td>
<td>101%</td>
</tr>
<tr>
<td>Additional Reinvestment Test</td>
<td>105.74%</td>
</tr>
<tr>
<td>Class E Par Value Ratio for the purposes of reinvestment after the Reinvestment Period</td>
<td>109.99%</td>
</tr>
<tr>
<td>Par Preservation Test – amount to be subtracted from paragraph (a) of Par Preservation Amount</td>
<td>€600,000,000</td>
</tr>
<tr>
<td><strong>Collateral Quality Tests</strong></td>
<td></td>
</tr>
<tr>
<td>S&amp;P Minimum Weighted Average Recovery Rate Test – column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Moody's Minimum Diversity Test – case selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
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<tr>
<td>Moody's Maximum Weighted Average Rating Factor Test – row and column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Moody's Minimum Weighted Average Recovery Rate Test – column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Minimum Spread Test – S&amp;P – row and column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Minimum Spread Test – Moody's – row and column selected</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>Maximum Weighted Average Life Test</td>
<td>As per table set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td>S&amp;P Model Test</td>
<td>As set out in Portfolio Management Agreement</td>
</tr>
<tr>
<td><strong>Portfolio Profile Tests</strong></td>
<td></td>
</tr>
<tr>
<td>Maximum percentage of the Aggregate Collateral Balance which may consist of PIK Only Obligations, Zero Coupon Securities and Principal Protected Equity Obligations</td>
<td>0.00%</td>
</tr>
<tr>
<td>Minimum percentage of the Aggregate Collateral Balance which may consist of Senior Secured Loans</td>
<td>100%</td>
</tr>
</tbody>
</table>
DESCRIPTION OF THE PORTFOLIO MANAGEMENT AGREEMENT

The Portfolio Management functions described herein will be performed by the Portfolio Manager pursuant to authority granted to the Portfolio Manager by the Issuer under the Portfolio Management Agreement, subject to the overall discretion of the Issuer. The Portfolio Management Agreement contains procedures whereby any recommendation made by the Portfolio Manager to the Collateral Administrator, as agent on behalf of the Issuer, in relation to the acquisition, disposal, reinvestment and management of the Portfolio will be subject to a determination, in respect of certain matters, and confirmation in respect thereof being given by the Collateral Administrator and approval by the Trustee. Pursuant to the Portfolio Management Agreement, the Issuer has delegated and may delegate authority to the Portfolio Manager to carry out certain functions in relation to the Portfolio and the hedging arrangements without the requirement for specific approval by the Issuer, the Collateral Administrator or the Trustee.

The Portfolio Manager has agreed to perform the Portfolio Management and related functions described herein.

1. Fees

Subject to the Priorities of Payments, the Portfolio Manager shall be paid a Senior Portfolio Management Fee and a Subordinated Portfolio Management Fee on each Payment Date up to the Maturity Date (or, if earlier, the date upon which the Notes are to be redeemed in full). The Senior Portfolio Management Fee shall be equal to 0.10 per cent. per annum of the Average Aggregate Collateral Balance. The Subordinated Portfolio Management Fee is due and payable to the Portfolio Manager on each Payment Date in an amount equal to 19.50 per cent. of the cash flow, if any, available to the Subordinated Noteholders. Any value added tax in respect of the Senior Portfolio Management Fee or the Subordinated Portfolio Management Fee (whether payable to the Portfolio Manager or directly to the relevant Home Jurisdiction tax authority) shall be paid in the priority level as set forth in the Interest Proceeds Priority of Payments and/or Principal Proceeds Priority of Payments. Any amounts of due but unpaid Senior Portfolio Management Fees shall bear interest at a rate of EURIBOR plus 2 per cent. per annum, calculated on the basis of the actual number of days for which such fees are due but unpaid divided by 360.

2. Removal and Resignation

Under the Trust Deed in determining whether the holders of the requisite percentage of Subordinated Notes or Senior Outstanding Class have given such direction, Subordinated Notes or Notes of the Senior Outstanding Class owned by the Portfolio Manager or any of its Affiliates shall not be Outstanding.

Key Personnel Event

The Portfolio Manager may be removed upon 90 days' prior written notice by the Issuer or the Trustee, at the direction of or with the consent of the holders of the Subordinated Notes acting by Extraordinary Resolution in the event that:

(a) both Key Executives cease to have any significant involvement in the activities of the Portfolio Manager in respect of its services provided to the Issuer provided that the Portfolio Manager has not been replaced previously as portfolio manager by a person other than an Affiliate of the Portfolio Manager (such event, a "Key Personnel Event"); and

(b) no replacement personnel of the skill and experience, from internally within the Initial Portfolio Manager or hired externally, at least equivalent to that of a Key Executive in respect of management of the Portfolio, approved by: (i) the Subordinated Noteholders acting by Extraordinary Resolution, provided that the Subordinated Noteholders may not withhold their approval of replacement personnel if such replacement personnel would be reasonably acceptable to persons in the position of the Subordinated Noteholders as a class; and (ii) the Senior Outstanding Class acting by Ordinary Resolution, has been appointed within 60 days of the Key Personnel Event.

In this paragraph, a "Key Executive" means Jeremy Ghose and Paul Carman.

The Portfolio Manager shall within two Business Days of the occurrence of a Key Personnel Event provide written notice thereof to the Issuer, the Trustee and the holders of the Subordinated Notes and the Notes of the Senior Outstanding Class.

Removal without Cause

Under the Portfolio Management Agreement, the Portfolio Manager may be removed without cause upon 90 days' prior written notice by the Trustee acting upon the directions of the holders of the Class A-1 Notes acting by Ordinary Resolution, in the event the Class A Par Value Ratio is less than 100 per cent., and, if no Class A-1 Notes are Outstanding, by a vote of the holders of the Class A-2 Notes acting by Extraordinary Resolution in the event the Class A Par Value Ratio is less than 100 per cent., and, if no Class A Notes are Outstanding, by a vote of the
holders of the Class B Notes acting by Extraordinary Resolution, in the event that the Class B Par Value Ratio is
less than 100 per cent., and, if no Class A Notes or Class B Notes are Outstanding, by a vote of the holders of the
Class C Notes acting by Extraordinary Resolution, in the event the Class C Par Value Ratio is less than 100 per
cent., and, if no Class A Notes, Class B Notes or Class C Notes are Outstanding, by a vote of the holders of the
Class D Notes acting by Extraordinary Resolution, in the event that the Class D Par Value Ratio is less than 100
per cent., and, if no Class A Notes, Class B Notes, Class C Notes or Class D Notes are Outstanding, by a vote of
the holders of the Class E Notes acting by Extraordinary Resolution, in the event that the Class E Par Value Ratio
is less than 100 per cent.

For the purposes of removal without cause, paragraph (ii) of the definition of "Class A Par Value Ratio" shall be
increased by an amount equal to the amount that would be payable by the Issuer pursuant to the Deferred Fees and
Expenses Periodic Payment Letter in the event that there was to be a redemption of the Notes on such
Measurement Date.

**Removal for Cause**

In addition, the Portfolio Manager may be removed for cause upon ten Business Days' prior written notice to the
Portfolio Manager by the Trustee acting upon the instructions of an Extraordinary Resolution of the holders of the
Senior Outstanding Class or following redemption in full of the Class A-1 Notes, the instructions of an Ordinary
Resolution of the holders of each Class of Notes (acting independently) or by the Issuer (in its own discretion). In
determining whether the holders of the requisite percentage of Notes have given any such direction, notice or
consent, Notes owned by the Portfolio Manager or any of its Affiliates shall be disregarded and deemed not to be
Outstanding.

For purposes of the Portfolio Management Agreement, "cause" shall mean any one of the following events:

(a) wilful breach by the Portfolio Manager of any material obligation by which it is bound under or pursuant
to the terms of the Portfolio Management Agreement or the Trust Deed (unrelated to the economic
performance of the Collateral Obligations);

(b) breach by the Portfolio Manager of any provision of the Portfolio Management Agreement or the Trust
Deed applicable to it which breach (x) has a material adverse effect on Noteholders of any Class and (y)
if capable of being cured, is not cured within 30 days of the Portfolio Manager becoming aware of, or
receiving notice from, the Issuer or the Trustee of, such breach;

(c) the failure of any representation, warranty, certification or statement made or delivered by the Portfolio
Manager in or pursuant to the Portfolio Management Agreement or the Trust Deed to be correct in any
material respect when made and such failure (a) has a material adverse effect on the Noteholders of any
Class and (b) no correction is made for a period of 30 days after the Portfolio Manager becoming aware
of, or its receipt of notice from the Issuer or the Trustee of, such failure;

(d) (a) any procedure being commenced with a view to the winding-up or reorganisation of the Portfolio
Manager (except a voluntary liquidation for the purpose of a reconstruction or amalgamation upon terms
previously approved in writing by the Trustee) or with a view to the appointment of an administrator,
receiver or trustee in relation to the Portfolio Manager or any of its assets and such procedure or
appointment is likely to have a material adverse change in the financial condition or business of the
Portfolio Manager, (b) all or substantially all of the assets of the Portfolio Manager becoming subject to
attachment, sequestration or the execution of distress, (c) the Portfolio Manager becoming unable to pay
its debts within the meaning of section 123 of the Insolvency Act 1986 or admitting its inability to pay its
debts as and when they fall due or seeking a composition or arrangement with its creditors as a whole or
any class of them, or (d) there is a permanent material adverse change in the financial condition or
business of the Portfolio Manager which is likely to adversely affect the ability of the Portfolio Manager
to perform its obligations under this Agreement or under the Trust Deed; certain events of bankruptcy or
insolvency in respect of the Portfolio Manager;

(e) the occurrence of an Event of Default specified in paragraph (i) or (ii) of Condition 10(a) (**Events of
Default**) of the Notes and the Trustee is of the opinion that such Event of Default results from a breach
by the Portfolio Manager of its duties under the Portfolio Management Agreement;

(f) the Portfolio Manager or any of its senior executive officers being convicted by a court of competent
jurisdiction of any action that constitutes fraud or criminal activity whilst carrying out its portfolio
management activities; or

(g) the Portfolio Manager ceasing to be permitted to act as such under the laws of England and Wales or of
the Home Jurisdiction.
If any of the events specified above occur, the Portfolio Manager shall promptly give notice thereof to the Issuer, the Trustee, the Collateral Administrator, the Rating Agencies and the Noteholders upon the Portfolio Manager becoming aware of the same.

Notwithstanding anything to the contrary, the Portfolio Manager may not purchase or sell any Collateral Obligation, Equity Obligation or Equity OAT Strip at any time after it has received notice of its removal for cause pursuant to the terms of the Portfolio Management Agreement without the prior consent of the Senior Outstanding Class for so long as the Class A-1 Notes are the Senior Outstanding Class.

Resignation

The Portfolio Manager may resign upon 45 days written notice to the Issuer, the Collateral Administrator, the Trustee and the Class A-1 Noteholders.

Replacement Portfolio Manager

Notwithstanding the foregoing, no termination or resignation of the Portfolio Manager shall be effective unless and until a successor Portfolio Manager has agreed to assume all the duties and obligations arising out of the Portfolio Management Agreement and the Trust Deed, in accordance with the terms and conditions of the Portfolio Management Agreement and Rating Agency Confirmation has been received in respect thereof.

Upon any such removal or resignation of the Portfolio Manager or upon termination of the Portfolio Management Agreement while any of the Notes are outstanding, the Issuer shall appoint a successor portfolio manager which: (a) has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Portfolio Manager under the Portfolio Management Agreement, (b) is legally qualified and has the capacity to act as portfolio manager under the Portfolio Management Agreement, as successor to the Portfolio Manager in the assumption of all of the responsibilities, duties and obligations of the Portfolio Manager thereunder, (c) which shall not cause the Issuer or the Portfolio to be required to register under the provisions of the Investment Company Act, (d) which shall not cause the Issuer to be, or deemed to be, resident for tax purposes or be engaged or deemed to be engaged, in the conduct of a trade or business in any jurisdiction other than in its Home Jurisdiction, (e) has received Rating Agency Confirmation from S&P, and (f) notification of such successor portfolio manager has been provided to Moody's.

The Issuer shall appoint any successor Portfolio Manager that satisfies the foregoing tests and is proposed by the holders of more than 50 per cent. in aggregate Outstanding principal amount of the Subordinated Notes provided that the holders of more than 50 per cent. in aggregate Outstanding principal amount of the Senior Outstanding Class approve the appointment of such successor Portfolio Manager within 30 days of such appointment failing which, the Trustee shall be entitled (but not obliged) to appoint a successor portfolio manager (on behalf of the Issuer) (and shall incur no liability for failing to so appoint a Portfolio Manager) in each case, subject to the requirements relating to any successor portfolio manager in (a) to (f) (inclusive) in the paragraph above and subject to the Senior Outstanding Class, for as long as any Class A-1 Notes are the Senior Outstanding Class, approving the appointment of the successor portfolio manager within 30 days of such appointment. Where in such circumstances the Trustee fails to appoint a successor, the holders of the Senior Outstanding Class acting independently by Extraordinary Resolution, will be entitled to appoint a successor, subject to the requirements relating to any Successor Portfolio Manager referred to in (a) to (f) (inclusive) in the paragraph above.

Where (i) the appointment of the Portfolio Manager is terminated for fraud or criminal activity (as more particularly specified in the Portfolio Management Agreement) or (ii) the proposed replacement portfolio manager is an Affiliate of the Portfolio Manager, any Notes held by or on behalf of the Portfolio Manager and its Affiliates or by accounts over which any of them exercise discretionary voting authority will have no voting rights and be deemed not to be Outstanding for the purposes of any vote to appoint a replacement portfolio manager.

The Senior Portfolio Management Fee payable to any successor Portfolio Manager may be increased at the direction of the Senior Outstanding Class by an amount of up to 0.25 per cent. per annum of the Average Aggregate Collateral Balance as set out in the Portfolio Management Agreement and provided that Rating Agency Confirmation to any such increase has been received from Moody's.

Notes held by Portfolio Manager

The Portfolio Manager has undertaken to the Issuer in the Portfolio Management Agreement that, subject to all applicable laws and for so long as it or any of its Affiliates acts as Portfolio Manager to the Issuer it, or one or more of its Affiliates, will purchase and hold to maturity or earlier redemption, an interest in the Subordinated Notes in an initial principal amount of at least €5,000,000. Any Notes held by (or on behalf of) the Portfolio Manager, or one or more of its Affiliates thereof will have no voting rights with respect to any vote (or written direction or consent) in connection with (i) the removal of the Portfolio Manager on the occurrence of a Key Personnel Event, (ii) the removal of the Portfolio Manager for cause or (iii) the proposed replacement portfolio manager is an Affiliate of the Portfolio Manager and are not Outstanding in connection with any such vote;
provided, however, that any Notes held by the Portfolio Manager, or one or more of its Affiliates will, save as otherwise expressly provided, have voting rights (including in respect of written directions and consents) with respect to all other matters as to which Noteholders are entitled to vote, including, without limitation, any vote in connection with the appointment of a successor Portfolio Manager which is not Affiliated with the Portfolio Manager in accordance with the Portfolio Management Agreement.

On any vote of Noteholders in connection with a removal of the Portfolio Manager on the occurrence of a Key Personnel Event or for “cause”, the Portfolio Manager will notify the Trustee of what Notes it holds and undertakes that it will only vote in the circumstances described above.

3. **Delegation**

The obligations of the Portfolio Manager under the Portfolio Management Agreement may not be delegated, in whole or in part, without the prior written consent of the Issuer, the Trustee and, the holders of each Class of Notes acting by Ordinary Resolution except that the Portfolio Manager may delegate its obligations to an Affiliate or wholly owned subsidiary, with the consent of the Issuer and the Trustee only, provided that notwithstanding any such consent, no delegation of duties by the Portfolio Manager shall relieve it from any liability under the Portfolio Management Agreement as set out below. Where the consent of the holders of the Notes is sought, then in the case of each Class, voting separately, any Notes held by (but not on behalf of) the Portfolio Manager, or one or more of its Affiliates thereof shall be excluded.

4. **Liability of the Portfolio Manager**

The Portfolio Manager will agree in the Portfolio Management Agreement to perform its obligations under the Portfolio Management Agreement in good faith and execute a standard of care which the Portfolio Manager (and its Affiliates) exercises with respect to comparable assets and liabilities that it manages for itself and others (if any), in each case, in a manner consistent with practices and procedures generally followed by prudent institutional portfolio managers of international standing advising in respect of assets and liabilities similar in nature and character to those which comprise the Collateral, except as otherwise expressly provided in the Portfolio Management Agreement or the Trust Deed. The Portfolio Manager is exempted from liability arising out of or in connection with the performance of its duties under the Portfolio Management Agreement except by reason of acts or omissions constituting bad faith, wilful misconduct or negligence of the Portfolio Manager.
DESCRIPTION OF THE COLLATERAL ADMINISTRATOR, THE CALCULATION AGENT AND THE CLASS A-1R NOTE AGENT

General

The Bank of New York, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situate at One Wall Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situate at One Canada Square, London E14 5AL.

The Bank of New York is a leading provider of corporate trust and agency services. Global Corporate Trust services $11 trillion in outstanding debt for some 90,000 clients worldwide. The Bank is a recognised leader for trust services in several debt products, including corporate and municipal debt, mortgage-backed and asset-backed securities, derivative securities services and international debt offerings.

The Bank of New York Mellon Corporate (NYSE: BK) is a global financial services company focused on helping clients move and manage their financial assets, operating in 37 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset and wealth management, asset servicing, issuer services, and treasury services through a worldwide client-focused team. It has more than $18 trillion in assets under custody and administration and $1 trillion in assets under management, and it services more than $11 trillion in outstanding debt. Additional information is available at www.bnymellon.com.

Termination and Resignation of Appointment of the Collateral Administrator

The appointment of the Collateral Administrator may be terminated (a) without "cause" (as defined in the Portfolio Management Agreement) at any time upon 60 days' prior written notice by the Issuer or the Trustee at its discretion or acting upon the directions of the holders of each Class of Notes acting independently by Ordinary Resolution or (b) with "cause" at any time with immediate effect by the Issuer or the Trustee at its discretion or acting upon the directions of the holders of the Senior Outstanding Class acting by Extraordinary Resolution for as long as the Class A-1 Notes are the Senior Outstanding Class or upon redemption in full of the Class A-1 Notes, upon the direction of the holders of each Class of Notes acting independently by Ordinary Resolution. In addition the Collateral Administrator can resign its appointment without "cause" (as defined in the Portfolio Management Agreement) at any time with immediate effect on 90 days' written notice and with "cause" on 10 days' prior written notice. Notwithstanding the foregoing, no proposed termination or resignation of the Collateral Administrator will be effective until a successor collateral administrator has been appointed.

Responsibilities of the Calculation Agent

The Calculation Agent is responsible for, among other things, determining the Floating Rate of Interest applicable to each Class of Notes and calculating the Interest Amount payable in respect of each Class of Notes but excluding the Class A-1R Interest Amount, the Class A-1R Commitment Fee and the Class A-1R Make Whole Amount equal to the Minimum Denomination and Authorised Integral Amount applicable thereto for the relevant Accrual Period.

Termination and Resignation of Appointment of the Calculation Agent

Pursuant to the terms of the Agency Agreement, the appointment of the Calculation Agent may be terminated (a) by the Issuer on at least 45 days' prior notice, (b) on the insolvency of the Calculation Agent, (c) on the resignation of the Calculation Agent on at least 45 days' prior written notice and (d) with "cause" at any time by the Senior Outstanding Class acting by Extraordinary Resolution for as long as the Class A-1 Notes are the Senior Outstanding Class. In the case of (a) above, such notice shall not be effective until a new Calculation Agent approved by the Issuer has been appointed. In the case of (c) above, if a replacement Calculation Agent is required and has not been duly appointed by the tenth day before the expiration of such notice, the Calculation Agent may itself, with the prior written consent of the Issuer, appoint as its replacement any reputable and experienced financial institution.

Responsibilities of the Class A-1R Note Agent

The Class A-1R Note Agent is responsible for, among other things, the calculation of the Class A-1R Interest Amount, the Class A-1R Commitment Fee and each Class A-1R Note's proportionate share of any Class A-1R Make Whole Amount payable by the Issuer in respect of each Class A-1R Note on any Payment Date.
Termination and Resignation of Appointment of the Class A-1R Note Agent

Pursuant to the terms of the Agency Agreement, the appointment of the Class A-1R Note Agent may be terminated, amongst other things:

(a) on the resignation of the Class A-1R Note Agent on at least 45 days' prior written notice;

(b) by the Issuer or the Class A-1R Noteholders representing a majority of the sum of the Aggregate Class A-1R Commitment by delivery of a notice to the Class A-1R Note Agent, the Trustee, the Portfolio Manager, the Class A-1R Noteholders or the Issuer (as applicable); or

(c) by the Issuer or the Class A-1R Noteholders on the Class A-1R Note Agent becoming incapable of acting or on the insolvency of the Class A-1R Note Agent. Any such resignation or termination shall not be effective until replacement has been appointed.

If the Issuer fails to appoint a successor Class A-1R Note Agent within 45 days of the Class A-1R Note Agent's notice of resignation, removal or incapacity, a successor Class A-1R Note Agent may be appointed by the Class A-1R Note Agent with the approval of the Class A-1R Noteholders representing a majority of the sum of the Aggregate Class A-1R Commitment by notice delivered to the Issuer and the retiring Class A-1R Note Agent.
DESCRIPTION OF THE LIQUIDITY FACILITY AGREEMENT

Liquidity Facility Agreement

The Issuer, the Trustee, the Collateral Administrator, the Portfolio Manager and the Liquidity Facility Provider will enter into the Liquidity Facility Agreement on or about the Closing Date.

Commitment

The maximum amount of the Liquidity Facility at any time shall be an amount equal to the lesser of:

(a) €9,000,000;
(b) 1.5 per cent. of the Aggregate Collateral Balance at such time; and
(c) Accrued Collateral Debt Obligation Interest to the extent not scheduled to be paid during the Due Period in which the relevant Measurement Date occurs,

minus (i) any such Accrued Collateral Debt Obligation Interest to the extent that a Liquidity Drawing has already been made in respect thereof to the extent not repaid in full; and (ii) the sum of (x) amounts credited to the Interest Account pursuant to paragraph (5) of Condition 3(k)(iii) (Unused Proceeds Account) and paragraph (2) of Condition 3(k)(i) (Principal Account) minus (y) the sum of amounts withdrawn from the Interest Account pursuant to paragraph (2) of Condition 3(k)(ii) (Interest Account) (such amount the "Liquidity Facility Available Commitment").

Notwithstanding the fact that no further drawings may be made under the Liquidity Facility Agreement after the expiry of the Liquidity Facility Commitment Period (save unless otherwise agreed by the Liquidity Provider in the case of the refinancing of a drawing initially made during such period), it is possible that drawings could remain outstanding for up to six months following the end of the Liquidity Facility Commitment Period (or longer if agreed by the Liquidity Facility Provider in writing).

Drawings and Repayments

Each drawdown under the Liquidity Facility Agreement shall be subject to the following conditions precedent (among others):

(a) no default under the Liquidity Facility is outstanding; and
(b) no Event of Default has occurred and is continuing.

Each drawdown under the Liquidity Facility Agreement shall have an interest period (as selected by the Issuer or the Portfolio Manager, acting on its behalf) of one, three or six months (or such shorter period as may be agreed) and shall be repayable upon expiry thereof. Pursuant to the Liquidity Facility Agreement, the Issuer may redraw one or more times, as applicable, an amount thereunder to refinance any drawdown, subject to the amount of such advance not exceeding the lesser of (i) the amount of the applicable original drawdown and (ii) the Liquidity Facility Available Commitment.

In addition to the mandatory repayment of any advance drawn down under the Liquidity Facility upon expiry of the interest period applicable thereto, the Issuer shall also be required to repay all amounts outstanding under the Liquidity Facility on, inter alia, the earlier to occur of the Maturity Date and the date on which all moneys and other liabilities owed by the Issuer to the Trustee or the Noteholders under the Notes have been paid in full in accordance with the Priorities of Payment.

The Issuer may also, at its discretion, repay some or all principal amount of any advance drawn under the Liquidity Facility together with interest thereon at any time other than a Payment Date out of funds standing to the credit of the Liquidity Payment Account (as described below) save that where such payment is made otherwise than on the expiry of any designated interest period, breakage costs may be payable.

Priority of Amounts Due to the Liquidity Facility Provider under the Liquidity Facility Agreement

Pursuant to the Priorities of Payment interest, commitment fees and principal amounts due and payable under the Liquidity Facility will rank prior to all amounts payable in respect of the Notes. All other amounts payable under the Liquidity Facility Agreement such as expenses and indemnification amounts will constitute Administrative Expenses.
Covenants and Obligations

The Issuer has further agreed to credit the account (the "Liquidity Payment Account") held at the Account Bank with amounts referred to in paragraphs (A) and (D) of Condition 3(k)(ii) (Interest Account) promptly upon receipt thereof to the extent necessary to procure that the Balance standing to the credit of the Liquidity Payment Account is equal to the principal amount of all Outstanding Liquidity Drawings and any Liquidity Facility Interest Amounts accrued thereon. Subject to certain conditions, the Issuer shall procure that on any date (other than a Payment Date) on which it elects to make a payment in respect of the advance outstanding and the accrued interest thereon, an amount up to the Balance standing to the credit of the Liquidity Payment Account be withdrawn and paid directly to the Liquidity Facility Provider.

Liquidity Facility Event of Default

Upon the occurrence of, inter alia, (i) the Issuer failing to pay any amount due under the Liquidity Facility Agreement on its due date provided that where any non payment is a result of a technical problem, such failure continues for a period of three Business Days of its due date; (ii) the Issuer becoming subject to insolvency proceedings; (iii) a note acceleration notice in respect of the Notes being delivered, (iv) it becoming unlawful for the Issuer to perform any of its obligations under the Liquidity Facility Agreement; or (v) the Issuer failing to comply, inter alia, with any of its material obligations pursuant to the Liquidity Facility Agreement where such failure has a material adverse effect on the Liquidity Facility Provider's ability to perform its obligations under the Liquidity Facility Agreement, the Liquidity Facility Provider may (a) demand that all or part of the Liquidity Facility, together with accrued interest, and all other amounts accrued under the Liquidity Facility Agreement be immediately due and payable, whereupon they shall become immediately due and payable; (b) demand that all or part of the Liquidity Facility be repayable on demand, whereupon it shall immediately become repayable on demand; and/or (c) cancel all or part of its commitment.

Transfer

The Liquidity Facility Provider may transfer its interest under the Liquidity Facility Agreement provided the transferee is a financial institution and the prior consent of the Portfolio Manager (on behalf of the Issuer) and the Trustee is obtained.
DESCRIPTION OF THE LIQUIDITY FACILITY PROVIDER

Merrill Lynch International ("MLI") was incorporated under the laws of England and Wales on 2 November 1988 and its registered address is Merrill Lynch Financial Centre, 2 King Edward, St., London EC1A 1HQ.

MLI provides comprehensive investment, financing and related services to sovereign governments, corporations and other institutional clients and is engaged in the trading and dealing of equities, debt instruments, derivatives, currencies and other global traded securities, in the normal course of its business it acts as a counterparty for certain derivative financial products including interest rate and currency swaps, caps and floors, currency options and credit derivatives. In the normal course of its business, MLI enters into repurchase and resale agreements with certain affiliated companies. MLI maintains positions in interest-bearing securities, financial futures and forward contacts primarily to hedge its exposures. MLI is regulated by the United Kingdom Financial Services Authority.
HEDGING ARRANGEMENTS

The following is a summary of the principal terms of (a) the initial interest rate and currency hedging arrangements to be entered into by the Issuer on the Closing Date and (b) the interest rate and currency hedge procedures to be followed after the Closing Date, each as set out in more detail in the Hedge Agreements. The following is a summary only and should not be relied upon as an exhaustive description of the detailed provisions of such documents.

1. Currency Hedging

General

The Portfolio Manager (acting on behalf of the Issuer) shall only enter into and modify all Derivative Agreements in good faith and shall not use any Derivative Agreement to advance or delay the application of Interest Proceeds or Principal Proceeds (as applicable) in accordance with Condition 3(c)(i) (Application of Interest Proceeds) and Condition 3(c)(ii) (Application of Principal Proceeds) except to the extent required to appropriately hedge Collateral Debt Obligations.

Asset Swap Transactions

The Issuer (or the Portfolio Manager (on behalf of the Issuer)) may purchase Non-Euro Obligations, provided that either:

(a) if the Non-Euro Obligation was denominated in Sterling or U.S. Dollars and was a Primary Market Collateral Debt Obligation when acquired by the Issuer and the Par Value Tests were satisfied immediately following the acquisition thereof by the Issuer, upon such Non-Euro Collateral Debt Obligation ceasing to be a Primary Market Collateral Debt Obligation; or

(b) if the Non-Euro Obligation was not denominated in U.S. Dollars or Sterling or was not a Primary Market Collateral Debt Obligation when acquired by the Issuer or the Par Value Tests were not satisfied immediately following the acquisition thereof by the Issuer, not later than on or around the settlement date of the acquisition thereof,

the Issuer (or the Portfolio Manager (on behalf of the Issuer)) enters into an Asset Swap Transaction with an Asset Swap Counterparty that satisfies the applicable Rating Requirement and which has the regulatory capacity, as a matter of Irish law, to enter into derivatives transactions with Irish residents and pursuant to the terms of which the initial principal exchange is made to fund the Issuer's acquisition of the related Non-Euro Obligation and the final and, if applicable, interim principal exchanges are made to convert the principal proceeds received in respect thereof at maturity and prior to maturity, respectively and coupon exchanges are made at the exchange rate specified for such transaction and provided further that the Aggregate Principal Balance of Unhedged Collateral Debt Obligations shall not exceed five per cent. of the Aggregate Collateral Balance at any time. In the event that the Coverage Tests are not satisfied, the Portfolio Manager shall procure the entry by the Issuer into Asset Swap Transactions in respect of any Unhedged Collateral Debt Obligations as soon as practicable. The entry into any Asset Swap Transaction shall, save in the case of Form-Approved Asset Swaps (save for in relation to PIK Only Obligations which must be approved by Moody's), be subject to receipt of Rating Agency Confirmation and shall in addition be subject to there being no withholding or deduction for or on account of any tax required in respect of any payments by either party to such Asset Swap Transaction at the time of entry into such transaction.

Interest accrued on any PIK Only Obligation or Zero Coupon Security may be the subject of an Asset Swap Transaction to the extent accrued prior to the date of acquisition thereof, but not to the extent accrued at any time thereafter.

The Portfolio Manager (acting on behalf of the Issuer) shall convert all amounts received by it in respect of any Unhedged Collateral Debt Obligation which is not the subject of a related Asset Swap Transaction into Euro promptly upon receipt thereof at the then prevailing Spot Rate and shall procure that such amounts are paid into the Principal Account or the Interest Account, as applicable, determined by reference to the nature of the payments so received.

Replacement Asset Swap Transactions

In the event that any Asset Swap Transaction terminates in whole at any time in circumstances in which the applicable Asset Swap Counterparty is the "Defaulting Party" or sole "Affected Party" (each as defined in the applicable Asset Swap Agreement) the Issuer, or the Portfolio Manager on its behalf, shall enter into a Replacement Asset Swap Transaction within 30 days of the termination thereof with a counterparty on substantially similar terms and having a substantially similar economic effect as the Asset Swap Transaction that is being replaced which (or whose guarantor) satisfies the applicable Rating Requirement and which has the
regulatory capacity, as a matter of the law of the Home Jurisdiction, to enter into derivatives transactions with residents of the Home Jurisdiction.

In the event of termination of an Asset Swap Transaction in the circumstances referred to above, any Asset Swap Counterparty Termination Payment will be paid into the Asset Swap Termination Account and shall be applied towards the costs of entry into a Replacement Asset Swap Transaction, together with, where necessary, Interest Proceeds and/or Principal Proceeds that are available for such purpose on any Payment Date pursuant to the Priorities of Payments, subject to receipt of Rating Agency Confirmation, save:

(a) where the Issuer or the Portfolio Manager on its behalf, determines not to replace such Asset Swap Transaction and Rating Agency Confirmation is received in respect of such determination; or

(b) where termination of the Asset Swap Transaction occurs on a Redemption Date pursuant to Conditions 7(a) (Final Redemption), 7(b) (Redemption at the Option of the Subordinated Noteholders) or 10 (Events of Default); or

(c) to the extent that such Asset Swap Counterparty Termination Payment is not required for application towards the costs of entry into such Replacement Asset Swap Transaction,

in which event such Asset Swap Counterparty Termination Payment shall be paid into the Principal Account and shall constitute Unscheduled Principal Proceeds.

In the event that the Issuer receives any Asset Swap Replacement Receipt upon entry into a Replacement Asset Swap Transaction, such amount shall be paid into the Principal Account and applied directly by the Portfolio Manager (acting on behalf of the Issuer) in payment of any Asset Swap Issuer Termination Payment payable upon termination of the Asset Swap Transaction being so replaced. To the extent not fully paid out of Asset Swap Replacement Receipts, any Asset Swap Issuer Termination Payment payable by the Issuer shall be paid to the applicable Asset Swap Counterparty on the next Payment Date in accordance with the Priorities of Payments. To the extent not required for making any such Asset Swap Issuer Termination Payment, such Asset Swap Replacement Receipts shall be paid into the Principal Account and shall constitute Unscheduled Principal Proceeds.

Subject to sub-paragraph (a) above, in the event that a Replacement Asset Swap Transaction cannot be entered into in such circumstances, the Portfolio Manager, acting on behalf of the Issuer, shall sell the applicable Non-Euro Obligation, pay the proceeds thereof to the applicable Asset Swap Counterparty, to the extent required pursuant to the terms of such Asset Swap Transaction and/or to the extent not so required, shall convert all or part of such proceeds, as applicable, into Euro at the then prevailing Spot Rate and shall pay them into the Principal Account. In the event that such proceeds are insufficient to pay any Asset Swap Issuer Termination Payments in full, such amount, including any Defaulted Hedge Termination Payment, shall be paid out of Interest Proceeds and/or Principal Proceeds on the next following Payment Date in accordance with the Priorities of Payments.

2. Interest Rate Hedge Transactions

Initial Interest Rate Hedge Transaction

The Issuer (or the Portfolio Manager (on behalf of the Issuer)) may from time to time, enter into an Interest Rate Hedge Transaction. The Issuer (or the Portfolio Manager on its behalf) may enter into any additional Interest Rate Hedge Transactions from time to time in order to hedge any floating/fixed rate or reference index basis mismatches between the Notes (other than the Subordinated Notes) and the Collateral Debt Obligations, subject to the receipt of Rating Agency Confirmation in respect thereof and provided that the Interest Rate Hedge Counterparty satisfies the applicable Rating Requirement and has the regulatory capacity, as a matter of the law of the Home Jurisdiction, to enter into derivatives transactions with residents of the Home Jurisdiction.

Replacement Interest Rate Hedge Transactions

In the event that an Interest Rate Hedge Transaction terminates in whole at any time in circumstances which the applicable Interest Rate Hedge Counterparty is the "Defaulting Party" or sole "Affected Party" (each such term as defined in the applicable Interest Rate Hedge Agreement), the Issuer, or the Portfolio Manager on its behalf, shall enter into a Replacement Interest Rate Hedge Transaction within 30 days of termination thereof with an Interest Rate Hedge Counterparty on substantially similar terms and having a substantially similar economic effect as the Interest Rate Hedge Transaction that is being replaced which satisfies the applicable Ratings Requirement and which has the regulatory capacity, as a matter of the law of the Home Jurisdiction, to enter into derivatives transactions with residents of the Home Jurisdiction.
3. **Standard Terms of Hedge Agreements**

Each Hedge Agreement entered into by or on behalf of the Issuer pursuant to the Portfolio Management Agreement shall contain the following standard provisions, save to the extent agreed otherwise by the Issuer, the applicable Hedge Counterparty and the Portfolio Manager and subject to receipt of Rating Agency Confirmation in respect thereof.

**Calculation Agent:** The Hedge Counterparty under each Hedge Agreement shall be the Calculation Agent thereunder unless the Hedge Counterparty is the Defaulting Party or sole Affected Party, in which case the Calculation Agent shall be the Issuer.

**Netting:** Payment netting shall only be permitted in respect of the same Hedge Transaction.

**Gross Up:** Under each Hedge Agreement neither the Issuer nor the applicable Hedge Counterparty will be obliged to gross up any payments thereunder in the event of any withholding or deduction required thereon. Any such event will, however, result in a "Tax Event" (as defined in such Hedge Agreement) which is a "Termination Event" for the purposes of each Hedge Agreement. In the event of the occurrence of a Tax Event, the Hedge Agreement includes provision for the relevant Affected Party (as defined therein) to use all reasonable commercial efforts to transfer its obligations under such Hedge Agreement to an Affiliate (as defined in such Hedge Agreement) (in the case of the Hedge Counterparty) or to an entity incorporated in an alternative jurisdiction (in the case of the Issuer) subject to satisfaction of the conditions specified therein.

**Limited Recourse:** The obligations of the Issuer under each Hedge Agreement will be limited to the proceeds of enforcement of the Collateral (other than any Excess Swap Collateral) as applied in accordance with the Priorities of Payments set out in Condition 3(c) (Priorities of Payments).

**Termination Provisions:** Under each Hedge Agreement, the Issuer (or the Portfolio Manager on its behalf) will be able to terminate such Hedge Agreement if there is an Event of Default or a Termination Event (each as defined in such Hedge Agreement and described below) with respect to the applicable Hedge Counterparty and such Hedge Counterparty will be able to terminate such Hedge Agreement if there is an Event of Default or a Termination Event (as defined in such Hedge Agreement and as described below) with respect to the Issuer. Some Termination Events may apply both to the Issuer and the Hedge Counterparty allowing either to terminate. Each Hedge Agreement contains events of default and termination events based on those commonly found in standard ISDA documentation save for (i) the disapplication as regards both parties of the Events of Default relating to "Default under Specified Transaction" and "Cross Default", (ii) the disapplication as regards the Issuer only of the Events of Default relating to "Breach of Agreement", "Credit Support Default", "Merger Without Assumption" and "Misrepresentation" and (iii) the disapplication as regards both parties of the Termination Event relating to "Credit Event Upon Merger".

In addition, each Hedge Agreement shall contain the following "Additional Termination Events":

- (a) an Event of Default has occurred in respect of the Notes and the Trustee has taken Enforcement Action, for the purposes of which the Hedge Counterparty may designate an early termination date thereunder;
- (b) the Notes are redeemed in whole prior to their stated maturity (otherwise than as a result of an Event of Default thereunder), for the purposes of which the Hedge Agreement shall be deemed to terminate automatically in full on the Redemption Date of the Notes;
- (c) any modification of the Priorities of Payments without the prior written consent of the Hedge Counterparty which is materially prejudicial to the Hedge Counterparty (in its capacity as such) with respect to its position in the Priorities of Payments, and the payment obligations in priority thereto or pari passu therewith as an "Hedge Counterparty"; and
- (d) failure by the Hedge Counterparty to take any action required under the "Rating Downgrade Requirements" described below, unless Rating Agency Confirmation has been received by the Trustee notwithstanding such failure, following which the Issuer may designate an early termination date thereunder.

For the purposes of the Additional Termination Events, specified in paragraphs (a), (b) and (c) above, the Issuer shall be the sole "Affected Party" (as defined in the applicable Hedge Agreement) and for the purposes of that specified in paragraph (d) above, the applicable Hedge Counterparty shall be the sole "Affected Party" (as defined in the applicable Hedge Agreement). The Issuer has in the Portfolio Management Agreement delegated the exercise of its right to designate an early termination date upon an Event of Default or Termination Event under any Hedge Agreement, to the Portfolio Manager together with all other rights in respect thereof, including, to the extent applicable, the calculation of any Hedge Counterparty Termination Payment.
Upon the occurrence of any Event of Default or Termination Event (each as defined in the applicable Hedge Agreement), a Hedge Agreement may be terminated by the Hedge Counterparty or the Issuer or the Portfolio Manager on its behalf in accordance with the detailed provisions thereof and a lump sum may become payable by the Issuer to the applicable Hedge Counterparty or vice versa. Such lump sum will be determined by the applicable Hedge Counterparty and/or Issuer (or the Portfolio Manager on its behalf) by reference to market quotations obtained in respect of the entry into a replacement swap(s) on the same terms as that terminated or as otherwise described in the applicable Hedge Agreement or, to the extent that such determination does not produce a commercially reasonable result, any loss suffered by a party.

**Rating Downgrade Requirements**

In the event that any Rated Notes remain Outstanding and the applicable ratings of the Interest Rate Hedge Counterparty or any Asset Swap Counterparty (each, a "Swap Counterparty") at any time fall below the applicable Rating Requirement or are withdrawn, the applicable Swap Counterparty shall, within the relevant period specified in the relevant Hedge Agreement, take such steps (such as the posting of collateral with the Issuer or the transfer of its rights and obligations under the Interest Rate Hedge Transaction or any Asset Swap Transaction to which it is party (each a "Swap Transaction") to another entity) as required by the terms of the relevant Swap Transaction.

**Transfer and Modification**

The Issuer may not modify any Hedge Transaction or Hedge Agreement without Rating Agency Confirmation in relation to such modification, save in the case of any Hedge Transaction to the extent that it would constitute a Form-Approved Hedge following such modification. A Hedge Counterparty may transfer its rights and obligations in accordance with the provisions of the Hedge Agreement to any institution which (or whose credit support provider (as defined in the applicable Hedge Agreement)) satisfies the applicable Rating Requirement and provided that such institution has the regulatory capacity, as a matter of the law of the Home Jurisdiction, to enter into derivatives transactions with residents of the Home Jurisdiction.

**Governing Law**

Each Hedge Agreement together with each Hedge Transaction thereunder will be governed by, and construed in accordance with, the laws of England.

**Rights of Portfolio Manager**

The Portfolio Manager shall be entitled to exercise, on behalf of the Issuer, but subject to the Portfolio Manager not having received any written instructions from the Issuer to the contrary, any right granted to the Issuer in connection with any Hedge Transaction in accordance with the terms of such Hedge Transaction.
DESCRIPTION OF THE REPORTS

Terms used and not otherwise defined herein or in this Prospectus as specifically referenced herein shall have the meaning given to them in Condition 1 (Definitions) of the Terms and Conditions of the Notes.

1. Monthly Reports

The Collateral Administrator, not later than the 15th Business Day after the last calendar day of each month (save in respect of any month for which a Payment Date Report has been prepared) (or if such day is not a Business Day, the immediately following Business Day) on behalf, and at the expense, of the Issuer and in consultation with the Portfolio Manager, shall compile and provide to the Issuer, the Trustee, the Portfolio Manager, the Initial Purchaser and each Rating Agency and, upon written request therefor in the form set out in the Agency Agreement certifying that it is a holder of a beneficial interest in any Note, to such holder, a monthly report and in each case only to the extent that information has been provided to the Collateral Administrator (in respect of a holder of any Rated Notes, the "Rated Notes Monthly Report" or a "Monthly Report"), which shall contain the information set out below with respect to the Portfolio, determined by the Collateral Administrator as of the last Business Day of the month in consultation with the Portfolio Manager. The first such Monthly Report will be distributed by the Collateral Administrator not later than the 15th Business Day in March 2008. The information in any Monthly Report shall be made available to Noteholders, Intex Solutions, Inc., the Securities Industry and Financial Markets Association at https://sfr.bankofny.com. Each Rated Notes Monthly Report produced shall also contain a commentary provided by the Portfolio Manager with respect to the performance of the Portfolio. For the avoidance of doubt, there will not be more than ten Monthly Reports per calendar year. The monthly reports shall contain the following information:

Portfolio

(a) the Aggregate Principal Balance of the Collateral Obligations;

(b) in respect of each Collateral Debt Obligation and to the extent applicable each Principal Protected Equity Obligation, its Principal Balance, annual interest rate, Stated Maturity, Obligor, Obligor's principal place of business or significant operations (determined on the same basis as for paragraph (c) of the Eligibility Criteria), S&P Rating (other than any confidential credit estimate), Moody's Rating (other than any confidential credit estimate), its S&P Industry Category, and Moody's industrial classification group;

(c) the number, identity and, if applicable, Principal Balance of, respectively, any Collateral Obligations, Collateral Enhancement Obligations, Special Situation Investments or Exchanged Equity Securities that were released for sale or other disposition (specifying the reason for such sale or other disposition and the section in the Portfolio Management Agreement pursuant to which such sale or other disposition was made), the Aggregate Principal Balances of Collateral Obligations released for sale or other disposition at the Portfolio Manager's discretion (expressed as a percentage of the Aggregate Collateral Balance measured at the date of determination of the last Monthly Report) and the sale price thereof and identity of any of the purchasers thereof (if any) that are Affiliated with the Portfolio Manager;

(d) the number, identity and, if applicable, Principal Balance of, respectively, any Collateral Obligations, Collateral Enhancement Obligations, Special Situation Investments or Exchanged Equity Securities acquired by the Issuer since the date of determination of the last Monthly Report, whether such obligation is a Substitute Collateral Obligation, and, if so, details of the section of the Portfolio Management Agreement pursuant to which it is being purchased, the purchase price thereof, any Purchased Accrued Interest and/or fees received in connection with such acquisition and the identity of the sellers thereof (if any) that are Affiliated with the Portfolio Manager;

(e) subject to any confidentiality obligations binding on the Issuer and any restrictions imposed by applicable law, the identity of each Collateral Obligation which became a Defaulted Obligation or in respect of which an Exchanged Equity Security has been received since the date of determination of the last Monthly Report;

(f) the Aggregate Principal Balance of Collateral Debt Obligations which were upgraded or downgraded since the most recent Monthly Report and of which the Collateral Administrator or the Portfolio Manager has actual knowledge;

(g) in respect of each Collateral Obligation that has been sold since the date of the previous report, its original acquisition price and the sale price of such Collateral Obligation together with, in each case, details of accrued interest (if any) and any premium or discount included therein;

(h) a maturity profile in respect of the Portfolio;
(i) the approximate market value (as determined by the Portfolio Manager in its reasonable business judgment) of each Collateral Obligation and each Collateral Enhancement Obligation as of the preceding month-end;

(j) the Aggregate Principal Balance and identity of Collateral Debt Obligations that are Current Pay Obligations;

(k) the Aggregate Principal Balance and identity of Collateral Debt Obligations that are CCC Obligations;

(l) the Aggregate Principal Balance and identity of Collateral Debt Obligations that are Discount Obligations;

(m) in relation to any Collateral Debt Obligations which are subject to withholding tax on payments, any applicable rate of withholding tax on payments under such Collateral Debt Obligations and whether or not such withholding tax was factored into the purchase price paid by the Issuer for such Collateral Debt Obligation;

(n) the Aggregate Principal Balance and identity of Collateral Debt Obligations that are Special Situation Investments;

(o) the Aggregate Principal Balance and identity of Collateral Debt Obligations that are Offsetting Credit Default Swaps;

(p) the Aggregate Principal Balance and identity of Collateral Debt Obligations that are Credit Short Obligations;

(q) the Aggregate Principal Balance and identity of Collateral Debt Obligations that may be lent subject to securities lending agreements; and

(r) the Aggregate Principal Balance and identity of Collateral Debt Obligations that pay interest less frequently than semi-annually.

Liquidity Facility

(a) the principal amount of any Liquidity Drawing;

(b) the aggregate amount owing under the Liquidity Facility Agreement on the immediately preceding Payment Date; and

(c) the undrawn amount of the Liquidity Facility.

Accounts

(a) the Balances standing to the credit of each of the Accounts (including the opening and closing Balances of such Accounts at the beginning and end, respectively, of such period) and the credits to and debits from such Accounts and the amount of any monies redirected to any Special Situation Investments; and

(b) the purchase price, principal amount, redemption price, annual interest rate, maturity date and Obligor under each Eligible Investment purchased from funds in the Accounts; and

(c) the total amount received in respect of Principal Protected Equity Obligations credited to the Principal Account in accordance with paragraphs (B) and (C) of Condition 3(k)(i) (Principal Account) and the total amount applied in accordance with paragraph (5) of Condition 3(k)(i) (Principal Account).

Interest Rate Hedge Transactions, Asset Swap Transactions, Offsetting Credit Default Swaps and Credit Short Obligations

(a) the outstanding Notional Amount (as defined therein) of each Interest Rate Hedge Transaction, Asset Swap Transaction, Credit Short Obligation and each Offsetting Credit Default Swap;

(b) the amounts scheduled to be received and paid by the Issuer pursuant to each Interest Rate Hedge Transaction, Asset Swap Transaction, Credit Short Obligation and Offsetting Credit Default Swap on or before the next Payment Date (distinguishing between different types of payment thereunder); and

(c) the then current S&P and Moody's Rating of each Interest Rate Hedge Counterparty, Asset Swap Counterparty, Credit Short Obligation Counterparty and Offsetting Credit Default Swap Counterparty.
**Currency Options**

(a) the outstanding Notional Amount (as defined therein) of each currency option;

(b) the maturity date of each currency option;

(c) the strike price of each currency option;

(d) in relation to each currency option exercised, the date of exercise, the spot foreign exchange rate at the time of exercise and the aggregate premium received; and

(e) in relation to each currency option, the premium paid or payable by the Issuer (both upfront and ongoing);

**Coverage Tests and Collateral Quality Tests**

(a) a statement as to whether each of the Class A Par Value Test, the Class B Par Value Test, the Class C Par Value Test, the Class D Par Value Test and the Class E Par Value Test for the applicable Leverage Scenario Grid is satisfied and details of the relevant Par Value Ratios;

(b) a statement as to whether each of the Class A Interest Coverage Test, the Class B Interest Coverage Test, the Class C Interest Coverage Test, the Class D Interest Coverage Test and the Class E Interest Coverage Test for the applicable Leverage Scenario Grid is satisfied and details of the relevant Par Value Ratios;

(c) for each Monthly Report prepared during the Reinvestment Period, a statement as to whether the CDO Monitor Test is satisfied and details of the applicable Loss Differential in respect of each Class of Notes;

(d) the S&P Average Recovery Rate for the applicable Leverage Scenario Grid and a statement as to whether the S&P Minimum Weighted Average Recovery Rate Test is satisfied;

(e) the Diversity Score for the applicable Leverage Scenario Grid and, for each Monthly Report prepared during the Reinvestment Period, a statement as to whether the Moody's Minimum Diversity Test is satisfied;

(f) the Moody's Weighted Average Rating for the applicable Leverage Scenario Grid and a statement as to whether the Moody's Weighted Average Rating Test is satisfied;

(g) the Moody's Weighted Average Recovery Test for the applicable Leverage Scenario Grid and a statement as to whether the Moody's Weighted Average Recovery Test is satisfied;

(h) the Weighted Average Spread for the applicable Leverage Scenario Grid and a statement as to whether the Minimum Spread Test is satisfied;

(i) the Maximum Weighted Average Life and a statement as to whether the Maximum Weighted Average Life Test is satisfied; and

(j) a copy of each Leverage Scenario Grid, including a statement as to which Leverage Scenario Grid is applicable as at the date of the Monthly Report.

**Portfolio Profile Tests**

(a) in respect of each Portfolio Profile Test, a statement as to whether such test is satisfied, together with details of the result of the calculations required to be made in order to make such determination which details shall include the applicable numbers, levels and/or percentages resulting from such calculations; and

(b) the identity and S&P Rating and Moody's Rating of each Selling Institution (other than any confidential credit estimates), together with any changes in the identity of such entities since the date of determination of the last Monthly Report and details of the aggregate amount of Participations entered into with each such entity.

**Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class P Combination Notes**

(a) The Interest Amounts payable in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes on the next Payment Date; and

(b) the Rated Balance of the Class P Combination Notes.
Payment Date Payments

The amounts payable pursuant to paragraphs (A), (C) and (D) of the Collateral Enhancement Obligation Proceeds Priority of Payments.

Additional Reinvestment Test

A statement as to whether the Additional Reinvestment Test is satisfied and the applicable Reinvestment Ratio.

Principal Protected Equity Obligations

(a) the amount of Principal Protected Equity Obligation Principal Proceeds standing to the credit of the Principal Account;
(b) the amount applied pursuant to paragraph (4) of Condition (3(k)(i) (Principal Account) in the purchase of Principal Protected Equity Obligations which remains in the Portfolio since the date of the previous Monthly Report (or the Closing Date in the case of the first Monthly Report);
(c) the Principal Protected Equity Obligation Ledger Required Balance; and
(d) the Principal Protected Equity Obligation Ledger Deficiency (if any)

2. Payment Date Report

The Collateral Administrator, on behalf, and at the expense, of the Issuer and in consultation with the Portfolio Manager, shall render an accounting report (the "Payment Date Report"), prepared and determined as of each Determination Date, and delivered to the Portfolio Manager, the Issuer, the Trustee, the Initial Purchaser, any holder of a beneficial interest in any Note (upon written request therefor in the form set out in the Agency Agreement certifying that it is such a holder) and each Rating Agency not later than the third Business Day preceding the related Payment Date. Upon receipt of each Payment Date Report, the Collateral Administrator, in the name and at the expense of the Issuer, shall notify the Irish Stock Exchange of the Principal Amount Outstanding of each Class of Notes after giving effect to the principal payments, if any, on the next Payment Date.

The information in any Payment Date Report shall be made available to Noteholders, Intex Solutions, Inc. and the Securities Industry and Financial Markets Association at https://sfr.bankofny.com. The Payment Date Report shall contain the following information:

Portfolio

(a) the Aggregate Principal Balance of the Collateral Obligations as of the close of business on such Determination Date, after giving effect to (A) Principal Proceeds received on the Collateral Debt Obligations with respect to the related Due Period and the reinvestment of such Principal Proceeds in Substitute Collateral Obligations during such Due Period and (B) the disposition of any Collateral Obligations during such Due Period;
(b) a list of, respectively, the Collateral Obligations and Collateral Enhancement Obligations indicating the Principal Balance and Obligor of each;
(c) the Principal Proceeds received during the related Due Period;
(d) the Interest Proceeds received during the related Due Period;
(e) the Collateral Enhancement Obligation Proceeds received during the related Due Period;
(f) the identity of any Collateral Obligations that were released for sale or other disposition, indicating whether such Collateral Obligation is a Defaulted Obligation, a Credit Improved Obligation, a Credit Impaired Obligation or an Exchanged Equity Security and pursuant to which clause of the Portfolio Management Agreement such Collateral Obligation or Exchanged Equity Security was sold or disposed of; and
(g) the information required pursuant to "Monthly Reports - Portfolio" above;

Notes

(a) the Principal Amount Outstanding of the Notes of each Class and such aggregate amount as a percentage of the original aggregate Principal Amount Outstanding of the Notes of such Class at the beginning of the Due Period, the amount of principal payments to be made on the Notes of each Class on the related Payment Date, amount of any Deferred Interest which is to be deferred on such Payment Date in respect of each of the Class B Notes, the Class C Notes, Class D Notes and Class E Notes and the aggregate
amount of the Notes of each Class Outstanding and such aggregate amount as a percentage of the original aggregate amount of the Notes of such Class Outstanding after giving effect to the principal payments, if any, on the next Payment Date;

(b) the interest in respect of each Class of Notes (as applicable), including any Deferred Interest, Class A-1R Make Whole Amount and Class A-1R Commitment Fee payable on the related Payment Date (in the aggregate and by Class);

(c) the Class A-1R Allocated Commitment of the Class A-1R Notes.

Payment Date Payments

(a) the amounts payable pursuant to the Interest Proceeds Priority of Payments (excluding paragraphs (CC), (DD) and (FF) of the Interest Proceeds Priority of Payments) and the Principal Proceeds Priority of Payments (excluding paragraphs (W) and (X) of the Principal Proceeds Priority of Payments);

(b) the Trustee Fees and Expenses, the amount of any Portfolio Management Fees and Administrative Expenses payable on the related Payment Date, in each case, on an itemised basis;

(c) any Scheduled Periodic Asset Swap Counterparty Payments and any Asset Swap Counterparty Principal Exchange Amounts payable by any Asset Swap Counterparty on or immediately prior to the related Payment Date;

(d) any Scheduled Periodic Interest Rate Hedge Counterparty Payments payable by any Interest Rate Hedge Counterparty on or immediately prior to the related Payment Date; and

(e) any difference between the amount of interest payable in respect of any Class of Notes on the related Payment Date (in the aggregate and by Class) and the amount of interest to be paid on such Class of Notes on such Payment Date in accordance with the Priorities of Payment.

Accounts

(a) the Balance standing to the credit of the Interest Account at the end of the related Due Period;

(b) the Balance standing to the credit of the Principal Account at the end of the related Due Period;

(c) the Balance standing to the credit of the Interest Account immediately after all payments and deposits to be made on the next Payment Date;

(d) the Balance standing to the credit of the Principal Account immediately after all payments and deposits to be made on the next Payment Date;

(e) the amounts payable from the Interest Account (through a transfer to the Payment Account) pursuant to the Priorities of Payments on such Payment Date;

(f) the amounts payable from the Principal Account (through a transfer to the Payment Account) pursuant to the Priorities of Payments on such Payment Date;

(g) the amounts payable from any other Accounts (through a transfer to the Payment Account) pursuant to the Priorities of Payments on such Payment Date, together with details of whether such amounts constitute Interest Proceeds or Principal Proceeds;

(h) the amount of Collateral Enhancement Obligation Proceeds to be paid pursuant to the Collateral Enhancement Obligations Proceeds Priority of Payments on such Payment Date and the Balance standing to the credit of the Collateral Enhancement Obligation Account on such Payment Date after taking into account such payment;

(i) the Balance standing to the credit of each of the other Accounts at the end of the related Due Period and the credits to and debits from such Accounts;

(j) the purchase price, principal amount, redemption price, annual interest rate, maturity date of and Obligor of each Eligible Investment purchased from funds in the Accounts; and

(k) the aggregate amount invested in Special Situation Investments at the end of the related Due Period.
Coverage Tests, Collateral Quality Tests, Portfolio Profile Tests and Additional Reinvestment Test


Liquidity Facility

The information required pursuant to "Monthly Reports – Liquidity Facility" above.

Interest Rate Hedge Transactions, Asset Swap Transactions, Credit Short Obligations and Offsetting Credit Default Swaps

The information required pursuant to "Monthly Reports – Interest Rate Hedge Transactions, Asset Swap Transactions, Offsetting Credit Default Swaps and Credit Short Obligations" above.

3. Subordinated Noteholder Report

The Collateral Administrator, on behalf, and at the expense, of the Issuer and in consultation with the Portfolio Manager, shall provide information (the "Subordinated Noteholder Report"), determined as of each Determination Date and delivered to the Trustee, the Portfolio Manager, the Initial Purchaser and the Issuer on the date so provided for the Payment Date Report. The information in any Subordinated Noteholder Report shall be made available to Noteholders at https://sfr.bankofny.com. The Subordinated Noteholder Report shall contain the following information:

Portfolio

(a) the approximate aggregate market value (as determined by the Portfolio Manager in its reasonable business judgement) of each Collateral Obligation and each Collateral Enhancement Obligation as of the preceding month end; and

(b) subject to any confidentiality obligations binding on the Issuer and any restrictions imposed by applicable law the identity of each Collateral Obligation that became a Defaulted Obligation or that experienced a rating change since the last such report.

Payments

The amounts payable on the related Payment Date in respect of each item set out in the Interest Proceeds Priority of Payments, the Principal Proceeds Priority of Payments and the Collateral Enhancement Obligation Proceeds Priority of Payments.

Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes and Class P Combination Notes

(a) the Interest Amount payable in respect of the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes and the corresponding amounts payable in respect of the Class P Combination Notes, on the next Payment Date; and

(b) EURIBOR for the related Due Period and the Floating Rate of Interest applicable to each Class of Rated Notes which are Floating Rate Notes during the related Due Period.

Coverage Ratios

The results of each of the Coverage Tests as of the close of business on the related Measurement Date and as at the end of each purchase, sale or other disposition of Collateral Obligations since the last report.

Additional Reinvestment Test

A statement as to whether the Additional Reinvestment Test is satisfied and the applicable Reinvestment Ratio.

Principal Protected Equity Obligation

The Principal Protected Equity Obligation Ledger Required Balance and the Principal Protected Equity Obligation Ledger Deficiency (if any).

4. Investment Tax Act Report

In addition to the above, the Portfolio Manager (acting on behalf of the Issuer) shall procure the production of any supplemental report required in respect of the Collateral pursuant to the requirements of the German tax authorities to the extent that such requirements apply to a German Noteholder, provided always that the production of such a
report is at the request and at the expense of the relevant Noteholder. None of the Issuer, the Trustee, the Collateral Administrator, the Portfolio Manager nor any Agent shall have any liability whatsoever for any such supplemental report or for any tax consequences to any Noteholder or other party.

Each report shall state that it is for the purposes of information only, that certain information included in the report is estimated, approximated or projected and that it is provided without any representations or warranties as to the accuracy or completeness thereof and that none of the Collateral Administrator, the Trustee, the Registrar, the Issuer nor the Portfolio Manager will have any liability for estimates or projections contained therein.

Nothing in any of the foregoing shall oblige the Issuer or Portfolio Manager to disclose, whether directly or indirectly, any information held under an obligation of confidentiality or any information the disclosure of which is restricted by applicable law.
DESCRIPTION OF THE CLASS A-1R NOTES

Class A-1R Notes

The Class A-1R Notes will be a revolving Class of Notes under which amounts (with a maximum Aggregate Class A-1R Commitment amount of €200,000,000, as reduced from time to time as described below (the "Aggregate Class A-1R Commitment")), may be drawn, repaid and redrawn prior to the Commitment Termination Date, subject to the conditions specified in Condition 7(k) (Repayment of Class A-1R Advances and Reduction of the Class A-1R Commitment). Class A-1R Advances may be drawn in Euro.

Pursuant to the Class A-1R Note Purchase Agreement, each Class A-1R Noteholder will be obliged (subject to certain conditions) to make Class A-1R Advances to the Issuer upon request by the Portfolio Manager (acting on behalf of the Issuer) in an aggregate principal amount at any one time up to the full amount of its Class A-1R Commitment (provided that any Class A-1R Allocated Commitment may only be drawn for the purposes described below).

The Class A-1R Notes shall be used only for funding the purchase by the Issuer of additional and substitute Collateral Debt Obligations during the Reinvestment Period and during and after the Reinvestment Period to fund any amount drawn down by or payable to any Obligor under a Delayed Drawdown Collateral Obligation, a Revolving Obligation or a Synthetic Security purchased during the Reinvestment Period.

The Aggregate Class A-1R Commitment Amount available for drawing under the Class A-1R Notes as at the Closing Date will be €100,000,000. The Aggregate Class A-1R Commitment may be increased or decreased in certain circumstances as set out below.

Increase in Aggregate Class A-1R Commitment

The Aggregate Class A-1R Commitment may be increased in multiples of €50,000,000 any time during the Reinvestment Period by the Portfolio Manager, acting on behalf of the Issuer, subject to five Business Days prior written notice to the Class A-1R Note Agent in accordance with the Class A-1R Note Purchase Agreement, subject to satisfaction of the following conditions:

(a) each of the Leverage Scenario Tests (save for the Additional Reinvestment Test) specified in the Leverage Scenario Grid for the proposed increased Aggregate Class A-1R Commitment Amount being satisfied; and

(b) no Event of Default having occurred which is continuing,

after such increase.

Decrease in Aggregate Class A-1R Commitment

The Aggregate Class A-1R Commitment may be decreased in multiples of €50,000,000 at any time during the Reinvestment Period by the Portfolio Manager, acting on behalf of the Issuer, subject to five Business Days prior written notice to the Class A-1R Note Agent in accordance with the Class A-1R Note Purchase Agreement to an amount equal to the amount specified in the Leverage Scenario Grid selected by the Portfolio Manager, subject to satisfaction of the following conditions:

(a) each of the Leverage Scenario Tests (save for the Additional Reinvestment Test) specified in the Leverage Scenario Grid for the proposed decreased Aggregate Class A-1R Commitment Amount being satisfied;

(b) no Event of Default having occurred which is continuing; and

(c) the Aggregate Class A-1R Commitment specified in the Leverage Scenario Grid so selected is not less than the sum of the Class A-1R Drawn Amount and the Class A-1R Allocated Commitments and the amount of any Class A-1R Advance requested in any Class A-1R Advance Request that has not yet been funded,

after such decrease.

In the event of any increase or decrease in the Aggregate Class A-1R Commitment, the Class A-1R Commitment applicable to each Class A-1R Noteholder shall be correspondingly increased or decreased by a percentage equal to the percentage which the Class A-1R Commitment of such Class A-1R Noteholder immediately prior to such increase or decrease represents of the Aggregate Class A-1R Commitment at such time.

The minimum denomination of a Class A-1R Note is a Minimum Denomination of €50,000 and any denomination equal to one or more multiples of €1,000 in excess thereof. Each Class A-1R Advance shall be in an aggregate
amount of at least €50,000,000 (or such lesser amount as the Class A1-R Noteholders may agree) (and integral multiples thereof or, if the unused portion of the Aggregate Class A-1R Commitment is less than €50,000,000, such lesser amount).

The portion of a Class A-1R Advance applicable to each Class A-1R Note shall be proportionate to the share of the Aggregate Class A-1R Commitment represented by such Class A-1R Note.

Subject to compliance with the borrowing conditions set out in the Class A-1R Note Purchase Agreement, during the Reinvestment Period, each Class A-1R Advance will be applied by the Portfolio Manager, acting on behalf of the Issuer in accordance with the Class A-1R Note Purchase Agreement and the Portfolio Management Agreement.

See "The Portfolio – Management of the Portfolio - Class A-1R Advances and Acquisition of Substitute Collateral Obligations" for a description of how Class A-1R Advances may be applied.

Interest on Class A-1R Advances

Interest on each Class A-1R Advance for each Class A-1R Accrual Period will accrue at the rate per annum determined by the Class A-1R Note Agent to be EURIBOR for such period plus 0.42 per cent. per annum and shall be calculated by reference to each Class A-1R Advance applicable to the Accrual Period. Interest on Class A-1R Advances will be computed on the basis of a 360-day year and the actual number of days elapsed, all as more fully set out in Condition 6(g) (Interest on the Class A-1R Notes).

Payment of interest on the Class A-1R Advances and of the Class A-1R Commitment Fee will be made in arrear on each Payment Date, subject to and in accordance with the Priorities of Payments.

Class A-1R Commitment Fees

The Class A-1R Commitment Fee will accrue on the Maximum Class A-1 Commitment minus the Class A-1R Drawn Amount during the Reinvestment Period and on the Class A-1R Average Allocated Commitment on any date after the Reinvestment Period for each Accrual Period at a rate per annum equal to 0.29 per cent. during such Accrual Period on the basis of a 360-day year and the actual number of days elapsed. The Class A-1R Commitment Fee will be payable in Euro in arrear on each Payment Date up to (and including) the Commitment Termination Date (save that the Class A-1R Commitment Fee will continue to be payable in respect of any Class A-1R Average Allocated Commitment after the expiry of the Reinvestment Period) and will be paid along with payments of Class A-1R Interest Amounts and each Class A Note's proportionate share of any Class A-1R Make Whole Amounts. Interest will accrue on any portion of the Class A-1R Commitment Fee that is not paid when due at the rate of interest then applicable to the Class A-1R Advances.

Conditions to Class A-1R Advances

On any Business Day prior to the Commitment Termination Date (and, in respect of the Class A-1R Allocated Commitment, on any Business Day on which any Class A-1R Allocated Commitment remains unfunded), the Issuer may (at the direction of the Portfolio Manager, acting pursuant to the Portfolio Management Agreement) request, and the Class A-1R Noteholders if so requested, shall make Class A-1R Advances rateably on the Class A-1R Advance Date; provided that the following borrowing conditions are satisfied in respect of new Class A-1R Advances and excluding for the avoidance of doubt previous Class A-1R Advances:

(a) such Class A-1R Advance together with (a) any other Class A-1R Advance Request or Class A-1R Allocation Request that has not been drawn or allocated on such date and (b) the sum of the Class A-1R Drawn Amount and the aggregate of the Class A-1R Allocated Commitments on the relevant proposed Class A-1R Advance Date (in each case, immediately prior to the drawing of such Class A-1R Advance and taking into account any Class A-1R Advances scheduled to be repaid and any scheduled reduction of the Class A-1R Allocated Commitments on or prior to the such Class A-1R Advance Date) of the Class A-1R Notes will not exceed the Aggregate Class A-1R Commitment;

(b) the Class A-1R Note Agent shall have received a Class A-1R Advance Request, and each Class A-1R Noteholder shall have received a copy of such Class A-1R Advance Request, which shall include the information required to be provided by, and be given in accordance with, the Class A-1R Note Purchase Agreement;

(c) each of the Class A-1R Note Purchase Agreement, the Trust Deed and the Class A-1R Notes is in full force and effect;

(d) the representations and warranties of the Issuer made pursuant to the Class A-1R Note Purchase Agreement being true and correct as of the relevant Class A-1R Advance Request Date;
(e) no Event of Default has occurred and is continuing; and

(f) the Coverage Tests are satisfied immediately after the Class A-1R Advance being made.

Additional Class A-1R Note Mechanics Related to Class A-1R Advances

The Portfolio Manager (on behalf of the Issuer), will forward a completed notice to the Class A-1R Note Agent (with a copy to the Collateral Administrator) of the Issuer's intention to effect a Class A-1R Advance (a "PM Class A-1R Advance Request") which notice shall include details of the Class A-1R Advance Date and the amount of such Class A-1R Advance and what it is proposed will be applied towards and shall contain certifications from the Issuer that the conditions precedent set out in paragraphs (i), (iii), (iv), (v) and (vi) above in relation to the proposed Class A-1R Advance have been satisfied as at the date of such Class A-1R Advance Request. Each such PM Class A-1R Advance Request shall be irrevocable and, if given by telephone, shall be confirmed promptly by delivery by e-mail and by fax to the Class A-1R Note Agent (with a copy to the Collateral Administrator) of a duly completed and executed PM Class A-1R Advance Request.

On receipt of PM Class A-1R Advance Request, the Class A-1R Note Agent shall prepare and forward a request to each Class A-1R Noteholder (such request, a "Class A-1R Advance Request") by e-mail and by fax (with a copy to the Trustee, the Collateral Administrator, and the Credit Support Provider and the Portfolio Manager). The date of such Class A-1R Advance Request (the "Class A-1R Advance Request Date") shall be not later than two Business Days prior to the relevant Class A-1R Advance Date, provided that where such Class A-1R Advance Request is received by the relevant Class A-1R Noteholder on or after 11.00 a.m. (London time), the Class A-1R Advance Request Date shall be deemed to be the following Business Day. The Class A-1R Advance Request shall:

(a) specify and provide details of, among other things:
   (i) the Class A-1R Advance Date;
   (ii) the amount of such Class A-1R Advance (as provided by the Portfolio Manager); and
   (iii) the business days applicable to such Class A-1R Advance; and

(b) contain an acknowledgement that the Class A-1R Note Agent has received a certification from the Issuer that all conditions precedent in relation to such Class A-1R Advance have been satisfied as of the Class A-1R Advance Request Date and confirm or specify any other information from time to time agreed between the Class A-1R Noteholders, the Portfolio Manager and the Class A-1R Note Agent; and

(c) and confirm or specify any other information from time to time agreed between the Class A-1R Noteholders the Portfolio Manager and the Class A-1R Note Agent.

The Class A-1R Note Agent shall prepare and forward a Class A-1R Advance Request to the Class A Noteholders as soon as reasonably practicable after receipt by the Class A-1R Note Agent of the relevant PM Class A-1R Advance Request and in any event, where the PM Class A-1R Advance Request is received prior to 3.00 p.m. (London time) on any Business Day to send such Class A-1R Advance Request so that they are received by the Class A-1R Noteholders on, or prior to 11.00 a.m. (London time) on the following Business Day, provided that the Class A-1R Note Agent shall not be responsible for any failure to do so where such failure results directly from the failure of the Portfolio Manager (on behalf of the Issuer) to provide a duly completed PM Class A-1R Advance Request or technical difficulties over which the Class A-1R Note Agent had no control.

Subject to certain conditions being met, the Class A-1R Noteholders will fund such Class A-1R Advance by 3.00 p.m. (London time) to the account designated by the Issuer (or the Portfolio Manager acting on behalf of the Issuer) for such purposes on the Class A-1R Advance Date which shall be the Principal Account or, in the case of a Class A-1R Advance drawn prior to the expiry of the Initial Investment Period, the Unused Proceeds Account.

Reductions of the Aggregate Class A-1R Commitment

The Class A-1R Commitments shall be reduced in the following circumstances and amounts:

(a) at the option of the Portfolio Manager acting on behalf of the Issuer upon selection by the Portfolio Manager of a new Leverage Scenario Grid (subject to satisfaction of the conditions specified above under "Decrease in Aggregate Class A-1R Commitment") which specifies a lower Aggregate Class A-1R Commitment, the Aggregate Class A-1R Commitment shall be reduced to equal the Aggregate Class A-1R Commitment specified in that Leverage Scenario Grid;

(b) upon any redemption of the Notes pursuant to Condition 7(b)(i) (Redemption at the Option of the Subordinated Noteholders) or Condition 7(b)(ii) (Redemption at the Option of the Senior Outstanding
Class Noteholders and Subordinated Noteholders following Note Tax Event, the Class A-1R Commitments shall be reduced to zero and cancelled on the applicable Redemption Date;

(c) upon any redemption of the Class A-1R Notes pursuant to Condition 7(c) (Redemption upon Breach of Coverage Tests), Condition 7(d) (Special Redemption) or Condition 7(e) (Redemption upon Effective Date Rating Event), the available proceeds for redemption of Class A-1R Notes (up to a maximum amount equal to the Aggregate Class A-1R Commitment which will be applied firstly to the repayment of the Class A-1R Drawn Amount; and secondly to the reduction of the Class A-1R Allocated Commitment by depositing amounts into the Revolving Reserve Account (the amount so applied, the "Class A-1R Redemption Amount");

(d) on the last day of the Reinvestment Period, the Aggregate Class A-1R Commitment shall be reduced to an aggregate amount equal to the sum of the Class A-1R Drawn Amount and the Class A-1R Allocated Commitment on the last day of the Reinvestment Period with effect on and from such date. Accordingly, the Class A-1R Commitment of each Class A-1R Noteholder shall be correspondingly cancelled on the last day of the Reinvestment Period in an amount equal to such Class A-1R Noteholder's pro rata share of the amount by which the Aggregate Class A-1R Commitment was reduced pursuant to and in accordance with the immediately preceding sentence; and

(e) in the event that any Class A-1R Advances are repaid after the last date of the Reinvestment Period, the Class A-1R Commitments of each Class A-1R Noteholder shall also proportionately reduced and cancelled and shall not be available to be redrawn by the Issuer and any drawing on any Class A-1R Allocated Commitment shall increase the Class A-1R Drawn Amount and reduce the Class A-1R Allocated Commitment by the same amount.

The Class A-1R Commitments shall remain outstanding and shall not be reduced save in the circumstances specified above.

Repayments and Prepayments of Class A-1R Notes

Principal in respect of any Class A-1R Advance shall be repaid on each Payment Date as may be required in accordance with and subject to the Priorities of Payments. In addition, principal in respect of any Class A-1R Advance may be prepaid on any Business Day which is not a Payment Date at the option of the Portfolio Manager acting on behalf of the Issuer out of amounts standing to the credit of the Principal Account in repayment of Class A-1R Advances (see "The Portfolio – Management of the Portfolio - Class A-1R Advances and Acquisition of Substitute Collateral Obligations").

The aggregate principal amount of any partial voluntary Class A-1R Prepayment, in respect of the Class A-1R Notes (taken as a whole), will be at least €50,000,000, as applicable (and integral multiples of €50,000,000 as applicable, in excess thereof) or, if the aggregate Principal Amount Outstanding under the Class A Notes is less than €50,000,000, as applicable, such lesser amount. Any Class A-1R Advance will be requested by the Portfolio Manager (on behalf of the Issuer), pro rata, according to the unused portion of the Class A-1R Commitment of each Class A-1R Noteholder.

If a Class A-1R Advance is prepaid on a Business Day other than a Payment Date, the Issuer shall pay to the Class A-1R Noteholders (via the Class A-1R Note Agent) the Class A-1R Make Whole Amount which will be calculated on the amount so prepaid for the period from (and including) the relevant Class A-1R Prepayment Date to (but excluding) the next following Payment Date at a rate per annum equal to the Make Whole Rate on the basis of a 360-day year and the actual number of days elapsed in the period from and including such Class A-1R Prepayment Date to but excluding the next following Payment Date. A proportionate share of the Class A-1R Make Whole Amount will be payable to each Class A-1R Noteholder in Euro in arrear on the next following Payment Date and will be paid in accordance with the Priorities of Payments at the same level as payments of Class A-1R Interest Amounts, in respect of the Class A-1R Notes and any Class A-1R Commitment Fee.

Class A-1R Allocated Commitment and Revolving Collateral Obligations and Delayed Drawdown Collateral Obligations and Unfunded Synthetic Securities

In the event that the Portfolio Manager, acting on behalf of the Issuer, acquires any Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation at any time it shall procure that either:

(a) an amount equal to the Unfunded Amounts applicable to such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation is paid into the Revolving Reserve Account; and/or

(b) (subject to the consent of the Class A-1R Noteholders) an amount of the Class A-1R Undrawn Amount (which is not already allocated as a Class A-1R Allocated Commitment) is reserved for allocation towards payment of such Unfunded Amounts in the future,
so that the aggregate of the Balance standing to the credit of the Revolving Reserve Account and the part of the
Class A-1R Allocated Commitment allocated for Revolving Collateral Obligations or Delayed Drawdown
Obligations at least equals the aggregate of all Unfunded Amounts in respect of all Revolving Collateral
Obligations and Delayed Drawdown Collateral Obligations.

In the event that the Portfolio Manager (acting on behalf of the Issuer) acquires any Unfunded Synthetic Security
at any time it shall procure that either:

(a) an amount equal to the Unfunded Amounts in respect of such Unfunded Synthetic Security is paid into
the Synthetic Collateral Account; and/or
(b) in the case of any Unfunded Synthetic Securities, an amount of the Class A-1R Undrawn Amount (which
is not already allocated as a Class A-1R Allocated Commitment) is reserved for allocation towards
payment of such Unfunded Amounts in the future,

so that, in the case of any Unfunded Synthetic Securities the aggregate of the Balance standing to the credit of the
Synthetic Collateral Account and the aggregate Class A-1R Allocated Commitment allocated to Unfunded
Synthetic Securities at least equals the aggregate of all Unfunded Amounts in respect of all Unfunded Synthetic
Securities.

The Class A-1R Allocated Commitment may only be allocated (with such allocation to take place on the purchase
date of the relevant Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation) to fund
payments of the Unfunded Amount of a Revolving Collateral Obligation or Delayed Drawdown Collateral
Obligation or Unfunded Synthetic Security if:

(a) if the Base Currency of such Revolving Collateral Obligation, Delayed Drawdown Collateral Obligation
or Unfunded Synthetic Security is Euro;
(b) the minimum drawing period in respect of such Revolving Collateral Obligation or Delayed Drawdown
Collateral Obligation is equal to or exceeds the applicable Class A-1R Notes Draw Period; and
(c) the following conditions are satisfied:

(i) such Class A-1R Allocated Commitment together with (a) any other Class A-1R Allocation
Request that has not been allocated or drawn on such date and (b) the Class A-1R Drawn
Amount (in each case, immediately prior to and taking into account any Class A-1R Advances
scheduled to be repaid and scheduled reduction of the Class A-1R Allocated Commitments on or
prior to the date of such allocation) of the Class A-1R Notes will not exceed the Aggregate Class
A-1R Commitment;
(ii) the Class A-1R Note Agent shall have received a Class A-1R Allocation Request, and each Class
A-1R Noteholder shall have received a copy of such Class A-1R Allocation Request, which shall
include the information required to be provided by, and be given in accordance with, the Class
A-1R Note Purchase Agreement;
(iii) each of the Class A-1R Note Purchase Agreement, the Trust Deed and the Class A-1R Notes is in
full force and effect;
(iv) the representations and warranties of the Issuer made pursuant to the Class A-1R Note Purchase
Agreement being true and correct as of the relevant Class A-1R Advance Request Date; and
(v) no Event of Default has occurred and is continuing;
(vi) the Coverage Tests are satisfied immediately after making the Class A-1R Allocated
Commitment; and
(vii) the Class A-1R Noteholders consent to such allocation.

In addition, Class A-1R Advances which will be used to fund the purchase of a Collateral Obligation shall be
drawn on or prior to the date on which the Issuer enters into a commitment to purchase the relevant Collateral
Obligation.

Mechanics of increasing the Class A-1R Allocated Commitment

The Portfolio Manager (on behalf of the Issuer), will forward a completed notice to the Class A-1R Note Agent
(with a copy to the Collateral Administrator) of the Issuer's intention to increase the Class A-1R Allocated
Commitment (a "Class A-1R Allocation Request") which notice shall include details of the date of the increase of
the Class A-1R Allocation Commitment and the amount of the increase in the Class A-1R Allocated Commitment
and shall contain certifications from the Issuer that the conditions precedent set out in paragraphs (c)(i), (ii), (iv) and (v) above in relation to the proposed increase in the Class A-1R Allocated Commitment have been satisfied as at the date of such Class A-1R Allocation Request. Each such Class A-1R Allocation Request shall be irrevocable and, if given by telephone, shall be confirmed promptly by delivery by e-mail and fax to the Class A-1R Note Agent (with a copy to the Collateral Administrator) of a duly completed and executed Class A-1R Allocation Request.

In the event that any of the Class A-1R Commitment is allocated as a reserve to fund payment of such Unfunded Amounts, the Class A-1R Commitment available for all other purposes will be reduced accordingly.

The Class A-1R Allocated Commitment designated in respect of a Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation or Unfunded Synthetic Security shall be reduced proportionately:

(i) if a Class A-1R Advance is drawn to deposit amounts relating to the Unfunded Amounts of such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation or Unfunded Synthetic Security into the Revolving Reserve Account (in the case of Revolving Collateral Obligations or Delayed Drawdown Collateral Obligations) or Synthetic Collateral Account (in the case of Unfunded Synthetic Securities); or

(ii) in the event of any sale or redemption of such Revolving Collateral Obligation or Delayed Drawdown Collateral Obligation or Unfunded Synthetic Security.

If on any Determination Date following the Effective Date the Coverage Tests are not satisfied, the Portfolio Manager shall on behalf of the Issuer, pay from Interest Proceeds and Principal Proceeds in accordance with the Class A-1 Note Payment Sequence and deposit into the Revolving Reserve Account amounts necessary to reduce the Class A-1R Allocated Commitment so that the Coverage Tests will be satisfied if recalculated following such reduction.

Class A-1R Availability Notices

The Class A-1R Note Agent shall provide availability notices which shall specify the maximum principal amount available to the Issuer to request to be advanced in Euro, the aggregate outstanding principal amount of the Class A-1R Allocated Commitment and the Class A-1R Unallocated Commitment. Such availability notices shall be provided by the Class A-1R Note Agent to the Issuer, the Portfolio Manager and the Class A-1R Noteholder on the second Business Day of each week from the Closing Date and one Business Day prior to each Class A-1R Advance Date.

Class A-1R Noteholders

At all times prior to the later of the Commitment Termination Date or, in the case of the Class A-1R Notes, the date on which no Class A-1R Allocated Commitment remains outstanding, each Class A-1R Noteholder, Committed Facility Provider and transferee of a Class A-1R Note will be required to satisfy the Class A-1R Rating Criteria.

If any Class A-1R Noteholder or Committed Facility Provider fails to satisfy the Class A-1R Rating Criteria prior to the Commitment Termination Date or, in the case of the Class A-1R Notes, the date on which no Class A-1R Allocated Commitment remains outstanding, it shall at its sole expense within 30 days thereafter:

(a) in the case of the Class A-1R Noteholder and/or its Committed Facility Provider, transfer all of its rights and obligations in respect of the Class A-1R Notes held by such Class A-1R Noteholder to an entity that meets such Class A-1R Rating Criteria; and/or

(b) in the case of a Class A-1R Noteholder and/or its Committed Facility Provider, deposit or cause to be deposited Class A-1R Collateral in the relevant Class A-1R Collateralising Noteholder Account applicable to such Class A-1R Noteholder; and/or

(c) in the case of the Class A-1R Noteholder and/or its Committed Facility Provider, subject to Rating Agency Confirmation, have its obligations guaranteed by an entity which satisfies the Class A-1R Rating Criteria; and/or

(d) solely in the case of a Class A-1R Noteholder, subject to Rating Agency Confirmation, enter into a liquidity facility with a Committed Facility Provider, which satisfies the Class A-1R Rating Criteria.

The Issuer, or the Portfolio Manager (on behalf of the Issuer), has the right to replace a Non-Compliant Class A-1R Noteholder who fails to remedy a breach of the Class A-1R Rating Criteria within 30 days with another entity that meets the Class A-1R Rating Criteria.
The Class A-1R Noteholder being replaced will bear all administrative and similar costs of effecting such a transfer in connection with another party acquiring such Class A-1R Noteholder's Class A-1R Notes.

If at any time a Class A-1R Noteholder either (i) fails, or whose Committed Facility Provider fails, to satisfy the Class A-1R Rating Criteria at any time on or prior to the Commitment Termination Date and to take a Class A-1R Rating Action and (ii) fails to fund any portion of a Class A-1R Advance as required under the Class A-1R Note Purchase Agreement (a "Defaulting Noteholder"), any amounts in repayment of any Class A-1R Advances, any Class A-1R Interest Amounts, such Noteholder's pro rata share of any Class A-1R Make Whole Amount, any Class A-1R Commitment Fee and any investment earnings on Class A-1R Collateralising Noteholder Account, that would otherwise be payable to such Class A-1R Noteholder shall, for so long as such Defaulting Noteholder continues to fail to satisfy such requirement or until such Defaulting Noteholder is replaced by another entity that meets the Class A-1R Rating Criteria and satisfies such Defaulting Noteholder's failed funding obligation, be paid initially into the relevant Class A-1R Collateralising Noteholder Account (such amounts as so paid, "Defaulting Noteholder Paid Amounts"). Defaulting Noteholder Paid Amounts shall be transferred to the Principal Account as required to be applied to fund such Defaulting Noteholder's Defaulted Class A-1R Advance. Interest on such Defaulting Noteholder Paid Amounts shall accrue on the date that such amounts are applied to fund the relevant Defaulted Class A-1R Advance and principal and interest due to the Class A-1R Noteholder in excess of the Defaulting Noteholder Paid Amounts shall be retained in a Class A-1R Collateralising Noteholder Account and identified as being for the benefit of such Class A-1R Noteholder, as applicable, until such time as such Class A-1R Noteholder or its Committed Facility Provider, as applicable, is in compliance with its funding obligations.

On a transfer or sale of the Class A-1R Notes relating to a Defaulting Noteholder such Class A-1R Noteholder shall only be entitled to receive any Defaulting Noteholder Paid Amounts, any interest accrued thereon and any amounts in excess thereof, retained in the relevant Class A-1R Collateralising Noteholder Account applicable to such Class A-1R Notes once the transferee or purchaser has fully funded such Defaulting Noteholder's Defaulted Class A-1R Advance.

The purchase of Class A-1R Notes (whether in connection with the initial placement or in a subsequent transfer) by any purchaser who does not satisfy the Class A-1R Rating Criteria at the time of such purchase but who is then entitled to the benefits of a committed liquidity facility will not be permitted unless such Committed Facility Provider itself satisfies the Class A-1R Rating Criteria and enters into an assignment and acceptance agreement agreeing to undertake and be bound by the provisions of the Class A-1R Note Purchase Agreement applicable thereto.
TAX CONSIDERATIONS

1. General

The following is a summary based on present law of certain Irish income tax considerations for prospective purchasers of the Notes. It addresses only purchasers that buy in the original offering at the original offering price and hold the Notes as capital assets. The discussion is a general summary. It is not a substitute for tax advice. The discussion does not consider the circumstances of particular purchasers, some of which (such as banks, insurance companies, dealers, tax exempt organizations or persons holding the Notes as part of a hedge, straddle, conversion, integrated or constructive sale transaction) are subject to special tax regimes. It also does not address purchasers that buy Notes, in an additional issuance or otherwise, after the Closing Date.

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Note.

Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer or exercise of any Note should consult their own tax advisers. In particular, no representation is made as to the manner in which payments under the Notes would be characterised by any relevant taxing authority. Potential investors should be aware that the relevant fiscal rules or their interpretation may change, possibly with retrospective effect, and that this summary is not exhaustive. This summary does not constitute legal or tax advice or a guarantee to any potential investor of the tax consequences of investing in the Notes.

2. EU Directive on the Taxation of Savings Income

On 1 July 2005 a new EU directive regarding the taxation of savings income payments came into effect. The directive obliges a Member State to provide to the tax authorities of another Member State details of payments of interest or other similar income payments made by a person within its jurisdiction for the immediate benefit of an individual or to certain non-corporate entities resident in that other Member State (or for certain payments secured for their benefit). However, Austria, Belgium and Luxembourg have opted out of the reporting requirements and may instead apply a special withholding tax for a transitional period in relation to such payments of interest, deducting tax at rates rising over time to 35 per cent. This transitional period commenced on 1 July 2005 and will terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries and certain dependent or associated territories of Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments of interest or other similar income payments made by a person in that jurisdiction for the immediate benefit of an individual or to certain non-corporate entities in any Member State. The Member States have entered into reciprocal provision of information or transitional special withholding tax arrangements with certain of those dependent or associated territories. These apply in the same way to payments by persons in any Member State to individuals or certain non-corporate residents of those territories.

3. Ireland Taxation

The following is a summary based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent), is required to be withheld from payments of Irish source interest. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act 1997 (the "1997 Act") for certain interest bearing securities issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include the Irish Stock Exchange) ("quoted Eurobonds").

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

(a) the person by or through whom the payment is made is not in Ireland; or

(b) the payment is made by or through a person in Ireland, and either:

(i) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear and Clearstream, Luxembourg are so recognised), or
(ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to
the interest is not resident in Ireland and has made a declaration to a relevant person (such as an
Irish paying agent) in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in Euroclear and/or Clearstream,
Luxembourg, interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer
without any withholding or deduction for or on account of Irish income tax.

If, for any reason, the quoted Eurobond exemption referred to above does not or ceases to apply, the Issuer can still
pay interest on the Notes free of withholding tax provided it is a "qualifying company" (within the meaning of
section 110 of the 1997 Act) and provided the interest is paid to a person resident in a "relevant territory" (i.e. a
member state of the European Union (other than Ireland) or in a country with which Ireland has a double taxation
agreement). For this purpose, residence is determined by reference to the law of the country in which the recipient
claims to be resident. This exemption from withholding tax will not apply, however, if the interest is paid to a
company in connection with a trade or business carried on by it through a branch or agency located in Ireland.

In certain circumstances, Irish tax will be required to be withheld at the standard rate of interest on any quoted
Eurobond, where such interest is collected by a bank or other agent in Ireland on behalf of any Noteholder who is
Irish resident.

Taxation of Noteholders

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may
still be liable to pay Irish income tax. Interest paid on the Notes may have an Irish source and therefore be within the
cargo of Irish income tax and levies. Ireland operates a self assessment system in respect of income tax and
any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income
comes within its scope.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a
relevant territory provided either (i) the Notes are quoted Eurobonds and are exempt from withholding tax as set
out above, (ii) in the event of the Notes not being or ceasing to be quoted Eurobonds exempt from withholding tax,
if the Issuer is a qualifying company within the meaning of Section 110 of the 1997 Act, or (iii) if the Issuer has
ceased to be a qualifying company, the recipient of the interest is a company.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through
a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax
on the interest.

Relief from Irish income tax may also be available under the specific provisions of a double tax treaty between
Ireland and the country of residence of the recipient.

Noteholders receiving interest on the Notes which does not fall within the above exemptions may be liable to
income tax on such interest.

Capital Gains Tax

A holder of Notes will be subject to Irish tax on capital gains on a disposal of Notes unless such holder is neither
resident nor ordinarily resident in Ireland and does not carry on a trade in Ireland through a branch or agency in
respect of which the Notes are used or held.

Capital Acquisitions Tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the
disposor or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or,
in certain circumstances, if the disposor is domiciled in Ireland irrespective of his residence or that of the
donee/successor) or (ii) if the Notes are regarded as property situate in Ireland. Bearer notes are generally
regarded as situate where they are physically located at any particular time. Registered notes are generally
regarded as situate where the principal register of Noteholders is maintained or is required to be maintained, but
the Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register
as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. Accordingly, if
such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless
of the residence status of the disposor or the donee/successor.

Stamp Duty

Provided the Issuer remains a qualifying company no stamp duty or similar tax is imposed in Ireland on the issue,
transfer or redemption of the Notes whether they are represented by Global Certificates or Definitive Notes (on the
basis of an exemption provided for in Section 85(2)(c) to the Stamp Duties Consolidation Act, 1999 provided the money raised on the issue of the Notes is used in the course of the Issuer's business).

EU Savings Directive

The Council of the European Union has adopted a directive regarding the taxation of interest income known as the "European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC)".

Ireland has implemented the directive into national law. Any Irish paying agent making an interest payment on behalf of the Issuer to an individual, and certain residual entities defined in the 1997 Act, resident in another EU Member State and certain associated and dependent territories of a Member State will have to provide details of the payment to the Irish Revenue Commissioners who in turn will provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.
PLAN OF DISTRIBUTION

Merrill Lynch International (in its capacity as initial purchaser, the "Initial Purchaser") has pursuant to a Subscription Agreement, (the "Subscription Agreement") dated on or about 16 October 2007 agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the Notes at the issue price of 100 per cent. (less in each case underwriting fees to be agreed between the Issuer and the Initial Purchaser). The Subscription Agreement entitles the Initial Purchaser to terminate it in certain circumstances prior to payment being made to the Issuer.

In connection with the offering, Merrill Lynch International, in its capacity as Stabilising Agent, may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a maximum period of three months after the Closing Date. However, there may be no obligation on the Stabilising Agent to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after three months. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

Mizuho International plc has assisted in the marketing of the Notes but shall have no liability for information or representations given, or actions taken, in connection with the issue or sale of the Notes by any other person.

It is a condition of the issue of the Notes of each Class that the Notes of each other Class be issued in the following principal amounts: Class A-1R Notes: €200,000,000, Class A-1T Notes: €165,000,000, Class A-2A Notes: €45,000,000, Class A-2B Notes: €15,000,000, Class B Notes: €55,000,000, Class C Notes: €32,000,000, Class D Notes: €21,000,000, Class E Notes: €15,000,000, Class P Combination Notes: €1,000,000 (being €400,000 in respect of the Class C Component and €600,000 in respect of the Class E Component).

Under the Subscription Agreement, the Issuer has agreed to indemnify the Initial Purchaser, the Portfolio Manager, the Collateral Administrator, the Trustee and certain other participants against certain liabilities or to contribute to payments they may be required to make in respect thereof.

Certain of the Collateral Obligations may have been originally underwritten or placed by the Initial Purchaser. In addition, the Initial Purchaser may have in the past performed and may in the future perform investment banking services or other services for issuers of the Collateral Obligations. In addition, the Initial Purchaser and its Affiliates may from time to time as a principal or through one or more investment funds that it or they manage, make investments in the equity securities of one or more of the issuers of the Collateral Obligations, with a result that one or more of such issuers may be or may become controlled by the Initial Purchaser or its Affiliates.

Other than the application for approval of this Prospectus by the Financial Regulator, no action has been or will be taken by the Issuer or the Initial Purchaser that would permit a public offering of the Notes or possession or distribution of this Prospectus or any other offering material in relation to the Notes in any jurisdiction where action for the purpose is required. No offers, sales or deliveries of any Notes, or distribution of this Prospectus or any other offering material relating to the Notes, may be made in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the Initial Purchaser.

New Hampshire

Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-B of the New Hampshire Revised Statutes (the "RSA") with the state of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the secretary of state of New Hampshire that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security, or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with the provisions of this paragraph.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in a manner so as not to require the registration of the Issuer or the pool of Collateral as an "investment company" pursuant to the Investment Company Act. Each purchaser of a Note agrees to be bound by the foregoing restriction on transfers. Terms used in this paragraph have the meanings given to them by Regulation S.
The Initial Purchaser proposes to offer and sell the Notes (other than the Subordinated Notes not purchased by the Arranger) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Regulation S Notes outside the United States to non-U.S. Persons in offshore transactions and for the listing of the Notes on the Irish Stock Exchange. Each of the Issuer and the Initial Purchaser reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the principal amount of Notes which may be offered. This Prospectus does not constitute an offer to any U.S. Person. Distribution of this Prospectus to any U.S. Person or to any Person within the United States is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

United Kingdom

The Initial Purchaser has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Germany

Pursuant to the Subscription Agreement, the Initial Purchaser has agreed that they shall not offer or sell the Notes in the Federal Republic of Germany other than in compliance with the restrictions contained in the German Securities Prospectus Act (Werdepapierprospektgesetz) and the German Investment Act (Investmentsgesetz), respectively, and any other laws and regulations applicable in the Federal Republic of Germany governing the issue, the offering and the sale of securities.

The Notes may neither be, nor intended to be, distributed by way of public offering, public advertisement or in a similar manner within the meaning of the German Securities Prospectus Act and the German Investment Act nor shall the distribution of this Prospectus or any other document relating to the Notes constitute such public offer. In addition, the Initial Purchaser has agreed that they have offered, sold or advertised and that they will offer, sell or advertise the Notes only to permitted institutional investors ("Institutional Investors") within the meaning of the leaflet of the German Federal Financial Supervisory Agency (Bundesanstalt Für Finanzdienstleistungsaufsicht – Bafin) dated April 2005 in the Federal Republic of Germany and this Prospectus may not be passed on to any other person or entity in the Federal Republic of Germany. Furthermore, each subsequent transferee/purchaser of the Notes will be deemed to represent that if it is a person or entity in the Federal Republic of Germany it is an Institutional Investor and to agree not to offer, sell or advertise the Notes to any person or entity in the Federal Republic of Germany who is not an Institutional Investor.

The distribution of the Notes has not been notified and the Notes are not registered or authorised for public distribution in the Federal Republic of Germany. This Prospectus has not been filed or deposited with the German Federal Financial Supervisory Agency.

Ireland

The Initial Purchaser has represented, warranted and agreed that:

(a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the Irish Investment Intermediaries Act 1995 (as amended), including, without limitation, Sections 9 and 23 thereof and any codes of conduct rules made under Section 37 thereof and the provisions of the Investor Compensation Act 1998;

(b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 to 2004 (as amended) and any codes of conduct rules made under Section 117(1) thereof;

(c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Financial Regulator; and

(d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations.

Austria

The Notes may only be offered in the Republic of Austria in compliance with the provisions of the Austrian Capital Market Act and other laws applicable in the Republic of Austria governing the offer and sale of the Notes in the Republic of Austria. The Notes are not registered or otherwise authorised for public offer either under the Capital Market Act or the Investment Fund Act. The recipients of the Prospectus and other selling material with respect to the Notes have been individually selected and are targeted exclusively on the basis of a private placement. Accordingly, the Notes may not be, and are not being, offered or advertised publicly or offered similarly under either the Capital Market Act or the Investment Fund Act. No offer will be made to any persons other than the recipients to whom the Prospectus is personally addressed.

Australia

No prospectus or other disclosure document in relation to the Notes has been or will be lodged with the Australian Securities and Investments Commission ("ASIC") or the Australian Stock Exchange. The Initial Purchaser has represented, warranted and agreed that:

(a) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published and will not distribute or publish, this Prospectus or any other offering material or advertisement relating to any Notes in Australia,

unless:

(a) the minimum aggregate consideration payable by each offeree is at least AUS500,000 (or its equivalent in an alternate currency) (disregarding moneys lent by the offeror or its associates) or the offer does not otherwise require disclosure to investors under Part 6D.2 of the Corporations Act 2001 of Australia; and

(b) the offer does not constitute an offer to a "retail client" for the purposes of Chapter 7 of the Corporations Act 2001 of Australia; and

(c) the offer does not constitute an offer or invitation to the public for the purposes of Section 82 of the Corporations Act 2001 of Australia; and

(d) such action complies with applicable laws, and directives and does not require any document to be lodged with ASIC.

Bahrain

Purchase of the Notes is by invitation only and no offer will be made in Bahrain to the public to purchase the same. This Prospectus is provided to each prospective investor to whom the Issuer or the Initial Purchaser, as applicable, has directly provided this Prospectus and no other person or entity is entitled to obtain or review it.

Belgium

The Initial Purchaser agrees and acknowledges that the offer has not been notified to the Belgian Banking, Finance and Insurance Commission (Commission Bancaire, Financière et des Assurances) pursuant to articles 32 and 52 of the Belgian law of 16 June 2006 on the Public Offering of Financial Instruments and the Admissions of Financial Instruments to Trading on Regulated Markets (the "Law on Public Offerings") nor by the competent authority of the Home Member State of the Issuer pursuant to article 38 of the Law on Public Offerings. Accordingly, no offer of the Notes may be advertised and the Notes may not be offered or sold, and neither the Prospectus nor any other information document, brochure or similar document may be distributed, directly or indirectly, to any Person in Belgium other than (a) eligible qualified investors referred to in article 3.2(a) of the Law on Public Offerings, acting for their own account or (b) investors wishing to acquire a total consideration of at least €50,000 Notes (or its equivalent in foreign currencies) per transaction, as specified in article 3.2(c) of the Law on Public Offerings.

Denmark

This Prospectus has not been filed with or approved by the Danish Securities Council or any other regulatory authority in the Kingdom of Denmark.

The Notes have not been offered or sold and may not be offered, sold or delivered directly or indirectly in Denmark, unless in compliance with Chapters 6 or 12 of the Danish Act on Trading in Securities and Executive Orders issued pursuant hereto as amended from time to time. Accordingly, this Prospectus may not be made
available nor may Notes otherwise be marketed and offered for sale in Denmark other than in circumstances which are deemed not to be a marketing or an offer to the public in Denmark.

**France**

The Initial Purchaser represents and agrees that no prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of the Notes that has been approved by the Autorité des marchés financiers or by the competent authority of another state that is a contracting party to the agreement on the European Economic Area that has been recognised in France; no Notes have been offered or sold or will be offered or sold, directly or indirectly, to the public in France. The Notes will only be offered or sold in France to permitted investors consisting of (1) persons licenced to perform the investment service of asset management on behalf of third parties (gestion de portefeuille pour compte de tiers), (2) qualified investors (investisseurs qualifiés) acting on their own account and/or (3) corporate investors meeting one of the four criteria provided in article D. 341-1 of the French Code monétaire et financier and belonging to a limited circle of less than 100 investors, each acting for their own account. The direct or indirect resale of the Notes acquired by any permitted investors to the public in France may be made only as provided by articles L. 411-1, L.411-2, L.412-1 and L. 621-8 to L. 621-8-3 of the French Code monétaire et financier and applicable regulations thereunder.

**Italy**

The Initial Purchaser acknowledges and agrees that the offer of the Notes has not been and will not be registered under the Italian Securities Market Law and the Notes will not be offered or sold, directly or indirectly, in Italy or to, for the benefit of, any resident of Italy.

**Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan ("FIEA") and the Initial Purchaser and the Issuer have represented, warranted and agreed that they have not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any of the Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

In the case of private placement by the Initial Purchaser to residents of Japan, the Notes may be offered only to a small number of investors (i.e. up to 49) pursuant to Article 2, Paragraph 4, Item 1 of the FIEA, except in the case the amount of the sale of the Notes in Japan is JPY 100,000,000 (or its equivalent) or less or the offering satisfies certain other requirements provided in Article 14-16, Paragraph 2 of the Ministerial Ordinance concerning the Disclosure of the Companies, etc. of Japan. In the case of the offering to a small number of investors, the solicitation of an offer to acquire the Notes is made on the condition that the investor of such Notes agrees not to re-transfer the Notes to anyone other than non-residents of Japan (as defined in Article 6, Paragraph 1, Item 6 of the Foreign Exchange and Foreign Trade Law of Japan) except in the case it re-transfers to one person by one transaction of all the Notes it acquired by the investor.

**Kuwait**

This Prospectus is being provided upon the request of the recipient and for his convenience. Receipt of this Prospectus does not constitute an offer to sell the Notes referred to herein in Kuwait. No private or public offering of the Notes is being made in Kuwait, and no agreement relating to the sale of the Notes will be concluded in Kuwait. No mass-media means of contact are being used to market the Notes. The Notes are being offered for sale only to qualified institutional investors and sophisticated, high-net-worth individuals. Neither the Notes nor the private offering have been licensed by the ministry of commerce or any other relevant Kuwaiti government agency. Neither the Initial Purchaser nor any other party involved in this offering is licensed in the State of Kuwait.

**Luxembourg**

The Initial Purchaser has agreed to comply with the following selling restrictions applicable to Luxembourg:

No action has or will be undertaken by the Initial Purchaser or any other entity that would permit a public offer of the Notes in the Grand Duchy of Luxembourg. Accordingly, no action has or will be undertaken that would permit the Notes to be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and neither this Prospectus nor any other circular, prospectus, form of application, advertisement or other material may be distributed or otherwise made available in or from, or published in, the Grand Duchy of Luxembourg, unless the requirements of Luxembourg law concerning public offering of securities have first been met.
New Zealand

The Initial Purchaser acknowledges and agrees that the Notes have not been and shall not be offered for sale or subscription to the public in New Zealand in terms of the Securities Act 1978 or the Securities Regulations 1983 of New Zealand. In particular, but without limitation, the Notes may only be offered or transferred either (a) to a Person whose principal business is the investment of money, or (b) to a Person who, in the course of and for the purposes of its business, habitually invests money, or (c) to a Person required to pay a minimum subscription price of at least NZ$500,000 for the Notes before the allotment of those Notes (disregarding any amounts payable, or paid, out of money lent by the Issuer or any associated Person of the Issuer), or (d) to a Person who can properly be regarded as having been selected as offeree or transferee of the Notes otherwise than as a member of the public in New Zealand, in terms of the Securities Act 1978.

Portugal

The Notes have not been offered, advertised, sold or delivered and will not be directly or indirectly offered, advertised, sold, re sold, re offered or delivered in circumstances which could qualify as a public offer pursuant to the Código dos Valores Mobiliários or in circumstances which could qualify the issue of the Notes as an issue in the Portuguese market. The Notes have not been directly or indirectly distributed and this Prospectus, any other document, circular, advertisement or any offering material will not be directly or indirectly distributed except in accordance with all applicable laws and regulations.

Saudi Arabia

The Initial Purchaser has represented, warranted and agreed with the Issuer that it has not offered and will not offer any Notes in the Kingdom of Saudi Arabia otherwise than by way of a "private placement" or an "exempt offer", each within the meaning of, and in accordance with, the Offers of Securities Regulations and other applicable rules and regulations of the Kingdom of Saudi Arabia.

Spain

Pursuant to the Subscription Agreement, the Initial Purchaser has agreed that they shall not offer or sell the Notes in the territory of Spain other than in compliance with the requirements and restrictions set out by law 24/1988 of 28 July of the securities market (as amended by Royal Decree law 5/2005 of 11 March) and Royal Decree 1310/2005 of 4 November that partially develops law 24/1988 of 28 July of the securities markets and any other applicable Spanish laws and regulations governing the offering or sale of securities in Spain.

Furthermore, the Notes contemplated in this Prospectus may not be offered or sold in Spain by way of a public offering of securities (as such term is defined in article 30 bis 1 of law 24/1988 of 28 July of the securities markets (as amended by Royal Decree law 5/2005 of 11 March)). Therefore, investors in the Notes may not sell or offer the Notes in Spain other than in compliance with the requirements set out by article 30 bis 1 of law 24/1988 of 28 July of the securities markets (as amended by Royal Decree law 5/2005 of 11 March) and article 38 of Royal Decree 1310/2005 of 4 November so that any sale or offering of the Notes in Spain is not classified as a public offering of securities in Spain.

The offering or sale of the Notes contemplated in this Prospectus, or the distribution of this Prospectus or any other document relating to the Notes in Spain shall not constitute, pursuant to the said article 30 bis 1 of law 24/1988 of 28 July of the securities markets (as amended by Royal Decree law 5/2005 of 11 March), a public offering of securities in Spain. As a consequence, this Prospectus (and no other offering circular or prospectus relating to the Notes) has not been and is not envisaged to be approved by, registered or filed with, or notified to the Comision Nacional del Mercado de Valores or any other regulatory authority in Spain, and does not constitute a Prospectus for the public offering of securities in Spain.

Sweden

The Initial Purchaser has represented and agreed that this Prospectus has not and will not be registered with the Swedish Financial Supervisory Authority. Accordingly, this document may not be made available, nor may the Notes otherwise be marketed and offered for sale in Sweden, other than in circumstances which are deemed not to be an offer to the public in Sweden under the Financial Instruments Trading Act (1991:980).

Switzerland

This Prospectus does not constitute a prospectus pursuant to Article 1156 of the Swiss Code of Obligations and the Issuer has not and will not register with the Swiss Federal Banking Commission as a foreign investment fund. Accordingly, the Notes may not be offered to the public in or from Switzerland in terms of the Swiss Investment Fund Regulations and the Circular No. 03/1 of the Swiss Federal Banking Commission dated May 28, 2003, in its last version dated January 25/26, 2006 (the "Swiss Regulations"). They may only be offered to a selected and
limited circle of investors who do not acquire the Notes with a view to distribute them to the public in or from Switzerland in accordance with the Swiss Regulations.

This Prospectus is personal to each prospective investor and does not constitute an offer to any other person. It may only be used by those persons to whom it has been handed out in connection with the issue of the Notes described herein and may neither directly nor indirectly be distributed or made available to other persons without the express consent of the Issuer.

Taiwan

The Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan (R.O.C.) pursuant to applicable securities laws and regulations and the Notes may not be offered or sold within Taiwan (R.O.C.) through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Law, the Securities Investment Trust and Consulting Act or Regulations Governing Offshore Funds of Taiwan (R.O.C.) that requires a registration or the approval of the Financial Supervisory Commission of Taiwan (R.O.C.). If the Notes are sold in Taiwan through private placement, such sale will be in compliance with the provisions under the Regulations Governing Offshore Funds.

General

The Initial Purchaser has also represented and warranted that no action has been or will be taken in any jurisdiction that would permit a public offering of the Notes, or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Notes, in any jurisdiction where action for such purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.
TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

Regulation S Notes

Each purchaser of Regulation S Notes will be deemed to have represented and agreed (or in the case of a Class A-1R Note shall be required to represent and agree) as follows:

(a) The purchaser is located outside the United States and is not a U.S. Person.

(b) The purchaser understands that the Regulation S Notes have not been and will not be registered under the Securities Act and that the Issuer has not registered and will not register under the Investment Company Act. It agrees, for the benefit of the Issuer, the Arrangers and any of their affiliates, that, if it decides to resell, pledge or otherwise transfer such Regulation S Notes (or any beneficial interest or participation therein) purchased by it, any offer, sale or transfer of such Regulation S Notes (or any beneficial interest or participation therein) will be made in compliance with the Securities Act and only to a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 (as applicable) under Regulation S.

(c) The purchaser understands that pursuant to the terms of the Trust Deed, the Issuer has agreed that the Regulation S Notes offered in reliance on Regulation S will bear the legend set forth below, and, on issue, will be represented by one or more Regulation S Notes. The Regulation S Notes may not at any time be held by or on behalf of U.S. Persons.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES REPRESENTED BY THIS CERTIFICATE MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S OF THE SECURITIES ACT IN A PRINCIPAL AMOUNT OUTSTANDING OF NOT LESS THAN €50,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRUSTEE OR ANY INTERMEDIARY. IN ADDITION TO THE FOREGOING, THE ISSUER MAINTAINS THE RIGHT TO DIRECT THE RESALE OF ANY NOTES PREVIOUSLY TRANSFERRED TO NON-PERMITTED HOLDERS (AS DEFINED IN THE TRUST DEED) IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE TRUST DEED. EACH TRANSFEROR OF THIS NOTE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE TRUST DEED TO ITS TRANSFEREE.

EACH PURCHASER OF THE NOTES REPRESENTED BY THIS CERTIFICATE OR ANY BENEFICIAL INTEREST HEREIN UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE NOTES FROM ONE OR MORE BOOK ENTRY DEPOSITORIES.

TRANSFERS OF THE NOTES REPRESENTED BY THIS CERTIFICATE OR OF PORTIONS OF THE NOTES REPRESENTED BY THIS CERTIFICATE SHOULD BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE TRUST DEED REFERRED TO HEREIN.

PRINCIPAL OF THE NOTES REPRESENTED BY THIS CERTIFICATE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE PRINCIPAL AMOUNT OUTSTANDING OF THE NOTES REPRESENTED BY THIS CERTIFICATE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THE NOTES REPRESENTED BY THIS CERTIFICATE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE REGISTRAR.

BY ITS PURCHASE OR HOLDING OF A NOTE, OR ANY INTEREST THEREIN, THE PURCHASER AND/OR HOLDER THEREOF AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED, AT THE TIME OF ITS PURCHASE AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTE, THAT IT IS NOT AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA, A PLAN AS DEFINED IN
SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), THAT IS SUBJECT TO SECTION 4975 OF THE CODE OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY. ANY PURPORTED TRANSFER OF THE NOTES, OR ANY INTEREST THEREIN, TO A PURCHASER OR TRANSFeree THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS WILL BE OF NO FORCE AND EFFECT, SHALL BE NULL AND VOID AB INITIO AND THE ISSUER WILL HAVE THE RIGHT TO DIRECT THE PURCHASER TO TRANSFER THE NOTES, OR ANY INTEREST THEREIN, AS APPLICABLE, TO A PERSON WHO MEETS THE FOREGOING CRITERIA.

EACH NON-U.S. HOLDER AND BENEFICIAL OWNER OF A CLASS A-1R NOTE, A CLASS E NOTE (INCLUDING THE CLASS E COMPONENT OF ANY CLASS P COMBINATION NOTES) OR A SUBORDINATED NOTE THAT IS ACQUIRING, DIRECTLY OR IN CONJUNCTION WITH AFFILIATES, MORE THAN 33 PER CENT. OF THE AGGREGATE PRINCIPAL AMOUNT OUTSTANDING OF ANY SUCH CLASS OF NOTES WILL BE DEEMED TO REPRESENT AND WARRANT THAT IT IS NOT AN AFFECTED BANK. "AFFECTED BANK" MEANS A "BANK" FOR THE PURPOSE OF SECTION 881 OF THE CODE (INCLUDING AN ENTITY CONTROLLED BY SUCH BANK OR ACTING ON BEHALF OF SUCH BANK) WHERE SUCH BANK NEITHER (I) MEETS THE DEFINITION OF A U.S. PERSON (UNDER SECTION 7701(A)(30) OF THE CODE) NOR (II) IS ENTITLED TO THE BENEFITS OF AN INCOME TAX TREATY WITH THE UNITED STATES UNDER WHICH WITHHOLDING TAXES ON INTEREST PAYMENTS MADE BY OBLIGORS RESIDENT IN THE UNITED STATES TO SUCH BANK ARE REDUCED TO ZERO PER CENT.


THE NOTES REPRESENTED BY THIS CERTIFICATE ARE BEING ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") THE ISSUE PRICE, TOTAL AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY MAY BE OBTAINED BY CONTACTING THE REGISTRAR.

BY ITS PURCHASE OR HOLDING OF ANY CLASS OF COMBINATION NOTES, OR ANY INTEREST THEREIN, THE PURCHASER AND/OR HOLDER THEREOF AND EACH TRANSFeree WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED AT THE TIME OF ITS PURCHASE AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTE OR INTEREST THEREIN THAT IT WILL TREAT EACH CLASS OF COMBINATION NOTES AS ITS RESPECTIVE COMPONENTS RATHER THAN A SINGLE UNIT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES.

EACH HOLDER AND EACH BENEFICIAL OWNER OF A NOTE (OTHER THAN A SUBORDINATED NOTE), BY ACCEPTANCE OF SUCH NOTE, OR ITS INTEREST IN A NOTE (OTHER THAN A SUBORDINATED NOTE), AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH NOTE (OTHER THAN A SUBORDINATED NOTE) AS DEBT OF THE ISSUER FOR UNITED STATES FEDERAL INCOME TAX PURPOSES EXCEPT (X) AS OTHERWISE REQUIRED BY APPLICABLE LAW, (Y) TO THE EXTENT A HOLDER MAKES A PROTECTIVE QEF ELECTION OR (Z) TO THE EXTENT THAT A HOLDER FILES CERTAIN UNITED STATES TAX INFORMATION RETURNS REQUIRED OF ONLY CERTAIN EQUITY OWNERS WITH RESPECT TO VARIOUS REPORTING REQUIREMENTS UNDER THE CODE.

(a) The purchaser is not purchasing such Regulation S Notes with a view to the resale, distribution or other disposition thereof in violation of the Securities Act.

(b) The purchaser is aware that the sale of Regulation S Notes to it is being made in reliance on the exemption from registration provided by Regulation S.

(c) The purchaser understands that the Regulation S Notes may not, at any time, be held by, or on behalf of, U.S. Persons.

(d) The purchaser understands that an investment in the Regulation S Notes involves certain risks, including the risk of loss of all or a substantial part of its investment under certain circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Regulation S Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to
its acquisition of the Regulation S Notes, including an opportunity to ask questions of and request information from the Issuer.

(e) In connection with the purchase of the Regulation S Notes (provided that no such representation is made with respect to the Portfolio Manager by any affiliate of the Portfolio Manager or any purchaser over whose investment account the Portfolio Manager exercises discretionary authority): (i) none of the Issuer, the Arrangers or the Portfolio Manager is acting as a fiduciary or financial or investment adviser for the purchaser; (ii) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Arrangers or the Portfolio Manager other than this Prospectus for such Regulation S Notes and any representations expressly set forth in a written agreement with such party; (iii) none of the Issuer, the Arrangers or the Portfolio Manager has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit (including legal, regulatory, tax, financial, accounting, or otherwise) as to an investment in the Regulation S Notes; (iv) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisers to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Trust Deed) based upon its own judgement and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer, the Arrangers or the Portfolio Manager; (v) the purchaser has evaluated that the rates, prices or amounts and other terms of the purchase and sale of the Regulation S Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (vi) the purchaser is a sophisticated investor.

(f) The purchaser will not, at any time, offer to buy or offer to sell the Regulation S Notes by any form of general solicitation or advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or seminar or meeting whose attendees have been invited by general solicitations or advertising.

(g) The purchaser will provide notice to each person to whom it proposes to transfer any interest in the Regulation S Notes of the transfer restrictions and representations set forth herein.

(h) With respect to the purchase, holding and disposition of any Note, or any interest therein, the purchaser is not an "employee benefit plan" (as defined in Section 3(3) of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) that is subject to the fiduciary responsibilities provisions of ERISA, a "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), that is subject to Section 4975 of the Code or any entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity. Any purported transfer of the Notes, or any interest therein, to a purchaser that does not comply with the requirements of this paragraph will be of no force and effect, shall be null and void ab initio and the Issuer will have the right to direct the purchaser to transfer the Notes, or any interest therein, as applicable, to a person who meets the foregoing criteria.

(i) Each Non-U.S. Holder and beneficial owner of a Class A-1R Note or a Class E Note (including the Class E Component of any Class P Combination Note) or a Subordinated Note that is acquiring, directly or in conjunction with affiliates, more than 33 per cent. of the aggregate principal amount outstanding of any such Class of Notes will make, or will be deemed to make, a representation to the effect that it is not an Affected Bank. "Affected Bank" means a "bank" for the purposes of Section 881 of the Code (including an entity controlled by such bank or acting on behalf of such bank) where such bank neither (x) meets the definition of a U.S. Holder nor (y) is entitled to the benefits of an income tax treaty with the United States under which withholding taxes on interest payments made by obligors resident in the United States to such bank are reduced to 0 per cent.
GENERAL INFORMATION

1. Clearing Systems

The Notes of each Class have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and International Securities Identification Number ("ISIN") for each of the Notes of each Class is:

<table>
<thead>
<tr>
<th>ISIN</th>
<th>COMMON CODE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A-1R Notes</td>
<td>N/A</td>
</tr>
<tr>
<td>Class A-1T Notes</td>
<td>XS0319580915</td>
</tr>
<tr>
<td>Class A-2A Notes</td>
<td>XS0319581301</td>
</tr>
<tr>
<td>Class A-2B Notes</td>
<td>XS0323845528</td>
</tr>
<tr>
<td>Class B Notes</td>
<td>XS0319583422</td>
</tr>
<tr>
<td>Class C Notes</td>
<td>XS0319588736</td>
</tr>
<tr>
<td>Class D Notes</td>
<td>XS0319589031</td>
</tr>
<tr>
<td>Class E Notes</td>
<td>XS0319599774</td>
</tr>
<tr>
<td>Subordinated Notes</td>
<td>XS0319600705</td>
</tr>
<tr>
<td>Class P Combination Notes</td>
<td>XS0319602156</td>
</tr>
</tbody>
</table>

2. Listing

The admission to trading of the Notes on the regulated market of the Irish Stock Exchange and the listing of the offered Notes on the Official List of the Irish Stock Exchange is expected to be on or about 16 October 2007. A&L Listing Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Irish Stock Exchange's regulated market for the purposes of the Prospectus Directive.

3. Consents and Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in Ireland (if any) in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolution of the board of Directors of the Issuer passed on 16 October 2007.

4. No Significant or Material Change

There has been no significant change in the financial or trading position or prospects of the Issuer since its incorporation on 15 February 2007 and there has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 15 February 2007.

5. No Litigation

The Issuer is not involved, and has not been involved, in any legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the Issuer's financial position.

6. Accounts

Since the date of its incorporation the Issuer has not commenced operations other than in respect of entering into the documentation in respect of the acquisition of certain assets to be comprised in the Portfolio on or prior to the Closing Date and has not produced accounts as of the date of the Prospectus.

So long as any Note remains outstanding, copies of the most recent annual audited financial statements of the Issuer can be obtained at the specified offices of the Registrar and Transfer and Paying Agents during normal business hours. The first financial statements of the Issuer will be in respect of the period from incorporation to 30 June 2008. The annual accounts of the Issuer will be audited. The Issuer will not prepare interim financial statements.

The Trust Deed requires the Issuer to provide written confirmation to the Trustee on an annual basis that no Event of Default or other matter which is required to be brought to the Trustee's attention has occurred.

7. Documents Available

Copies of the following documents may be inspected (and, in the case of each of (k) to (m) below, will be available for collection free of charge) at the specified offices of any Transfer Agent in Ireland and any Paying Agent and at the registered offices of the Issuer during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes:
(a) the currently effective Articles of Association of the Issuer;
(b) the Subscription Agreement;
(c) the Trust Deed (which includes the form of each Note of each Class);
(d) the Agency Agreement;
(e) the Portfolio Management Agreement;
(f) the Class A-1R Note Purchase Agreement;
(g) the Liquidity Facility Agreement;
(h) each Asset Swap Agreement;
(i) each Interest Rate Hedge Agreement (if any);
(j) each Monthly Report;
(k) each Payment Date Report;
(l) each Subordinated Noteholder Report;
(m) the Corporate Services Agreement;
(n) each Offsetting Credit Default Swap; and
(o) each Credit Short Obligation.

Copies of the above documents will be available electronically.

8. **Enforceability of Judgments**

The Issuer is a company organised under the laws of Ireland. None of the directors of the Issuer are residents of the United States, and all or a substantial portion of the assets of the Issuer and such persons are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon civil liability provisions of the securities laws of the United States or any State or territory within the United States.

9. **Expenses**

The total expenses related to the admission to trading on the Irish Stock Exchange will be approximately €6,782.40.
# INDEX OF DEFINED TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>xi</td>
</tr>
<tr>
<td>£</td>
<td>xi</td>
</tr>
<tr>
<td>€</td>
<td>72</td>
</tr>
<tr>
<td>Account Bank</td>
<td>47</td>
</tr>
<tr>
<td>Accounts</td>
<td>48</td>
</tr>
<tr>
<td>Accreted Value</td>
<td>48</td>
</tr>
<tr>
<td>Accrual Period</td>
<td>48</td>
</tr>
<tr>
<td>Accrued Collateral Debt Obligation Interest</td>
<td>48</td>
</tr>
<tr>
<td>Additional Reinvestment Ratio</td>
<td>49</td>
</tr>
<tr>
<td>Additional Reinvestment Test</td>
<td>49</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>49</td>
</tr>
<tr>
<td>Affected Bank</td>
<td>259</td>
</tr>
<tr>
<td>Affected Classes</td>
<td>152</td>
</tr>
<tr>
<td>Affected Collateral</td>
<td>127</td>
</tr>
<tr>
<td>Affiliate</td>
<td>50</td>
</tr>
<tr>
<td>Affiliated</td>
<td>50</td>
</tr>
<tr>
<td>Agency Agreement</td>
<td>47</td>
</tr>
<tr>
<td>Agent</td>
<td>50</td>
</tr>
<tr>
<td>Agents</td>
<td>50</td>
</tr>
<tr>
<td>Aggregate Class A-1R Commitment</td>
<td>6, 50, 241</td>
</tr>
<tr>
<td>Aggregate Collateral Balance</td>
<td>50</td>
</tr>
<tr>
<td>Aggregate Industry Equivalent Unit Score</td>
<td>204</td>
</tr>
<tr>
<td>Aggregate Principal Balance</td>
<td>50</td>
</tr>
<tr>
<td>Applicable Margin</td>
<td>50, 134</td>
</tr>
<tr>
<td>Applicable Swap Rate</td>
<td>210</td>
</tr>
<tr>
<td>ASIC</td>
<td>vii, 253</td>
</tr>
<tr>
<td>Asset Swap Account</td>
<td>50</td>
</tr>
<tr>
<td>Asset Swap Agreement</td>
<td>48, 51</td>
</tr>
<tr>
<td>Asset Swap Counterparty</td>
<td>51</td>
</tr>
<tr>
<td>Asset Swap Counterparty Principal Exchange Amount</td>
<td>51</td>
</tr>
<tr>
<td>Asset Swap Counterparty Termination Payment</td>
<td>51</td>
</tr>
<tr>
<td>Asset Swap Issuer Principal Exchange Amount</td>
<td>51</td>
</tr>
<tr>
<td>Term</td>
<td>Page References</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>CDO .............................................................</td>
<td>43</td>
</tr>
<tr>
<td>CDO Evaluator .............................................</td>
<td>54, 200</td>
</tr>
<tr>
<td>CDO Monitor ..................................................</td>
<td>54, 166, 200</td>
</tr>
<tr>
<td>CDO Monitor Test ..........................................</td>
<td>54, 200</td>
</tr>
<tr>
<td>Class ..........................................................</td>
<td>61</td>
</tr>
<tr>
<td>Class A Noteholders .....................................</td>
<td>55</td>
</tr>
<tr>
<td>Class A Notes ................................................</td>
<td>1, 46, 55</td>
</tr>
<tr>
<td>Class A-1 Note Payment Sequence ..............</td>
<td>55</td>
</tr>
<tr>
<td>Class A-1 Notes .............................................</td>
<td>1, 46, 55</td>
</tr>
<tr>
<td>Class A-1R Accrual Period .......................</td>
<td>55</td>
</tr>
<tr>
<td>Class A-1R Advance ......................................</td>
<td>55</td>
</tr>
<tr>
<td>Class A-1R Advance Date.............................</td>
<td>55</td>
</tr>
<tr>
<td>Class A-1R Advance Request ......................</td>
<td>55, 243</td>
</tr>
<tr>
<td>Class A-1R Advance Request Date ...............</td>
<td>56, 243</td>
</tr>
<tr>
<td>Class A-1R Allocated Commitment ...............</td>
<td>56</td>
</tr>
<tr>
<td>Class A-1R Allocation Request ...................</td>
<td>56, 246</td>
</tr>
<tr>
<td>Class A-1R Available Commitment ...............</td>
<td>56</td>
</tr>
<tr>
<td>Class A-1R Average Allocated Commitment .......</td>
<td>56</td>
</tr>
<tr>
<td>Class A-1R Average Undrawn Amount ..............</td>
<td>56</td>
</tr>
<tr>
<td>Class A-1R Collateral ....................................</td>
<td>56</td>
</tr>
<tr>
<td>Class A-1R Collateral Termination Date ..........</td>
<td>57</td>
</tr>
<tr>
<td>Class A-1R Collateralising Noteholder Account</td>
<td>57</td>
</tr>
<tr>
<td>Class A-1R Commitment .................................</td>
<td>57</td>
</tr>
<tr>
<td>Class A-1R Commitment Fee .........................</td>
<td>57</td>
</tr>
<tr>
<td>Class A-1R Committed Facility ....................</td>
<td>57</td>
</tr>
<tr>
<td>Class A-1R Definitive Certificate ..............</td>
<td>161</td>
</tr>
<tr>
<td>Class A-1R Drawn Amount ..............................</td>
<td>57</td>
</tr>
<tr>
<td>Class A-1R Interest Amount .......................</td>
<td>57, 137</td>
</tr>
<tr>
<td>Class A-1R Interest Rate .........................</td>
<td>57, 137</td>
</tr>
<tr>
<td>Class A-1R Make Whole Amount ......................</td>
<td>58</td>
</tr>
<tr>
<td>Class A-1R Note Agent .................................</td>
<td>47</td>
</tr>
<tr>
<td>Class A-1R Note Purchase Agreement .............</td>
<td>47</td>
</tr>
<tr>
<td>Class A-1R Noteholders ...............................</td>
<td>58</td>
</tr>
<tr>
<td>Class A-1R Notes ..........................................</td>
<td>1, 46</td>
</tr>
<tr>
<td>Term</td>
<td>Page</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Class D Interest Coverage Ratio</td>
<td>60</td>
</tr>
<tr>
<td>Class D Interest Coverage Test</td>
<td>60</td>
</tr>
<tr>
<td>Class D Noteholders</td>
<td>60</td>
</tr>
<tr>
<td>Class D Notes</td>
<td>1, 46</td>
</tr>
<tr>
<td>Class D Par Value Ratio</td>
<td>60</td>
</tr>
<tr>
<td>Class D Par Value Test</td>
<td>60</td>
</tr>
<tr>
<td>Class E Component</td>
<td>2, 46, 60</td>
</tr>
<tr>
<td>Class E Coverage Tests</td>
<td>60</td>
</tr>
<tr>
<td>Class E Floating Rate of Interest</td>
<td>134</td>
</tr>
<tr>
<td>Class E Interest Coverage Ratio</td>
<td>60</td>
</tr>
<tr>
<td>Class E Interest Coverage Test</td>
<td>60</td>
</tr>
<tr>
<td>Class E Notes</td>
<td>1, 46</td>
</tr>
<tr>
<td>Class E Par Value Ratio</td>
<td>60</td>
</tr>
<tr>
<td>Class E Par Value Test</td>
<td>60</td>
</tr>
<tr>
<td>Class of Noteholders</td>
<td>61</td>
</tr>
<tr>
<td>Class of Notes</td>
<td>60</td>
</tr>
<tr>
<td>Class P Combination Note Rated Coupon Interest</td>
<td>61, 138</td>
</tr>
<tr>
<td>Class P Combination Noteholders</td>
<td>61</td>
</tr>
<tr>
<td>Class P Combination Notes</td>
<td>1, 46</td>
</tr>
<tr>
<td>Class P Rated Coupon</td>
<td>61</td>
</tr>
<tr>
<td>Class P Residual Amount</td>
<td>61, 139</td>
</tr>
<tr>
<td>Class P Residual Coupon</td>
<td>61</td>
</tr>
<tr>
<td>Clearing Systems</td>
<td>164</td>
</tr>
<tr>
<td>Clearstream, Luxembourg</td>
<td>iii</td>
</tr>
<tr>
<td>Closing Date</td>
<td>1, 61</td>
</tr>
<tr>
<td>Closing Date Target Par Amount</td>
<td>61</td>
</tr>
<tr>
<td>Code</td>
<td>42, 259</td>
</tr>
<tr>
<td>CODE</td>
<td>258</td>
</tr>
<tr>
<td>Collateral</td>
<td>258</td>
</tr>
<tr>
<td>Collateral Acquisition Agreements</td>
<td>61</td>
</tr>
<tr>
<td>Collateral Administrator</td>
<td>47</td>
</tr>
<tr>
<td>Collateral Debt Obligation</td>
<td>61</td>
</tr>
<tr>
<td>Collateral Enhancement Account</td>
<td>62</td>
</tr>
<tr>
<td>Collateral Enhancement Obligation</td>
<td>62</td>
</tr>
</tbody>
</table>
Custody Account .......................................................... 66
Debt Restructuring ........................................................ 186
Defaulted Class A-1R Advance ..................................... 66
Defaulted Credit Short Obligation Issuer Termination Payment .......................................................... 66
Defaulted Credit Short Obligation Issuer Termination Receipt .......................................................... 66
Defaulted Hedge Termination Payment .......................................................... 66
Defaulted Obligation ....................................................... 66
Defaulted Offsetting Credit Default Swap Issuer Termination Payment .................................................. 68
Defaulted Offsetting Credit Default Swap Issuer Termination Receipt .................................................. 68
Defaulting Noteholder ................................................... 68, 247
Defaulting Noteholder Paid Amount .................................. 68
Defaulting Noteholder Paid Amounts .................................. 247
Deferred Fees and Expenses Periodic Payment Letter .......................................................... 68
Deferred Interest .......................................................... 68, 133
Deferring Mezzanine Obligation ........................................ 68
Definitive Certificate ....................................................... 69
Definitive Exchange Date ............................................... 162
Delayed Drawdown Collateral Obligation .......................................................... 69
Deliverable Obligation ..................................................... 36, 69
Deliverable Obligations ..................................................... 36
Derivative Agreement ....................................................... 69
Designated Maturity ....................................................... 69
Determination Date ......................................................... 69
Direct Participants ......................................................... 164
Directors ........................................................................ 69
Discount Obligation ......................................................... 69
Discounted Collateral Haircut ............................................. 69
Distribution ..................................................................... 70
Diversity Score ................................................................ 204
DKB ............................................................................... 170
Due Period ....................................................................... 70
ECD ............................................................................... 171
Effective Date ............................................................... 70
Effective Date Rating Event .............................................. 70
Exchanged Equity Security ................................................................. 73
Exchanged Global Certificate .......................................................... 162
Expected Net Proceeds ...................................................................... 73, 141
Expense Reserve Account ................................................................. 73
Extraordinary Resolution .................................................................. 73
FIEA ...... viii, 254
Financial Regulator ............................................................................ 1
Fitch ................................................................................................. 73
Fixed Rate Collateral Debt Obligation .................................................. 73
Fixed Rate Collateral Debt Obligations .................................................. 210
Fixed Rate Notes .............................................................................. 73
Floating Interest Amount .................................................................... 73, 136
Floating Rate Collateral Debt Obligation .............................................. 73
Floating Rate Notes .......................................................................... 73
Floating Rate of Interest ..................................................................... 74
Form-Approved Asset Swap ............................................................... 74
Form-Approved Credit Short Obligation .............................................. 74
Form-Approved Hedge ..................................................................... 74
Form-Approved Interest Rate Hedge ................................................. 74
Form-Approved Offsetting Credit Default Swap .................................... 74
Form-Approved Synthetic Security .................................................... 74
FSMA ......................................................................................... iv
Fuji ................................................................................................. 170
Funded Amount ................................................................................ 74
Global Certificates ........................................................................... 161
Haircut CCC Balance ....................................................................... 74
Hedge Agreement ............................................................................ 74
Hedge Counterparty ........................................................................... 75
Hedge Counterparty Termination Payment ........................................... 75
Hedge Issuer Termination Payment ..................................................... 75
Hedge Replacement Payment ............................................................. 75
Hedge Replacement Receipts ............................................................... 75
Hedge Transaction ........................................................................... 75
High Yield Bond .............................................................................. 75
<table>
<thead>
<tr>
<th>Term</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement Date</td>
<td>80</td>
</tr>
<tr>
<td>Mezzanine Obligation</td>
<td>81</td>
</tr>
<tr>
<td>MHFG</td>
<td>170</td>
</tr>
<tr>
<td>MIMUK</td>
<td>170</td>
</tr>
<tr>
<td>Minimum Denomination</td>
<td>81</td>
</tr>
<tr>
<td>Minimum Spread Test</td>
<td>208</td>
</tr>
<tr>
<td>Minimum Weighted Average Spread</td>
<td>210</td>
</tr>
<tr>
<td>MLI</td>
<td>229</td>
</tr>
<tr>
<td>Monthly Report</td>
<td>81, 234</td>
</tr>
<tr>
<td>Moody's</td>
<td>1, 81</td>
</tr>
<tr>
<td>Moody's Actual Deferred Interest Credit</td>
<td>199</td>
</tr>
<tr>
<td>Moody's Collateral Value</td>
<td>81</td>
</tr>
<tr>
<td>Moody's Deferring Mezzanine Obligation Condition 1</td>
<td>199</td>
</tr>
<tr>
<td>Moody's Deferring Mezzanine Obligation Condition 2</td>
<td>199</td>
</tr>
<tr>
<td>Moody's Deferring Mezzanine Obligation Conditions</td>
<td>199</td>
</tr>
<tr>
<td>Moody's Maximum Weighted Average Rating Factor Test</td>
<td>206</td>
</tr>
<tr>
<td>Moody's Minimum Diversity Test</td>
<td>204</td>
</tr>
<tr>
<td>Moody's Minimum Weighted Average Recovery Rate Test</td>
<td>207</td>
</tr>
<tr>
<td>Moody's Rating</td>
<td>213</td>
</tr>
<tr>
<td>Moody's Rating Factor</td>
<td>206</td>
</tr>
<tr>
<td>Moody's Recovery Rate</td>
<td>81, 207</td>
</tr>
<tr>
<td>Moody's Tests Matrix</td>
<td>198</td>
</tr>
<tr>
<td>Moody's Weighted Average Deferred Interest Percentage</td>
<td>199</td>
</tr>
<tr>
<td>Moody's Weighted Average Rating</td>
<td>206</td>
</tr>
<tr>
<td>Non-Call Period</td>
<td>4, 81</td>
</tr>
<tr>
<td>Non-Compliant Class A-1R Noteholder</td>
<td>81, 101</td>
</tr>
<tr>
<td>Non-Euro Obligation</td>
<td>10, 81</td>
</tr>
<tr>
<td>Non-Euro Qualifying Currency</td>
<td>81</td>
</tr>
<tr>
<td>Non-European Collateral Debt Obligation</td>
<td>196</td>
</tr>
<tr>
<td>Non-Permitted Holder</td>
<td>100</td>
</tr>
<tr>
<td>Note Tax Event</td>
<td>81</td>
</tr>
<tr>
<td>Noteholders</td>
<td>81</td>
</tr>
<tr>
<td>Notes</td>
<td>1, 46, 47</td>
</tr>
<tr>
<td>Notice of Default</td>
<td>147</td>
</tr>
</tbody>
</table>
Receiver ................................ ................................ ................................ ................................ .......................... 147
Record Date ................................ ................................ ................................ ................................ .......................... 90
Redemption Date ................................ ................................ ................................ ................................ .............. 90
Redemption Determination Date ................................ ................................ ................................ .................. 90, 140
Redemption Notice ................................ ................................ ................................ ................................ ........... 90
Redemption Price ................................ ................................ ................................ ................................ ............. 90
Redemption Threshold Amount ................................ ................................ ................................ ........................ 91
Reference Banks ................................ ................................ ................................ ................................ ............... 91
Reference Entity ................................ ................................ ................................ ................................ .......... 35, 91
Reference Obligation ................................ ................................ ................................ ................................ ........ 91
Reference Obligations ................................ ................................ ................................ ................................ ...... 35
Register ................................ ................................ ................................ ................................ ............................ 91
Registrar ................................ ................................ ................................ ................................ .......................... 47
Regulation ................................ ................................ ................................ ................................ ...................... 131
Regulation S ................................ ................................ ................................ ................................ ................ iii, 91
Regulation S Global Certificate ................................ ................................ ................................ ............. iii, 16, 161
Regulation S Global Certificates ................................ ................................ ................................ ............ iii, 91
Regulation S Notes ................................ ................................ ................................ ................................ ...... iii, 91
Reinvestment Criteria ................................ ................................ ................................ ................................ 91, 182
Reinvestment Period ................................ ................................ ................................ ................................ 12, 91
Relevant Persons ................................ ................................ ................................ ................................ ................ ii
Replacement Asset Swap Agreement ................................ ................................ ................................ ........... 91
Replacement Asset Swap Transaction ................................ ................................ ................................ ........ 91
Replacement Credit Short Obligation ................................ ................................ ................................ ........ 91
Replacement Interest Rate Hedge Agreement ................................ ................................ ............................. 92
Replacement Offsetting Credit Default Swap ................................ ................................ ................................ ... 92
Replacement Rating Agency ................................ ................................ ................................ ......................... 89
Report ................................ ................................ ................................ ................................ .............................. 89
Resolution ................................ ................................ ................................ ................................ ........................ 89
Revolving Collateral Obligation ................................ ................................ ................................ ..................... 92
Revolving Reserve Account ................................ ................................ ................................ ....................... 92
Revolving Reserve Commitment ................................ ................................ ................................ .................... 92
RSA ................................ ................................ ................................ ................................ ............................... 251
S&P ................................ ................................ ................................ ................................ ............................. 1, 92

270
<table>
<thead>
<tr>
<th>Term</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P Actual Deferred Interest Credit</td>
<td>198</td>
</tr>
<tr>
<td>S&amp;P Average Recovery Rate</td>
<td>202</td>
</tr>
<tr>
<td>S&amp;P Collateral Value</td>
<td>92</td>
</tr>
<tr>
<td>S&amp;P Deferring Mezzanine Obligation Condition 1</td>
<td>198</td>
</tr>
<tr>
<td>S&amp;P Deferring Mezzanine Obligation Condition 2</td>
<td>198</td>
</tr>
<tr>
<td>S&amp;P Deferring Mezzanine Obligation Conditions</td>
<td>198</td>
</tr>
<tr>
<td>S&amp;P Minimum Weighted Average Recovery Rate Test</td>
<td>202</td>
</tr>
<tr>
<td>S&amp;P Model Test</td>
<td>92, 200</td>
</tr>
<tr>
<td>S&amp;P Notched Rating</td>
<td>212</td>
</tr>
<tr>
<td>S&amp;P Priority Category</td>
<td>93</td>
</tr>
<tr>
<td>S&amp;P Rating</td>
<td>210</td>
</tr>
<tr>
<td>S&amp;P Recovery Rate</td>
<td>93, 202</td>
</tr>
<tr>
<td>S&amp;P Test Matrix</td>
<td>197</td>
</tr>
<tr>
<td>S&amp;P Weighted Average Deferred Interest Percentage</td>
<td>198</td>
</tr>
<tr>
<td>Sale Proceeds</td>
<td>93</td>
</tr>
<tr>
<td>Scenario Loss Rate</td>
<td>93, 200</td>
</tr>
<tr>
<td>Scheduled Periodic Asset Swap Counterparty Payment</td>
<td>93</td>
</tr>
<tr>
<td>Scheduled Periodic Asset Swap Issuer Payment</td>
<td>94</td>
</tr>
<tr>
<td>Scheduled Periodic Credit Short Obligation Counterparty Payment</td>
<td>94</td>
</tr>
<tr>
<td>Scheduled Periodic Interest Rate Hedge Counterparty Payment</td>
<td>94</td>
</tr>
<tr>
<td>Scheduled Periodic Interest Rate Hedge Issuer Payment</td>
<td>94</td>
</tr>
<tr>
<td>Scheduled Periodic Offsetting Credit Default Swap Issuer Payment</td>
<td>94</td>
</tr>
<tr>
<td>Scheduled Principal Proceeds</td>
<td>94</td>
</tr>
<tr>
<td>SEC</td>
<td>42</td>
</tr>
<tr>
<td>Second Lien Loan</td>
<td>94</td>
</tr>
<tr>
<td>Secured Party</td>
<td>94</td>
</tr>
<tr>
<td>Secured Senior Loan</td>
<td>94</td>
</tr>
<tr>
<td>Securities Act</td>
<td>95</td>
</tr>
<tr>
<td>Selling Institution</td>
<td>30, 95</td>
</tr>
<tr>
<td>Senior Expenses Cap</td>
<td>95</td>
</tr>
<tr>
<td>Senior Loan</td>
<td>95</td>
</tr>
<tr>
<td>Senior Outstanding Class</td>
<td>95</td>
</tr>
<tr>
<td>Senior Portfolio Management Fee</td>
<td>95</td>
</tr>
<tr>
<td>shortfall</td>
<td>128</td>
</tr>
</tbody>
</table>
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