IMPORTANT NOTICE

THIS DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE TRANSMITTED INTO OR DISTRIBUTED WITHIN THE UNITED STATES TO PERSONS AND OUTSIDE THE UNITED STATES TO U.S. PERSONS (AS DEFINED BELOW) EXCEPT TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED BELOW) WHO ARE "QUALIFIED PURCHASERS" (AS DEFINED BELOW).

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The contents of the attached Prospectus are confidential and may not be copied, distributed, published, reproduced or reported (in whole or in part) or disclosed by you to any other person. If at any time the Issuer or the Initial Purchaser requests that the attached Prospectus be returned, you will (a) return the attached Prospectus and (b) arrange to destroy all analyses, compilations, notes, structures, memoranda or other documents prepared by you to the extent that the same contain, reflect or derive from information in the attached Prospectus and (c) so far as is practicable to do so (but, in any event, without prejudice to the obligations of confidentiality imposed herein) expunge any information relating to the attached Prospectus in electronic form from any computer, word processor or other device. The attached Prospectus and any information contained herein shall remain the property of the Issuer and in sending the attached Prospectus to you, no rights (including any intellectual property rights) over the attached Prospectus and the information contained therein has been given to you.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED ("**THE SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S ("**REGULATION S**") UNDER THE SECURITIES ACT) (SUCH PERSONS, "**U.S. PERSONS**"), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE ISSUER OF THE NOTES HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED ("**THE INVESTMENT COMPANY ACT**").

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS UNLESS SUCH PERSON OR ADDRESSEE IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) THAT IS ALSO A "**QUALIFIED PURCHASER**" (AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: This Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accepting the e-mail and accessing this Prospectus, you shall be deemed to have represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission and (c) you are either (i) not a U.S. Person or acting for the account or benefit of a U.S. Person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia or (ii) a Qualified Institutional Buyer and a Qualified Purchaser.

The attached Prospectus has been sent to you in the belief that you are (a) a person of the kind described in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK 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 and (b) a person to whom this Prospectus can be sent lawfully in accordance with all other applicable securities laws. If this is not the case then you must return the attached Prospectus immediately.

This document has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Barclays Bank PLC (or any person who controls it or any director, officer, employee or agent of it, or affiliate of any such person) accepts any liability or

responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from Barclays Bank PLC.

You are reminded that the attached Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this Prospectus to any other person.

This document has also not been submitted to or approved by the Commission de Surveillance du Secteur Financier. This document is a document being issued for information only. It does not constitute or form part of an offer to sell or an invitation or solicitation to buy any Notes issued by eleX Alpha S.A. No offer to sell or invitation or solicitation to buy any Notes will be made in any jurisdiction where such offer, invitation or solicitation would be unlawful. This document is confidential to the addressee and may not be copied or passed on, in whole or in part, or its contents discussed with any person outside the group affiliates of the addressee or their professional advisers. This document has not been approved by any supervisory authority and the information contained herein is subject to material updating, revision, correction, completion and amendment. Statements contained herein include statements of circumstances which may exist on the date upon which the final prospectus is circulated, but may not exist at the date set forth below.

eleX Alpha S.A.

(a Luxembourg limited liability company (*société anonyme*) and being registered with the trade and companies register under number B.119681)

€60,000,000 Class A-1 Senior Secured Revolving Floating Rate Notes due 2023

€133,500,000 Class A-2 Senior Secured Delayed Draw Floating Rate Notes due 2023

€28,500,000 Class B Senior Secured Floating Rate Notes due 2023

€15,000,000 Class C Senior Secured Deferrable Floating Rate Notes due 2023

€16,500,000 Class D Senior Secured Deferrable Floating Rate Notes due 2023

€16,500,000 Class E Senior Secured Deferrable Floating Rate Notes due 2023

€30,000,000 Subordinated Notes due 2023

The Issuer is subject to the Luxembourg act dated 22 March 2004 on securitisation (the **Securitisation Act 2004**). Under the Securitisation Act 2004, the Issuer is an unregulated entity within the meaning of the Securitisation Act 2004 and is not entitled to issue bonds or shares to the public on an ongoing basis.

*Advances in respect of the Class A-1 Notes may be drawn in Euro or Sterling, as further described herein.

The assets securing the Notes will consist predominantly of a portfolio of Senior Secured Loans, Second Lien Loans and Mezzanine Loans (and Participation interests therein) (together, the "**Loans**"), High Yield Bonds and Synthetic Securities (referenced to Senior Secured Loans, Second Lien Loans, Mezzanine Loans or High Yield Bonds). DWS Finanz-Service GmbH (the "**Collateral Adviser**") shall provide advice to the Issuer in respect of the Portfolio.

The initial issue price of each Class of Notes, other than the Class D Notes, will be 100 per cent. The initial issue price of the Class D Notes will be 99.6 per cent.

eleX Alpha S.A. (the "**Issuer**") will issue 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 (each as defined herein).

The Class A-1 Notes and the Class A-2 Notes are collectively referred to herein as the "**Class A Notes**". The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes (such Classes of Notes, the "**Senior Notes**") and the Subordinated 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 21 December 2006 (the "**Closing Date**"), made between (amongst others) the Issuer and ABN AMRO Trustees Limited, in its capacity as trustee (the "**Trustee**").

Interest on the Notes (other than the Class A-1 Notes and the Class A-2 Notes, which shall accrue interest from the Class A-1 Advance Date and Class A-2 Advance Date, respectively) will accrue from the Closing Date and payments on the Notes will be made semi-annually in arrear on 21 March and 21 September (or, if such day is not a Business Day (as defined herein), then on the next succeeding Business Day (unless it would fall in the following month, in which case it shall be moved to the immediately preceding Business Day)) in each year, commencing on 21 September 2007 and ending on the Maturity Date (as defined below) in accordance with the Priorities of Payments described herein.

The Notes will be subject to optional redemption, mandatory redemption and Special Redemption as described herein. See Condition 7 (*Redemption*).

See *"Risk Factors"* for a discussion of certain factors to be considered in connection with an investment in the Notes.

Application has been made to the Irish Financial Services Regulatory Authority (the "**Financial Regulator**"), as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**") for this prospectus (the "**Prospectus**") to be approved. Application has been made to the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for the Notes to be listed on the Official List and admitted to trading on its regulated market. There can be no assurance that such application will be approved. Approval of the Financial Regulator relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 93/22/EEC or which are to be offered to the public in any Member State of the European Economic Area. This Prospectus does not constitute a "prospectus" for the purposes of Directive 2003/71/EC. The final copy of the "prospectus" prepared pursuant to the Prospectus Regulations will be available from the registered office of the Issuer and the website of the Financial Regulator (as defined herein). Any foreign language text included within this Prospectus is for convenience purposes only and does not form part of the "prospectus".

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 (as defined herein). The net proceeds of the realisation of the security over the Collateral following an Event of Default (as defined herein) may be insufficient to pay all amounts due to the Noteholders (as defined herein) 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, all claims in respect of which shall be extinguished. See Condition 4 (*Security*).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities law of any state of the United States. The notes will be offered only: (a) outside the United States to Persons (as defined below) that are not U.S. persons as such term is defined in Regulation S under the Securities Act ("**Regulation S**") (such persons, "**U.S. Persons**") in compliance with Regulation S; and (b) within the United States and to U.S. Persons, to Persons who are both qualified institutional buyers as defined in Rule 144A under the Securities Act (Rule 144A) and qualified purchasers as defined in Section 2(a)(51) of the United States Investment

Company Act of 1940, as amended (the "**Investment Company Act**"), for the purposes of Section 3(c)(7) thereunder, in reliance on Rule 144A. The Issuer will not be registered under the Investment Company Act. Interests in the Notes will be subject to certain restrictions on transfer, and each purchaser of Notes offered hereby in making its purchase will be deemed to have made certain acknowledgements, representations and agreements. See "*Plan of Distribution*" and "*Transfer Restrictions*".

Barclays Capital as arranger of the offering of the Notes (the "**Arranger**") expects to deliver the Notes to purchasers on or about 21 December 2006. The Arranger as initial purchaser may sell any of the Notes to subsequent purchasers in individually negotiated transactions at prices other than the initial issue price set out above.

Arranger
Barclays Capital

The date of this Prospectus is 21 December 2006

The Issuer accepts responsibility for the information contained in this document (save for the information contained in the sections of this document headed "Description of the Collateral Adviser", "Description of the Collateral Administrator and the Calculation Agent" and "Description of the Liquidity Facility Provider") and, to the best of the knowledge and belief of the Issuer (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 import of such information. The Collateral Adviser accepts responsibility solely for the information contained in the section of this document headed "Description of the Collateral Adviser". To the best of the knowledge and belief of the Collateral Adviser (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 import of such information. The Collateral Administrator and the Calculation Agent accept responsibility solely for the information contained in the section of this document headed "Description of the Collateral Administrator and the Calculation Agent" in so far as such information relates to them. To the best of the knowledge and belief of the Collateral Administrator (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 import 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 import of such information. Except for the sections of this document headed "Description of the Collateral Adviser", in the case of the Collateral Adviser, "Description of the Collateral Administrator and the Calculation Agent", in the case of the Collateral Administrator and the Calculation Agent, and "Description of the Liquidity Facility Provider", in the case of the Liquidity Facility Provider, none of the Collateral Adviser, the Collateral Administrator, the Calculation Agent and the Liquidity Facility Provider accept any responsibility for the accuracy and completeness of any information contained in this Prospectus. 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.

None of the Arranger, the Trustee, the Collateral Adviser (save as expressly stated above in respect of the section headed "Description of the Collateral Adviser"), the Collateral Administrator and the Calculation Agent (save as expressly stated above in respect of the section headed "Description of the Collateral Administrator and the Calculation Agent"), the Liquidity Facility Provider (save in the case of the section headed "Description of the Liquidity Facility Provider"), any other Agent, any Hedge Counterparty or any other party has separately verified the information contained in this Prospectus and, accordingly, none of the Arranger, the Trustee, the Collateral Adviser (save as expressly specified above), the Collateral Administrator and the Calculation Agent (save as expressly specified above), the Liquidity Facility Provider (save as specified above), any other Agent, any Hedge Counterparty or any other party (save for the Issuer as specified above) 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 or be available for inspection in connection with the Notes or their distribution or accepts any responsibility or liability therefor. None of the Arranger, the Trustee, the Collateral Adviser, the Collateral Administrator, the Calculation Agent, the Liquidity Facility Provider, any other Agent, any 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. The Trustee accepts no responsibility for the accuracy or completeness of any information contained in this Prospectus.

*This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Arranger, the Collateral Adviser, the Collateral Administrator, any of their respective Affiliates (as defined below) 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 whose possession this Prospectus comes are required by the Issuer and the Arranger 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 2005 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" below.*

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 Arranger, the Trustee, the Collateral Adviser 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.

*In this Prospectus, unless otherwise specified or the context otherwise requires, all references to **"EUR"**, **"Eur"**, **"Euro"** and **"€"** are to the single currency introduced in January 1999 pursuant to the Treaty establishing the European community as amended, references to **"U.S. Dollars"** and **"U.S.$"** are to the lawful currency of the United States of America and references to **"Sterling"** and **"£"** are to the lawful currency of the United Kingdom.*

In connection with the issue of the Notes, Barclays Bank PLC (the "**Stabilising Manager**") (or Persons acting on behalf of the Stabilising Manager) 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 might otherwise prevail. However, there is no assurance

that the Stabilising Manager (or any Persons acting on behalf of the Stabilising Manager) 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 30 days after the Closing Date.

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

The Notes of each Class offered for sale in the United States or to U.S. Persons (the "**Rule 144A Notes**") will be sold only to "qualified institutional buyers" as defined in Rule 144A ("**QIBs**") that are also "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act for purposes of Section 3(c)(7) thereunder ("**QPs**"). Rule 144A Notes of each Class other than the Class A Notes will each be represented on issue by beneficial interests in one or more permanent global certificates of such Class (each, a "**Rule 144A Global Certificate**" and together, the "**Rule 144A Global Certificates**"), in fully registered form, without interest coupons or principal receipts, which will be deposited on or about the Closing Date with a custodian for, and registered in the name of a nominee for, The Depository Trust Company ("**DTC**"). The Notes of each Class sold outside the United States to non-U.S. Persons in reliance on Regulation S ("**Regulation S Notes**") other than the Class A Notes will each be represented on issue by beneficial interests in one or more permanent global certificates of such Class (each, a "**Regulation S Global Certificate**" and together, the "**Regulation S Global Certificates**") in fully registered form, without interest coupons or principal receipts, which will be deposited on or about the Closing Date with, and registered in the name of, ABN AMRO GSTS NOMINEES LIMITED as nominee for ABN AMRO Bank N.V. (London Branch) as common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear system ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). The Regulation S Notes of the Class A-1 Notes and, up until the Class A-2 Consolidation Date, the Class A-2 Notes will be issued and settled as physical definitive certificates (each a "**Regulation S Definitive Certificate**") registered in the names of the purchasers. Neither U.S.

Persons nor Persons in the United States may hold an interest in a Regulation S Global Certificate or a Regulation S Definitive Certificate. The Rule 144A Notes of the Class A-1 Notes and, up until the Class A-2 Consolidation Date, the Class A-2 Notes will be issued and settled as physical definitive certificates (each a "**Rule 144A Definitive Certificate**") registered in the names of the purchasers. Ownership interests in the Regulation S Global Certificates and the Rule 144A Global Certificates (together, the "**Global Certificates**") will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream, Luxembourg and DTC respectively and their respective participants. Notes in definitive certificated form will be issued only in limited circumstances in exchange for such Global Certificates. In each case, purchasers and transferees of notes will be deemed to have made certain representations and agreements. See "*Form of the Notes*", "*Book-Entry Clearance Procedures*", "*Plan of Distribution*" and "*Transfer Restrictions*" below.

Application will be made for the Class E Notes and the Subordinated Notes to be designated for quotation on the Private Offerings, Resales and Trading through Automated Linkages ("**PORTAL**") System of the National Association of Securities Dealers, Inc.

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 outside the U.S.) will be deemed to have represented and agreed that it is a QP and will also be deemed to have made the other representations set out in "*Transfer Restrictions*" herein. The purchaser of any Class A Note will be required to make certain purchaser representations as described 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), (2) to a Person who is both a QIB and a QP, in a transaction meeting the requirements of Rule 144A, or (3) 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. See "*Transfer Restrictions*".

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 Arranger reserves the right to reject any offer to purchase 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 offeree to whom it has been delivered by the Issuer, the Arranger 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 offeree and those Persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Any reproduction or distribution of this prospectus in whole or in part and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the securities offered herein is prohibited.

Notwithstanding anything herein to the contrary, each offeree (and each employee, representative, or other agent of such offeree) 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 offeree 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 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 1.601 l-4(c) and applicable state and local law.

Available Information

To permit compliance with the Securities Act in connection with the sale of the Notes in reliance on Rule 144A, the Issuer will be required under the Trust Deed to furnish upon request to a holder or beneficial owner or a prospective investor designated by such holder or beneficial owner the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request the Issuer is neither a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g-3-2(b) under the Exchange Act. All information made available by the Issuer pursuant to the terms of this paragraph may also be obtained during usual business hours free of charge at the office of the Irish Paying Agent.

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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**" are to the specified Condition in the "Terms and Conditions of the Notes" below and references to "**Conditions of the Notes**" are to the "Terms and Conditions of the Notes" below.*

Issuer	eleX Alpha S.A., a Luxembourg limited liability company (*société anonyme*) and being registered with the Luxembourg trade and companies register under number B 119681.
Collateral Adviser	DWS Finanz–Service GmbH
Trustee	ABN AMRO Trustees Limited
Arranger	Barclays Capital (the investment banking division of Barclays Bank PLC)
Collateral Administrator	ABN AMRO Bank N.V. (London Branch)
Liquidity Facility Provider	Danske Bank A/S, London Branch
Listing Agent	Arthur Cox Listing Services Limited

Notes

Class of Notes	Principal Amount	Stated Interest Rate[1]	S&P Ratings[4]	Moody's Ratings[5]	Stated Maturity	Initial Offer Price[6]
Class A-1	€60,000,000	6 month Euribor +0.3%[2]	"AAA"	"Aaa"	21 March 2023	100%
Class A-2	€133,500,000	6 month Euribor +0.25%[2]	"AAA"	"Aaa"	21 March 2023	100%
Class B	€28,500,000	6 month Euribor +0.4%	"AA"	"Aa2"	21 March 2023	100%
Class C	€15,000,000	6 month Euribor +0.65%	"A"	"A2"	21 March 2023	100%
Class D	€16,500,000	6 month Euribor +1.6%	"BBB-"	"Baa3"	21 March 2023	99.60%
Class E	€16,500,000	6 month Euribor +4%	"BB-"	"Ba3"	21 March 2023	100%
Subordinated	€30,000,000	Subordinated Notes share of available proceeds[3]	Not rated	Not rated	21 March 2023	100%

[1] The rate of interest on the Notes of each Class for the period from, and including, the Closing Date to, but excluding, the first Payment Date will be determined by reference to nine month EURIBOR or, in the case of Class A-1 Sterling Advances, nine month LIBOR and the rate of interest on the Notes of

each Class for the Accrual Period immediately prior to the Maturity Date or the Redemption Date of the Notes shall be determined by reference to a linear interpolation of Euro deposits for such period as shall be appropriate.

[2] For Class A-1 Euro Advances, Class A-1 Sterling Advances or Class A-2 Advances made other than on a Payment Date, EURIBOR or LIBOR (as applicable) will be calculated by reference to a linear interpolation, as more fully set out in Condition 6(f) (*Interest on the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes*). Interest will be payable on the Class A-1 Drawn Amount and Class A-2 Drawn Amount. The Class A-1 Commitment Fee shall accrue on the average Class A-1 Undrawn Amount and the Class A-2 Commitment Fee shall accrue on the average Class A-2 Undrawn Amount.

[3] Subject to available Interest Proceeds. See Condition 6(a)(ii) (*Subordinated Notes*).

[4] The ratings assigned by S&P to the Class A Notes and the Class B Notes address the timely payment of interest and the ultimate payment of principal. The ratings assigned by S&P to the Class C Notes, the Class D Notes and the Class E Notes address the ultimate payment of principal and interest. It is a condition of the issuance and sale of the Senior Notes that they be assigned with at least such ratings stated above.

[5] The ratings assigned by Moody's to the Senior Notes address the expected loss posed to investors by the legal final maturity. A security rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the applicable Rating Agency. It is the condition of the issuance and sale of the Senior Notes that they be assigned with at least such ratings stated above.

[6] The Arranger may offer the Notes at other prices as may be negotiated at the time of sale.

Eligible Purchasers

The Notes of each Class will be offered:

(a) outside of the United States to non-U.S. Persons in "offshore transactions" in reliance on Regulation S; and

(b) within the United States to Persons and outside the United States to U.S. Persons, in each case, who are QIB/QPs in reliance on Rule 144A.

Distributions on the Notes

Payment Dates

21 March and 21 September each year, commencing on 21 September 2007 and ending on the Maturity Date (subject to adjustment for non-Business Days in accordance with the Conditions of the Notes), including any Redemption Date.

Stated Note Interest

Interest in respect of the Notes of each Class will be payable semi-annually in arrear on each Payment Date (save for the first Accrual Period which shall be a period of nine months) in accordance with the Interest Proceeds Priority of Payments.

Failure to Pay Interest

Failure on the part of the Issuer to pay the Interest Amounts due and payable on any Class of Notes and/or failure on the part of the Issuer to pay the Class A-1 Commitment Fee or the Class A-2 Commitment Fee due and payable on the Class A-1 Notes or the Class A-2 Notes (as applicable) pursuant to Condition 6 (*Interest*) and the Priorities of Payments shall not be an Event of Default unless and until (a) such failure continues for a period of at least five Business Days (or, if such failure results from an

administrative error, such failure continues for a period of at least seven Business Days) and (b) in respect of the Class C Notes, the Class D Notes and the Class E Notes:

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

(b) in the case of non-payment of interest due and payable on the Class D Notes, the Class A Notes, the Class B Notes and the Class C Notes having been redeemed in full; and

(c) in the case of non-payment of interest due and payable in the Class E Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes having been redeemed in full,

and, save in each case, as the result of any deduction therefrom or the imposition of any withholding tax thereon as set out in Condition 9 (*Taxation*).

Deferral of Interest

To the extent that interest payments on the Class C Notes and/or the Class D Notes and/or the Class E Notes are not made on the relevant Payment Date due to deferral of interest as permitted by Condition 6(c) (*Deferral of Interest*), an amount equal to such unpaid interest will be added to the Principal Amount Outstanding of the Class C Notes and/or the Class D Notes and/or the Class E Notes as applicable, and thereafter will accrue interest on such unpaid amount at the rate of interest applicable to such Class of Notes. See Condition 6(c) (*Deferral of Interest*).

Interest on the Subordinated Notes

Non-payment of interest 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.

Redemption of 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 Effective Date upon a breach of a Coverage Test;

(c) in the event that as at the fifth Business Day prior to the Payment Date following the Effective Date and on each Payment Date thereafter (to the extent required), an Effective Date Rating Event has occurred and is continuing, the Senior Notes shall be redeemed on a sequential basis (provided that the Class A-1 Notes and the Class A-2 Notes shall be redeemed *pro rata*) on such Payment Date and thereafter on each Payment Date (to the extent required) out of Interest Proceeds and thereafter out of Principal Proceeds, subject to the Priorities of Payments, in each case until the earlier of (i) the redemption in full of the Senior Notes or (ii) an Effective Date Rating Event no longer continuing;

(d) on any Payment Date on or after the expiry of the Non-Call Period at the option of the Subordinated Noteholders acting by Extraordinary Resolution or on any Payment Date following the occurrence of any Collateral Tax Event at the option of the Subordinated Noteholders acting by Extraordinary Resolution;

(e) on any Payment Date, at the option of the Controlling Class or the Subordinated Noteholders, in each case acting by way of Extraordinary Resolution, following the occurrence of a Note Tax Event, subject to the Issuer having failed to change the territory in which it is resident for tax purposes;

(f) on any Payment Date during the Reinvestment Period at the discretion of the Issuer (acting on the advice of the Collateral Adviser) following written notification by the Collateral Adviser to the Trustee that it has been unable, for a period of 120 consecutive days, to identify a sufficient quantity of additional or Substitute Collateral Debt Obligations in order to advise the Issuer to invest or reinvest Principal Proceeds;

(g) on any Payment Date during the Reinvestment Period, in the event that the Reinvestment Diversion Threshold is not satisfied on such Payment Date in accordance with the Priorities of Payments;

(h) after the Reinvestment Period, on each Payment Date out of Principal Proceeds;

(i) at any time following an Event of Default which occurs and is continuing and has not been cured (See Condition 10 (*Events of Default*)); and

(j) the Class A-1 Advances may be prepaid on any Business Day at the Issuer's option (acting on the advice of the Collateral Adviser) in accordance with the provisions of Condition 7(n) (*Repayment of Class A-1 Advances and Reduction of the Class A-1 Commitment*).

Optional Redemption

Non-Call Period During the period from, and including, the Closing Date up to, but excluding, the Payment Date falling in March 2012 (the "**Non-Call Period**") the Notes are not subject to optional redemption (save for upon a Collateral Tax Event or a Note Tax Event and as provided above). See Condition 7(b) (*Redemption at the Option of the Subordinated Noteholders*).

Optional Redemption After Non-Call Period Subject to the provisions of Condition 7(b) (*Redemption at the Option of the Subordinated Noteholders*), the Notes of each Class shall be redeemed 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 request of

the Subordinated Noteholders acting by Extraordinary Resolution.

The Notes are also subject to redemption, in whole but not in part, (i) at the option of the Subordinated Noteholders upon the occurrence of a Collateral Tax Event or (ii) subject to certain conditions, at the option of the Controlling Class or the Subordinated Noteholders upon the occurrence of a Note Tax Event, subject to, and in accordance with, the terms of, respectively, Condition 7(b) (*Redemption at the Option of the Subordinated Noteholders*), Condition 7(b)(ii) (*Terms and Conditions of Redemption at the Option of the Subordinated Noteholders*) and Condition 7(h) (*Redemption following Note Tax Event*).

Redemption Prices

The Redemption Price of each Class of Senior Notes (other than the Class A Notes) will be (a) 100 per cent. of the Principal Amount Outstanding of the Notes to be redeemed plus (b) accrued and unpaid interest thereon (including any accrued and unpaid Deferred Interest on such Notes) to the Business Day on which such Notes are redeemed.

The Redemption Price of each Class A-1 Note will be (a) 100 per cent. of the Principal Amount Outstanding of the Class A-1 Note to be redeemed plus (b) accrued and unpaid interest thereon to the Business Day on which such Class A-1 Note is redeemed plus (c) accrued and unpaid Class A-1 Commitment Fees applicable to such Class A-1 Note. Class A-1 Make Whole Amount will also be payable if a Class A-1 Advance is prepaid on a Business Day other than a Payment Date.

The Redemption Price of each Class A-2 Note will be (a) 100 per cent. of the Principal Amount Outstanding of the Class A-2 Note to be redeemed plus (b) accrued and unpaid interest thereon to the Business Day on which such Class A-2 Note is redeemed plus (c) accrued and unpaid Class A-2 Commitment Fees applicable to such Class A-2 Note.

The Redemption Price for each Subordinated Note will be its *pro rata* share (calculated in accordance with paragraph (U) of Condition 3(c)(ii) (*Application of Principal Proceeds*) of the aggregate proceeds of liquidation of the Collateral, or realisation of the security thereover, which are payable in respect of such Subordinated Notes pursuant to the Priorities of Payments.

General Terms of the Class A Notes

Class A-1 Notes:

Class A-1 Commitments

The Class A-1 Notes will be a revolving Class of Notes under which amounts (up to a maximum aggregate outstanding amount of €60,000,000 (of which a maximum amount of £40,287,383.33 may be drawn in Sterling converted at the Initial Spot Rate), as reduced from time to time as described below (the "**Aggregate Class A-1 Commitment**"), may be drawn, repaid and re-drawn prior to the

Commitment Termination Date, subject to the conditions specified in Condition 7(n) (*Repayment of Class A-1 Advances and Reduction of the Class A-1 Commitment*). Pursuant to the Class A-1 Note Purchase Agreement, each Class A-1 Noteholder will be obligated (subject to certain conditions) to make Class A-1 Advances to the Issuer upon request in an aggregate principal amount at any one time up to the full amount of its Class A-1 Commitment (provided that any Class A-1 Allocated Commitment may only be drawn for the purposes described below). Class A-1 Advances may be drawn in Euro or Sterling. Class A-1 Advances may only be drawn to purchase Collateral Debt Obligations whose Base Currency is Euro if the full amount of the Aggregate Class A-2 Commitment (as defined below) has been drawn. The portion of a Class A-1 Drawn Amount applicable to each Class A-1 Note shall be the *pro rata* share of the Aggregate Class A-1 Commitment represented by such Class A-1 Note. See "*Description of the Class A Notes - Class A-1 Notes*".

Class A-1 Allocated Commitment

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

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

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

so that, in the case of any Revolving Obligation or Delayed Drawdown Collateral Obligation whose Base Currency is Euro or Sterling only, the aggregate of the Balance standing to the credit of the Revolving Reserve Account denominated in Euro or, as the case may be, Sterling, and the aggregate Class A-1 Allocated Commitment each denominated in Euro or, as the case may be, Sterling, at least equals the aggregate of all Unfunded Amounts in respect of all Revolving Obligations and Delayed Drawdown Collateral Obligations whose Base Currency is Euro or, as the case may be, Sterling .

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

minimum notice period for drawings in respect of such Revolving Obligation or Delayed Drawdown Collateral Obligation exceeds the Class A-1 Notes Draw Period and (b) if the Base Currency of such Revolving Obligation is Euro or Sterling.

Class A-1 Advances

Subject to compliance with the conditions set out in the Class A-1 Note Purchase Agreement, during the Reinvestment Period, the proceeds of each Class A-1 Advance will be applied by the Issuer (on the advice of the Collateral Adviser) (i) to acquire additional Collateral Debt Obligations, (ii) to reduce the aggregate Class A-1 Allocated Commitment by paying such proceeds into the Revolving Reserve Account or, (iii) to fund Unfunded Amounts in respect of Revolving Obligations and Delayed Drawdown Collateral Obligations in respect of which any Class A-1 Allocated Commitment has been reserved, *provided that* Class A-1 Sterling Advances may only be used to fund amounts pursuant to sub-paragraphs (i) to (iii) above which are denominated in Sterling whereas Class A-1 Euro Advances may be used to fund amounts pursuant to sub-paragraphs (i) to (iii) above which are denominated in Euro but may, subject to certain conditions and to the extent required under the Hedging Procedures, also be converted into Sterling at the Current Spot Rate and used to fund amounts pursuant to sub-paragraphs (i) to (iii) above which are denominated in Sterling provided that the amount of the Sterling Loss (as defined in the Collateral Advisory Agreement) is greater than zero. Class A-1 Sterling Advances will be applied in the purchase of Revolver Hedged Collateral Debt Obligations denominated in Sterling. Class A-1 Euro Advances may be applied in the purchase of Collateral Debt Obligations denominated in a Qualifying Currency, but where the Qualifying Currency is a Non-Euro Qualifying Currency other than Sterling, such Collateral Debt Obligation shall be the subject of an Asset Swap Transaction. See "*Description of the Class A Notes – Class A-1 Notes*".

During the Reinvestment Period, the Principal Proceeds of any Revolver Hedged Collateral Debt Obligation shall be applied either (i) to reinvest in substitute Revolver Hedged Collateral Debt Obligations; (ii) to redeem the Class A-1 Sterling Advance, or part thereof; (iii) to deposit into the Revolving Reserve Account to reduce the Class A-1 Allocated Commitment denominated in Sterling; or (iv) to payment to the Principal Account to be applied in accordance with the Priorities of Payments. See "*Description of the Class A Notes – Class A-1 Notes*".

Interest on Class A-1 Notes

Interest on each Class A-1 Euro Advance for each Class A-1 Euro Interest Period will accrue at the rate per annum determined by the Class A Note Agent to be Applicable EURIBOR for such period plus 0.3 per cent. per annum. Interest on Class A-1 Euro 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(f) (*Interest on the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes*).

Interest on each Class A-1 Sterling Advance for each Class A-1 Sterling Interest Period will accrue at the rate per annum

determined by the Class A Note Agent to be Applicable LIBOR for such period plus 0.3 per cent. per annum. Interest on Class A-1 Sterling Advances will be computed on the basis of a 365-day year and the actual number of days elapsed, all as more fully set out in Condition 6(f) (*Interest on the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes*) and Condition 6(g) (*Calculation of Sterling LIBOR*).

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

Class A-1 Commitment Fee

The Class A-1 Commitment Fee will accrue on the average daily Class A-1 Undrawn Amount (or in respect of each Payment Date from and including the end of the Reinvestment Period, on the average daily Class A-1 Allocated Commitment only) for each Accrual Period at a rate per annum equal to 0.2 per cent, during such Accrual Period on the basis of a 360-day year and the actual number of days elapsed. The Class A-1 Commitment Fee will be payable by the Issuer to the Class A-1 Noteholders in Euro in arrear on each Payment Date prior to the Commitment Termination Date (save that the Class A-1 Commitment Fee will continue to be payable in respect of any Class A-1 Allocated Commitment after the expiry of the Reinvestment Period) and be paid in accordance with the Pari Passu Provisions with payments of interest on the Class A-1 Notes, the Class A-1 Euro Interest Amount, the Class A-1 Sterling Interest Amount, the Class A-2 Commitment Fee and each Class A-1 Noteholder's proportionate share of any Class A-1 Make Whole Amount. See "*Description of the Class A Notes - Class A-1 Commitment Fee*".

Repayments and Prepayments of Class A-1 Notes

Principal in respect of any Class A-1 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 Issuer, following the advice of the Collateral Adviser), provided that the Class E Coverage Tests are satisfied (save where the Class A-1 Notes are to be redeemed in full, in which event the principal shall be immediately repayable and shall be repaid out of Interest Proceeds and Principal Proceeds in accordance with the Priorities of Payments (see Condition 3(c) (*Priorities of Payments*), Condition 7(n) (*Repayment of Class A-1 Advances and Reduction of the Class A-1 Commitment*) and Condition 11 (*Enforcement*)).

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

Mandatory Reductions of the Aggregate Class

Upon any redemption of the Notes pursuant to Condition 7(b) (*Redemption at the Option of the Subordinated Noteholders*) or

A-1 Commitment	Condition 7(h) (*Redemption following Note Tax Event*), the Class A-1 Commitments shall be reduced to zero on the applicable Redemption Date. Upon any mandatory redemption of the Notes pursuant to Condition 7(c) (*Redemption upon Breach of Coverage Tests*), Condition 7(d) (*Special Redemption*) or Condition 7(f) (*Redemption upon Effective Date Rating Event*), the Aggregate Class A-1 Commitments will (to the extent not drawn or reserved as Class A-1 Allocated Commitment) be reduced to an aggregate amount equal to the Class A-1 Drawn Amount and the Class A-1 Allocated Commitment immediately following such mandatory redemption and with the Class A-1 Commitment of each Class A-1 Noteholder being proportionately reduced. To the extent specified pursuant to such Conditions, the available proceeds for redemption of Class A Notes (up to a maximum amount equal to the sum of the Principal Amount Outstanding of the Class A-2 Notes, the Class A-1 Drawn Amount and the Class A-1 Allocated Commitment) (the "**Class A Redemption Amount**") will be applied to the repayment of the Principal Amount Outstanding of the Class A-2 Notes, the Class A-1 Drawn Amount and the reduction of the Class A-1 Allocated Commitment (by depositing a commensurate amount in the Revolving Reserve Account) pursuant to the Priorities of Payments. See "*Description of the Class A Notes - Mandatory Reductions of the Aggregate Class A-1 Commitment*". On the last day of the Reinvestment Period, the Aggregate Class A-1 Commitment shall be reduced to an amount equal to the Class A-1 Drawn Amount and the aggregate Class A-1 Allocated Commitment as of such day with effect on and from such date and with the Class A-1 Commitment of each Class A-1 Noteholder being proportionately cancelled on the last day of the Reinvestment Period in an amount equal to such Class A-1 Noteholder's pro rata share of the amount by which the Aggregate Class A-1 Commitment was reduced as set out above.
Optional Reduction of the Aggregate Class A-1 Commitment	During the Reinvestment Period, the Issuer (on the advice of the Collateral Adviser) may at any time by notice to the Class A Note Agent reduce the Aggregate Class A-1 Unallocated Commitment (and the corresponding Class A-1 Commitment in respect of each Class A-1 Note) subject to the conditions further described in "*Description of the Class A Notes – Optional Reduction and Termination of the Aggregate Class A-1 Commitment*". Each such reduction shall reduce the respective Class A-1 Unallocated Commitments proportionally to such Noteholder's Class A-1 Commitment.
Termination of Class A-1 Commitments	The aggregate Class A-1 Unallocated Commitments will expire automatically, and the Class A-1 Noteholders will not be obliged to make any further Class A-1 Advances on the Commitment Termination Date (save for transfers to the Revolving Reserve Account in respect of the Class A-1 Allocated Commitment, which shall reduce the Class A-1 Allocated Commitment by a

commensurate amount).

Class A-2 Notes:

Class A-2 Commitments	The Class A-2 Notes will be delayed draw Notes under which amounts (up to a maximum aggregate outstanding amount of €133,500,000, as reduced from time to time as described below (the "**Aggregate Class A-2 Commitment**")) may be borrowed up to the Class A-2 Final Funding Date. Pursuant to the Class A-2 Note Purchase Agreement, each Class A-2 Noteholder will be obligated to make Advances to the Issuer upon request in an aggregate principal amount at any one time up to the full amount of its Class A-2 Commitment. The portion of a Class A-2 Drawn Amount applicable to each Class A-2 Note shall be the *pro rata* share of the Aggregate Class A-2 Commitment represented by such Class A-2 Note. See "*Description of the Class A Notes – Class A-2 Notes*".
Class A-2 Advances	Subject to compliance with the borrowing conditions set out in the Class A-2 Note Purchase Agreement, the proceeds of each Class A-2 Advance will be applied by the Issuer (on the advice of the Collateral Adviser) to acquire additional Collateral Debt Obligations. Class A-2 Advances may be applied in the purchase of Collateral Debt Obligations denominated in a Qualifying Currency, but where the Qualifying Currency is a currency other than Euro, such Collateral Debt Obligation shall be the subject of an Asset Swap Transaction. On the Class A-2 Final Funding Date, the Class A-2 Noteholders will be required to make a Class A-2 Advance equal to the Class A-2 Commitment on such date and the Class A-2 Commitment shall be cancelled. See "*Description of the Class A Notes – Class A-2 Notes*".
Interest on Class A-2 Notes	Interest on each Class A-2 Advance for each Class A-2 Interest Period will accrue at the rate per annum determined by the Class A Note Agent to be Applicable EURIBOR for such period plus 0.25 per cent. per annum. Interest on Class A-2 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 Conditions 6(e) (*Interest on the Notes (other than the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes)*) and 6(f) (*Interest on the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes*). A Class A-2 Interest Period for a Class A-2 Advance shall not extend beyond the Maturity Date, and shall start on the Class A-2 Advance Date relating to such Class A-2 Advance. See "*Description of the Class A Notes – Class A-2 Notes*".
Class A-2 Commitment Fee	The Class A-2 Commitment Fee will accrue on the average daily Class A-2 Undrawn Amount for each Accrual Period at a rate per annum equal to 0.2 per cent, during such Accrual Period on the basis of a 360-day year and the actual number of days elapsed. The Class A-2 Commitment Fee will be payable by the Issuer to the Class A-2 Noteholders in Euro in arrear on each Payment Date

	prior to the Commitment Termination Date and be paid in accordance with the Pari Passu Provisions with payments of interest on the Class A-2 Notes, the Class A-1 Euro Interest Amounts, the Class A-1 Sterling Interest Amounts, each Class A-1 Noteholder's proportionate share of any Class A-1 Make Whole Amounts and the Class A-1 Commitment Fees. See "*Description of the Class A Notes – Class A-2 Commitment Fees*".
Class A Noteholders	At all times prior to the later of the Commitment Termination Date or the date on which no Class A-1 Allocated Commitment (in the case of the Class A-1 Notes) or Class A-2 Commitment (in the case of the Class A-2 Notes) is outstanding, each Class A Noteholder and transferee of a Class A Note will be required to satisfy the Rating Requirement. If any Class A Noteholder fails to satisfy the Rating Requirement prior to the Commitment Termination Date, it shall take any such action as required by the Class A-1 Note Purchase Agreement (in the case of the Class A-1 Noteholders) or the Class A-2 Note Purchase Agreement (in the case of the Class A-2 Noteholders) as described in "*Description of the Class A Notes – Class A Noteholders*".
Liquidity Facility	For the period from the Closing Date until the end of the Due Period preceding the Payment Date falling on or about 21 March 2017, the Issuer will, subject to satisfaction of certain conditions, be entitled on not less than one Business Day's prior notice to make drawings under the Liquidity Facility Agreement. The maximum amount of the Liquidity Facility shall be an amount equal to €6,000,000 multiplied by the Principal Amount Outstanding of the Class A Notes divided by €193,500,000. The Issuer will be entitled to draw under the Liquidity Facility Agreement funds to (a) pay amounts payable by the Issuer pursuant to the Interest Proceeds Priority of Payments on any Payment Date and (b) repay Class A-1 Sterling Advances in accordance with the Hedging Procedures where a Sterling Collateral Debt Obligation has become a Defaulted Obligation, subject to certain limitations as set out in "*Description of the Liquidity Facility Agreement*".
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.
Interest Proceeds Priority of Payments	Please see Condition 3(c)(i) (*Application of Interest Proceeds*) for a full description.
Principal Proceeds Priority of Payments	Please see Condition 3(c)(ii) (*Application of Principal Proceeds*) for a full description.
Collateral Enhancement Obligation Proceeds Priority of Payments	Please see Condition 3(c)(iii) (*Collateral Enhancement Obligation Proceeds Priority of Payments*) for a full description.

Collateral Advisory Fees

Senior Collateral Advisory Fee	0.15 per cent. per annum based on the daily weighted average of the Aggregate Collateral Balance.
Subordinated Collateral Advisory Fee	0.50 per cent. per annum based on the daily weighted average of the Aggregate Collateral Balance.
Incentive Collateral Advisory Fee	After having met or surpassed the Incentive Collateral Advisory Fee IRR Threshold of 12 per cent., 20 per cent. of any Interest Proceeds, Principal Proceeds and Collateral Enhancement Obligation Proceeds that would otherwise be available to distribute to the Subordinated Noteholders in accordance with the Priorities of Payments.

Security for the Notes

General	The Notes will be secured in favour of the Trustee for the benefit of the Secured Parties by security over a portfolio of Collateral Debt Obligations predominantly consisting of Senior Secured Loans, Second Lien Loans, Mezzanine Loans, High Yield Bonds and Synthetic Securities. 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*).
Non-Euro Obligations and Asset Swap Transactions	Subject to the arrangement of satisfactory cross-currency asset swaps and to the Eligibility Criteria, the Issuer may purchase any Collateral Debt Obligation that is denominated in (a) Euro or (b) Sterling, U.S. Dollars, Swedish Krona, Danish Krone, Swiss Francs or any other currency (other than Euro) in respect of which Rating Agency Confirmation has been received (each Collateral Debt Obligation denominated in any currency referred to in (b), a "**Non-Euro Obligation**") provided that an Asset Swap Transaction is entered into in respect of each such Non-Euro Obligation (other than in the case of Revolver Hedged Collateral Debt Obligations denominated in Sterling) with one or more Asset Swap Counterparties satisfying the applicable Rating Requirement (and which has the regulatory capacity to enter into derivatives transactions with Luxembourg residents and the Issuer receives Rating Agency Confirmation in relation thereto (unless such Asset Swap Transaction is a Form Approved Asset Swap)) under which the currency risk is reduced or eliminated, either (a) if the Non-Euro Obligation was acquired on the Primary Market and (after the Effective Date only) provided the Class E Par Value Ratio is greater than 107.4 per cent. immediately before and after such acquisition, within six months of the settlement date of acquisition thereof or (b) otherwise, no later than the settlement date of the acquisition thereof. The Issuer (acting on the advice of the Collateral Adviser) must sell as soon as reasonably practicable any Non-Euro Obligation (other than Revolver Hedged Collateral Debt Obligations denominated in Sterling) 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, are 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*"

Interest Rate Hedging The Issuer (acting on the advice of the Collateral Adviser) will, on or prior to the Closing Date, enter into an Interest Rate Hedge Transaction which is an interest rate cap transaction. Rating Agency Confirmation is required for the Issuer to enter into any additional Interest Rate Hedge Transactions (unless such Interest Rate Hedge Transaction is a Form Approved Interest Rate Hedge Transaction).

Collateral Adviser Pursuant to the Collateral Advisory Agreement, the Collateral Adviser is appointed to act as the Issuer's collateral adviser with respect to the Portfolio, to advise the Issuer in specific circumstances as to any action to be taken in relation to the Portfolio, to carry out the duties and functions described therein and to advise the Issuer in relation to the Portfolio and the hedging arrangements. See "*Description of the Collateral Advisory Agreement*" and "*The Portfolio*".

Purchase of Collateral Debt Obligations

Prior to the Closing Date It is expected that by the Closing Date the Issuer will have purchased, or entered into agreements to purchase, approximately 60 per cent. of the Target Par Amount.

Initial Investment Period During the period from and including the Closing Date to but excluding the earlier of:

(a) the date designated for such purpose by the Collateral Adviser, subject to the Effective Date Determination Requirements having been satisfied; and

(b) 21 June 2007,

(such earlier date, the "**Effective Date**" and, such period, the "**Initial Investment Period**"), the Issuer intends to purchase the remainder of the Portfolio of Collateral Debt Obligations, subject to the Eligibility Criteria and certain other restrictions. Notice of the occurrence of the Effective Date will be given to Noteholders in accordance with Condition 16 (*Notices*).

Reinvestment in Collateral Debt Obligations Subject to the Securitisation Act 2004 and subject to the limits described in the Priorities of Payments, Principal Proceeds, Class A-1 Advances, Class A-2 Advances and, in certain circumstances, Interest Proceeds shall be applied by the Issuer (acting on the advice of the Collateral Adviser) to purchase Substitute Collateral Debt Obligations meeting the Eligibility Criteria and the Reinvestment Criteria during the Reinvestment Period.

Following expiry of the Reinvestment Period, only Sale Proceeds from the sale of Credit Improved Obligations and Credit Impaired Obligations and Unscheduled Principal Proceeds may be reinvested by the Issuer (on the advice of the Collateral Adviser) in Substitute Collateral Debt Obligations meeting the Eligibility Criteria and Reinvestment Criteria. See "*The Portfolio - Sale of Collateral Debt Obligations*" and "*The Portfolio - Reinvestment of Collateral Debt Obligations*".

Eligibility Criteria In order to qualify as a Collateral Debt Obligation, an obligation must satisfy certain specified Eligibility Criteria on the date that a binding commitment to purchase such obligation is entered into or, in the case of Collateral Debt Obligations purchased pursuant to warehousing arrangements, on the Closing Date. See "*The Portfolio - Eligibility Criteria*".

Collateral Quality Tests The Collateral Quality Tests that the Portfolio is required to satisfy as at the Effective Date and (save as described herein) thereafter will comprise the following:

- CDO Monitor Test (as of the Effective Date until the end of the Reinvestment Period only)
- S&P Minimum Weighted Average Recovery Rate Test
- Moody's Minimum Diversity Test
- Moody's Maximum Weighted Average Rating Factor Test
- Moody's Minimum Weighted Average Recovery Rate Test
- Minimum Weighted Average Spread Test
- Weighted Average Maturity Test.

Portfolio Profile Tests In summary, the Portfolio Profile Tests will consist of each of the following (the percentage requirements applicable to different types of Collateral Debt Obligations specified in the Portfolio Profile Tests and summarily displayed in the table below shall be determined by reference to the Aggregate Collateral Balance, excluding Defaulted Obligations (with amounts being rounded up to the nearest €1,000,000)):

	Minimum	**Maximum**
Senior Secured Loans	90 per cent.	N/A
Second Lien Loans, Mezzanine Loans and/or High Yield Bonds in aggregate	N/A	10 per cent.
High Yield Bonds	N/A	5 per cent.

Single Obligor	N/A	with respect to Senior Secured Loans 2.5 per cent. save that three Obligors may each represent up to 3 per cent.
Mezzanine Loans, Second Lien Loans or High Yield Bonds to a Single Obligor	N/A	1.75 per cent.
Synthetic Securities	N/A	15 per cent.
Synthetic Securities/Participations	N/A	30 per cent.
Fixed Rate Collateral Debt Obligations	N/A	5 per cent.
Non-Euro (excluding Sterling) Obligations	N/A	5 per cent.
Sterling Denominated Collateral Debt Obligations	N/A	20 per cent.
Collateral Debt Obligations with payment dates less frequent than semi-annually	N/A	5 per cent.
Unfunded Amounts and Funded Amounts under Revolving Obligations and/or Unfunded Amounts under Delayed Drawdown Collateral Obligations	N/A	5 per cent.
Zero-Coupon Collateral Debt Obligations	N/A	5 per cent.
Uncollateralised CLN Securities and Selling Institutions		As specified in the Bivariate Risk Table (see "*The Portfolio*")
Current Pay Obligations	N/A	5 per cent.

No Collateral Debt Obligations may have a maturity that exceeds the Maturity Date.

Obligations which are to constitute Collateral Debt Obligations in respect of which the Issuer, on the advice of the Collateral Adviser, 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.

Coverage Tests

Each of the Par Value Tests and Interest Coverage Tests shall be satisfied on any Measurement Date following the Effective Date or, in the case of the Interest Coverage Tests, on and following the Determination Date relating to the second Payment 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 table below in relation to that Coverage Test.

Class	Required Par Value Ratio	Class	Required Interest Coverage Ratio
A/B	117%	A/B	125%
C	111%	C	115%
D	106%	D	110%
E	103%	E	105%

Reinvestment Diversion Threshold

During the Reinvestment Period, if the Class E Par Value Ratio is less than 104 per cent., then on the related Payment Date Interest Proceeds shall (i) be paid to the Principal Account for the acquisition of additional Collateral Debt Obligations and/or (ii) be applied in redeeming the Notes in accordance with the Priorities of Payments, in each case in an amount denominated in the currency of such Interest Proceeds (such amount, the "**Required Diversion Amount**") equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment pursuant to paragraph (U) of Condition 3(c)(i) (*Application of Interest Proceeds*) and (2) the amount which, after giving effect to the payment of all amounts payable in respect of (A) through (T) (inclusive) of Condition 3(c)(i) (*Application of Interest Proceeds*), would be sufficient to cause the Reinvestment Diversion Threshold to be satisfied if recalculated following such payment.

Authorised Denominations

The Notes of each Class (other than the Rule 144A Notes, the Class A-1 Notes and the Class A-2 Notes) will be issued in minimum denominations of €100,000 (or €250,000 in the case of the Rule 144A Notes) and integral multiples of €1,000 in excess thereof. The Class A-1 Notes and the Class A-2 Notes will be issued in minimum denominations of €5,000,000 and integral multiples of €1,000 in excess thereof.

Form, Registration and Transfer of the Notes

The Regulation S Notes of each Class (other than the Class A-1 Notes and, prior to the Class A-2 Consolidation Date, the Class A-2 Notes) will be represented on issue by beneficial interests in one or more Regulation S Global Certificates in fully registered form, without interest coupons or principal receipts, which will be

deposited on or about the Closing Date with, and registered in the name of, ABN AMRO GSTS NOMINEES LIMITED as nominee for ABN AMRO Bank N.V. (London Branch) as common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). Beneficial interests in a Regulation S Global Certificate may at any time be held only through, and transfers thereof will only be effected through, records maintained by The Depository Trust Company ("**DTC**"). See "*Form of the Notes*" and "*Book-Entry Clearance Procedures*". Interests in any Regulation S Note may not at any time be held by any U.S. Person or Person in the United States.

The Rule 144A Notes of each Class (other than the Class A-1 Notes and, prior to the Class A-2 Consolidation Date, the Class A-2 Notes) will be represented on issue by one or more Rule 144A Global Certificates in fully registered form, without interest coupons or principal receipts, deposited on or about the Closing Date with a custodian for DTC. Beneficial interests in a Rule 144A Global Certificate may at any time only be held through, and transfers thereof will only be effected through, records maintained by DTC.

The Rule 144A Global Certificates and Regulation S Global Certificates will bear a legend and such Rule 144A Global Certificates and Regulation S 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*".

No beneficial interest in a Rule 144A Global Certificate may be transferred to a Person who takes delivery thereof through a Regulation S Global Certificate unless the transferor provides the Transfer Agent with a written certification substantially in the form set out in the Trust Deed regarding compliance with certain of such transfer restrictions. Any transfer of a beneficial interest in a Regulation S Global Certificate to a Person who takes delivery through an interest in a Rule 144A Global Certificate is also subject to certification requirements substantially in the form set out in the Trust Deed. In addition, interests in any of the Regulation S Notes may not at any time be held by any U.S. Person or Person in the United States. See "*Form of the Notes*" and "*Book-Entry Clearance Procedures*".

Except in the limited circumstances described herein, Notes in definitive, certificated, fully registered form ("**Definitive Certificates**") will not be issued in exchange for beneficial interests in either the Regulation S Global Certificates or the Rule 144A Global Certificates. See "*Form of the Notes - Exchange for Definitive Certificates*".

The Class A-1 Notes and (prior to the Class A-2 Consolidation Date) the Class A-2 Notes will be issued in the form of definitive physical certificates in fully registered form, as more fully described herein under "*Form of the Notes - Certificated Class A*

	Notes". On the Closing Date and up to the Class A-2 Consolidation Date, the Regulation S Global Certificate and Rule 144A Global Certificate representing the Class A-2 Notes will be endorsed with a principal amount of zero. On the Class A-2 Consolidation Date, the Definitive Certificates representing the Class A-2 Notes will be exchanged for interests in the relevant Global Certificates and the Registrar will endorse the relevant Global Certificates with the Principal Amount Outstanding of the Class A-2 Notes. Transfers of interests in the Notes are subject to certain restrictions and must be made in accordance with the procedures set forth in the Trust Deed and, in the case of the Class A-1 Notes and the Class A-2 Notes, the Class A-1 Note Purchase Agreement and the Class A-2 Note Purchase Agreement respectively. See "*Form of the Notes*", "*Book-Entry Clearance Procedures*" and "*Transfer Restrictions*". Each purchaser of Notes in making its purchase will be required to make, or will be deemed to have made, certain acknowledgements, representations and agreements. See "*Transfer Restrictions*". The transfer of Notes in breach of certain of such representations and agreements will result in affected Notes becoming subject to certain forced transfer provisions. See Condition 2(h) (*Forced Transfer of Rule 144A Notes*).
Governing Law	The Notes, the Trust Deed, the Collateral Advisory Agreement, the Collateral Administration and Agency Agreement and all other Transaction Documents will be governed by English law.
Listing	Application has been made to the Financial Regulator, as competent authority under the Prospectus Directive, 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 and to trading on its regulated market. This Prospectus constitutes a "prospectus" for the purpose of the Prospectus Directive. There can be no assurance that such application will be approved.
Tax Status	See "*Tax Considerations*".
Certain ERISA and other Considerations	The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and interests therein may be acquired by employee benefit plans subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"). However, the Class E Notes and the Subordinated Notes (including interests therein) may not be purchased by or transferred to or held by an employee benefit plan that is subject to ERISA or Section 4975 of the United States Internal Revenue code of 1986, as amended (the "**Code**"). *See "Certain ERISA and other Considerations".*
Withholding Tax	The Issuer is not and shall not be under any obligation to gross up in respect of any payments to the Noteholders or the Class A Note Agent. See Condition 9 (*Taxation*). The Notes are subject to redemption at the option of the Subordinated Noteholders 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 Subordinated*

Noteholders).

The Notes are subject to redemption at the option of the Controlling Class or the Subordinated Noteholders, following the occurrence of a Note Tax Event, subject to (i) the Issuer having failed to change the territory in which it is resident for tax purposes and (ii) certain minimum time periods. See Condition 7(h) (*Redemption following Note Tax Event*).

Additional Issuances Subject to certain conditions being met, additional Notes of all existing Classes may be issued and sold. See Condition 17 (*Additional Issuances*).

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 Debt Obligations with certain risk characteristics as described below and subject to the investment policies, restrictions and guidelines described in "*The Portfolio*". 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 due and 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 Notes are higher in the Priorities of Payments than those of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes. Neither the Arranger nor the Trustee undertakes to review the financial condition or affairs of the Issuer or the Collateral Adviser 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 Arranger 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 and that of any accounts for which they are acting. None of the Issuer, the Arranger, the Trustee, the Collateral Adviser, the Collateral Administrator, the Liquidity Facility Provider, any Agent, the Class A Note Agent, any Hedge Counterparty or any other party takes any responsibility for the investor's own tax position in respect of their purchase and holding of the Notes.

1.3 Limited Sources of Funds to Pay Expenses Due

The funds available to the Issuer to pay its expenses on any Payment Date are limited as provided in the Priorities of Payments. In the event that such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired. In addition, the Issuer may not be able to defend or prosecute legal proceedings brought against it or which it might otherwise bring to protect its interests or be able to pay the expenses of legal proceedings against Persons whom the Issuer has indemnified.

2. RELATING TO THE NOTES

2.1 Limited Liquidity and Restrictions on Transfer

Although there is currently a limited market for notes representing collateralised debt obligations similar to the Notes (other than the Subordinated Notes), there is currently no market for the Notes themselves. The Arranger 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 its 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.

2.2 Optional Redemption and Market Volatility

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 the redemption of the Notes of each Class in whole at the applicable Redemption Prices from the proceeds of liquidation or realisation of the Collateral at the direction of the Subordinated Noteholders acting by Extraordinary Resolution (a) on any Payment Date on or after expiry of the Non-Call Period or (b) on any Payment Date falling after the occurrence of a Collateral Tax Event. 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)(ii) (*Terms and Conditions of Redemption at the Option of the Subordinated Noteholders*) which requires that a calculation as to the amount of Expected Net Proceeds realisable from the Portfolio in such circumstances be given.

The market value of the Collateral Debt 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 Secured Loans, Mezzanine Loans and High Yield Bonds), European and international political events, events in the home

countries of the issuers of the Collateral Debt Obligations or the countries in which their assets and operations are based, developments or trends in any particular industry and the financial condition of such issuers. The secondary market for Senior Secured Loans, Second Lien Loans, Mezzanine Loans and High Yield Bonds 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 Notes pursuant to the right of optional redemption set out in Condition 7(b) (*Redemption at the Option of the Subordinated Noteholders*). 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 Senior Notes to the other creditor of the Issuer which rank in priority to the holders of the Subordinated Notes pursuant to the Priorities of Payments.

2.3 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 are subordinated to the prior payment of certain fees and expenses of, or payable by, the Issuer to payment of principal and interest on prior ranking Classes of Notes. See Condition 4(c) (*Limited Recourse*). None of the Collateral Adviser, the Noteholders of any Class, the Arranger, the Trustee, the Liquidity Facility Provider, the Collateral Administrator, the Custodian, any Agent, the Class A Note Agent, any Hedge Counterparty or any Affiliates of any of the foregoing or the Issuer's Affiliates 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 Debt Obligations and amounts received under the Hedge Transactions and other Collateral securing the Notes for the payment of principal, interest and premium, if any, thereon. There can be no assurance that the distributions on the Collateral Debt Obligations and amounts received under the Hedge Transactions and other Collateral securing the Notes will be sufficient to make payments on any Class of Notes after making payments in respect of the Issuer's expenses and on more senior Classes of Notes and certain other required amounts 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 Collateral Adviser, the Noteholders, the Arranger, the Trustee, the Collateral Administrator, the Liquidity Facility Provider, the Custodian, any Agent, the Class A Note Agent, any Hedge Counterparty 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 first by (a) 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, and finally (f) the Class A Noteholders, in accordance with the Priorities of Payments (in the relevant order).

In addition, at any time while the Notes are Outstanding, none of the Noteholders nor 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, or join in any institution against the Issuer

of, any bankruptcy, reorganisation, arrangement, insolvency, winding-up or liquidation proceedings 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 a third party (which is not an Affiliate of such party) or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer nor shall any of them have a claim arising in respect of the share capital of the Issuer.

2.4 Subordination of the Notes

Except as described below, 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 Senior Notes. Payments in respect of the Class A-1 Notes and the Class A-2 Notes will rank *pari passu*, subject as provided in the Priorities of Payments.

Principal in respect of any Class A-1 Advance may be repaid on any Business Day provided that the Class E Coverage Tests are satisfied (save where the Notes are to be redeemed in full, in which event principal shall be repaid in accordance with the Priorities of Payments).

The payment of principal and interest on any Class of Notes may not be made until all payments of principal and interest due and payable at such time on any Classes of Notes ranking in priority thereto pursuant to the Priorities of Payments have been made in full. Payments on the Subordinated Notes will be made by the Issuer only to the extent of available funds and no payments thereon will be made until the payment of certain fees and expenses have been made (including any Arranger Fees and Expenses which will be payable to the Arranger) 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 Issuer (on the advice of the Collateral Adviser) to transfer amounts which would have been payable on the Subordinated Notes to the Collateral Enhancement Account to be applied in the acquisition or exercise of rights under Collateral Enhancement Obligations and the discretion, in the event the Reinvestment Diversion Threshold is not satisfied on a Determination Date during the Reinvestment Period, to (i) transfer amounts to the Principal Account and apply such amounts in the acquisition of Collateral Debt Obligations and/or (ii) redeem the Notes in accordance with the Priorities of Payments to the extent necessary to cause such threshold to be met following such acquisition and/or payment.

Non-payment of any Interest Amount due and payable in respect of the Class A Notes (or, in respect of the Class A-1 Notes, any Class A-1 Euro Interest Amounts, any Class A-1 Sterling Interest Amounts, any Class A-1 Commitment Fees or any Class A-1 Make-Whole Amounts and, in respect of the Class A-2 Notes, any Class A-2 Commitment Fees) (if any) (including any unpaid interest due and payable thereon) and/or the Class B Notes on any Payment Date will constitute an Event of Default (where such non-payment continues for a period of at least five Business Days or, if such non-payment results from an administrative error, such non-payment continues for a period of at least seven Business Days). In such circumstances, the Controlling

Class, which in these circumstances will be the Class A Noteholders, acting by Extraordinary Resolution, may request the Trustee to accelerate the Notes pursuant to Condition 10 (*Events of Default*). No such right of acceleration will be available to the holders of the Class B Notes until the Class A Notes have been redeemed in full.

In the event of any redemption in full or acceleration of the Class A 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 and/or acceleration and the Collateral will, in each case, be liquidated. Liquidation of the Collateral at such time or remedies pursued by the Trustee upon enforcement of the security over the Collateral could be adverse to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders or the Subordinated Noteholders, 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 the Subordinated Noteholders, next by the Class E Noteholders, then by the Class D Noteholders, then by the Class C Noteholders, then by the Class B Noteholders and, finally, *pari passu* and *pro rata* by the Class A Noteholders. Remedies pursued by the Class A Noteholders could be adverse to the interests of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders. Remedies pursued by the Class B Noteholders could be adverse to the interests of the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders. Remedies pursued by the Class C Noteholders could be adverse to the interests of the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders. Remedies pursued by the Class D Noteholders could be adverse to the interests of the Class E Noteholders and the Subordinated Noteholders. Remedies pursued by the Class E Noteholders could be adverse to the interests of the Subordinated Noteholders.

The Trust Deed provides that in the event of any conflict of interest between the Class A 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 Controlling Class (which, in the case of the Class A Notes, includes the Class A-1 Notes and the Class A-2 Notes) will prevail. If the holders of the Controlling 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 Noteholders over the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders; (ii) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders; (iii) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders; (iv) the Class D Noteholders over the Class E Noteholders and the Subordinated Noteholders; and (v) the Class E Noteholders over the Subordinated Noteholders. In the event that the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the Controlling Class (or another Class is given priority as described in this paragraph), the Trustee shall give priority to the group which holds the greater amount of Notes Outstanding of such Class (or, in the case of the Class A Notes, the greater of the Principal Amount Outstanding of the Class A-1 Notes and the Class A-2 Notes). The Trust Deed provides further that the Trustee will act upon the directions of the holders of the Controlling 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(e) (*Entitlement of the Trustee and Conflicts of Interest*).

2.5 Amount and Timing of Payments

To the extent that interest payments on the Class C Notes, the Class D Notes and the Class E Notes are not made on the relevant Payment Date, such unpaid interest amount will be deferred and the amount thereof added to the Principal Amount Outstanding of the Class C Notes, the Class D Notes and/or the Class E Notes, as the case may be, and will earn interest at the interest rate applicable to such Notes. Any failure to pay such scheduled interest on the Class C Notes, to the extent that there are insufficient funds available to pay such interest in accordance with the applicable Priority of Payments (so long as the Class A Notes and the Class B Notes are Outstanding), or to pay such scheduled interest on the Class D Notes, to the extent that there are insufficient funds available to pay such interest in accordance with the applicable Priority of Payments (so long as the Class A Notes, the Class B Notes and the Class C Notes are Outstanding), or to pay such scheduled interest on the Class E Notes, to the extent that there are insufficient funds available to pay such interest in accordance with the applicable Priority of Payments (so long as the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are Outstanding), or to pay interest and principal on the Subordinated Notes at any time will not be an Event of Default until the Maturity Date, provided always however that if the relevant Class is the then Controlling Class, any Deferred Interest shall not be added to the principal amount of such Class of Notes and failure to pay any Interest Amount due and payable thereon on a Payment Date in full will constitute an Event of Default (taking into account any permitted grace period). Payments of interest and principal on the Subordinated Notes will only be made to the extent that there are Interest Proceeds and Principal Proceeds available for such purpose in accordance with the Priorities of Payments. No interest or principal may therefore be payable on the Subordinated Notes for an unlimited period of time, at maturity or at all.

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 by or on behalf of the Issuer and the amounts of the claims of creditors of the Issuer ranking in priority to, or *pari passu* with, 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 and on whether or not any Obligor thereunder defaults in its obligations.

2.6 Mandatory Redemption of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes

If the Class A/B Coverage Tests are not satisfied on any Determination Date following the Effective Date or in the case of the Class A/B Interest Coverage Test on or following the Determination Date relating to the second Payment Date then, on the Payment Date following such Determination Date, Interest Proceeds, and thereafter Principal Proceeds, will be used, subject to the Priorities of Payments, to the extent necessary and available, to redeem the Class A Notes on a *pro rata* basis and, following redemption or, as applicable, repayment in full thereof, the Class B Notes on a *pro rata* basis until each such Coverage Test is satisfied if

recalculated following such redemption. If the Class C Coverage Tests are not satisfied on any Determination Date following the Effective Date or in the case of the Class C Interest Coverage Test on or following the Determination Date relating to the second Payment Date, then, on the Payment Date following such Determination Date, Interest Proceeds, and thereafter Principal Proceeds, will be used, subject to the Priorities of Payments, to the extent necessary and available, to redeem the Class A Notes and, following redemption or, as applicable, repayment in full thereof, the Class B Notes and, following redemption in full thereof, the Class C Notes, in each case on a *pro rata* basis until each such Coverage Test is satisfied if recalculated following such redemption. If the Class D Coverage Tests are not satisfied on any Determination Date following the Effective Date or in the case of the Class D Interest Coverage Test on or following the Determination Date relating to the second Payment Date, then, on the Payment Date following such Determination Date, Interest Proceeds, and thereafter Principal Proceeds, will be used, subject to the Priorities of Payments, to the extent necessary and available, to redeem the Class A Notes and, following redemption or, as applicable, repayment in full thereof, the Class B Notes and, following redemption in full thereof, the Class C Notes and, following redemption in full thereof, the Class D Notes, in each case on a *pro rata* basis until each such Coverage Test is satisfied if recalculated following such redemption. If the Class E Coverage Tests are not satisfied on any Determination Date following the Effective Date or in the case of the Class E Interest Coverage Test on or following the Determination Date relating to the second Payment Date, then, on the Payment Date following such Determination Date, Interest Proceeds, and thereafter Principal Proceeds, will be used, subject to the Priorities of Payments, to the extent necessary and available, to redeem the Class A Notes and, following redemption or, as applicable, repayment in full thereof, the Class B Notes and, following redemption in full thereof, the Class C Notes and, following redemption in full thereof, the Class D Notes, and, following redemption in full thereof, the Class E Notes, in each case on a *pro rata* basis until each such Coverage Test is satisfied if recalculated following such redemption.

Accordingly, the above arrangements may result in an elimination, deferral or reduction in the interest payments or principal repayments made to the Class C Noteholders, the Class D Noteholders, the Class E Noteholders or the level of the returns to the Subordinated Noteholders.

During the Reinvestment Period, in the event that the Reinvestment Diversion Threshold is not met, the Collateral Adviser shall be required to designate an amount which is equal to the lesser of an amount up to 50 per cent. of all remaining Interest Proceeds after the application of paragraphs (A) to (T) (inclusive) of Condition 3(c)(i) (*Application of Interest Proceeds*) or an amount which would be sufficient to cause the Reinvestment Diversion Threshold to be met after the payment of all amounts required to be paid in priority thereto in accordance with the Priorities of Payments, in each case to be used, in its discretion, to be (i) paid into the Principal Account for the acquisition of additional Collateral Debt Obligations and/or (ii) applied in redeeming the Notes in accordance with the Priorities of Payments.

2.7 Future Ratings of the Senior Notes Not Assured and Limited in Scope

There is no assurance that a rating accorded to any of the Senior Notes will remain for any given period of time or that a rating will not be revised, suspended or withdrawn entirely by a Rating

Agency if, in its judgment, circumstances in the future so warrant. In the event that a rating initially assigned to any of the Senior Notes is subsequently revised, suspended or withdrawn 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.

2.8 Average Life and Prepayment Considerations

The Maturity Date of the Notes is 21 March 2023 (subject to adjustment for non-Business Days). However, the principal of the Notes of each Class 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 delivery 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, which 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 issuers of the underlying Collateral Debt 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 Debt Obligations. Substantially all of the Collateral Debt Obligations are expected to be subject to sinking fund payments or optional redemption or prepayment by the issuer of such securities. Any disposition of a Collateral Debt Obligation may change the composition and characteristics of the Collateral Debt Obligations and the rate of payment 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 realisation from Defaulted Obligations will also affect the maturity and average lives of the Notes. The ability of the Issuer (on the advice of the Collateral Adviser) 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.

2.9 Noteholders' Resolutions

The Trust Deed includes provisions for the passing of Resolutions (whether at a Noteholders' meeting by way of vote or by Written Resolution) of the Noteholders in respect of (among any other matters) amendments to the Conditions of the Notes and/or the Transaction Documents. Such provisions include, among other things, (i) quorum requirements for the holding of Noteholders' meetings and (ii) voting thresholds required to pass Resolutions at such meetings (or through Written Resolutions). The quorum required for a meeting of Noteholders (other than an adjourned meeting or a meeting of a particular Class or Classes) to pass an Ordinary Resolution or an Extraordinary Resolution is one or more Persons holding or representing not less than, respectively, 50 per cent. or 66⅔ per cent. of the aggregate of the Principal Amount Outstanding of each Class of Notes or the relevant Class or Classes of Notes, as applicable. In both cases, the quorum is less at an adjourned meeting. The voting threshold at any Noteholders' meeting in respect of an Ordinary Resolution or an Extraordinary Resolution of all

Noteholders is, respectively, 50 per cent. or 66⅔ per cent. of the aggregate of the Principal Amount Outstanding of the Notes of each Class of those Notes represented at the meeting. Accordingly, at any meeting of the Noteholders, an Ordinary Resolution or an Extraordinary Resolution may be passed with less than 50 per cent. or 66⅔ per cent. of all the Noteholders of each Class of Notes, or the relevant Class or Classes of Notes, as applicable. See Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

The provisions of articles 86 to 94-8 of the Luxembourg act of 10 August 1915, on commercial companies, as amended, shall not apply in respect of the Notes.

2.10 Voting Rights upon an Event of Default and Enforcement

If an Event of Default occurs and is continuing, the Trustee may, at its discretion and shall, if so directed by the Controlling Class acting by Extraordinary Resolution, give notice to the Issuer that all the Notes are to be immediately due and payable. At any time after the Notes become due and payable and the security under the Trust Deed becomes enforceable, the Trustee may, at its discretion, and shall if so directed by the Controlling Class acting by Ordinary Resolution, 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. Therefore, such acceleration and/or proceedings are dependent on the Trustee or the Controlling Class exercising such discretion. See Conditions 10 (*Events of Default*) and 11 (*Enforcement*).

2.11 Volatility of the Subordinated Notes

The Subordinated Notes represent a leveraged investment in the underlying Collateral Debt 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 Debt 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.

2.12 Net Proceeds less than Aggregate Amount of the Notes

The proceeds received by the Issuer on the Closing Date from the issuance of the Notes, net of certain fees and expenses, will be less than the aggregate Principal Amount Outstanding of the Notes. Consequently, it is anticipated that on the Closing Date the proceeds of the Collateral will be insufficient to redeem the Notes upon the occurrence of an Event of Default on or about that date.

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 on, among other things (including, without limitation, the identity of the Collateral Adviser), the

Eligibility Criteria which each Collateral Debt 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 (save as described herein). This Prospectus does not contain any information regarding the individual Collateral Debt 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 judgment and ability of the Collateral Adviser in advising the Issuer on the acquisition and purchase of investments 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 Arranger has made any investigation into the Obligors of the Collateral Debt Obligations. 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 Liquidity Facility Provider, the Arranger, the Custodian, the Collateral Adviser, the Collateral Administrator, the Class A Note Agent, any other Agent, any Hedge Counterparty or any of their Affiliates are under any obligation to maintain the value of the Collateral Debt Obligations at any particular level and none of the foregoing Persons has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Collateral Debt Obligations from time to time.

3.2 Nature of Non-Investment Grade Collateral; Defaults

The Issuer will invest in a portfolio of Collateral Debt Obligations consisting at the time of acquisition of predominantly Senior Secured Loans, Second Lien Loans, Mezzanine Loans, High Yield Bonds and Synthetic Securities (referencing Senior Secured Loans, Second Lien Loans, Mezzanine Loans and High Yield Bonds), 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, liquidity, interest rate settlement and exchange rate risks.

The market value of the Collateral Debt Obligations 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 borrowers or issuers, as the case may be, of the Collateral Debt Obligations. The lower rating of below investment grade loans reflects a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the relevant borrower or issuer, as the case may be, to make payments of principal or interest. Such investments may be speculative. See "*The Portfolio*".

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

The offering of the Notes has been structured so that the Notes are intended to be able to withstand certain assumed losses relating to defaults on the underlying Collateral Debt 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 Debt 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 periodically experience substantial fluctuations in prices for High Yield Bonds, Senior Secured Loans, Second Lien Loans and Mezzanine Loans 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, subsist 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 Debt 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 Debt Obligations whose prices have risen or to acquire Collateral Debt 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 Debt Obligations would also adversely affect the proceeds of sale that could be obtained upon the sale of the Collateral Debt Obligations and could ultimately affect the ability of the Issuer to pay in full or redeem the Notes.

3.3 Purchase of Collateral Debt Obligations Prior to Closing Date

The Issuer has entered into certain agreements (together, the "**Warehouse Agreements** ") to purchase a portion of the Portfolio on or prior to the Closing Date. The prices paid for such Collateral Debt Obligations will reflect the market value of such Collateral Debt Obligations on the date the Issuer purchased or committed to purchase such obligations, which may be greater or less than their market value on the Closing Date or the date of settlement of the applicable trade, if later. The Warehouse Agreements require the Issuer to repay the amounts owing to the Arranger (in its capacity as warehouse lender) on the Closing Date. Any amounts received by the Issuer on Collateral Debt Obligations purchased by the Issuer prior to the Closing Date pursuant to the Warehouse Agreements which represent interest on such Collateral Debt Obligations accrued during the period prior to the Closing Date shall be paid to the Arranger pursuant to the Arranger Fees and Expenses Letter. In addition, although such obligations are required to satisfy the Eligibility Criteria at the time of entering into a binding commitment to purchase (and, in the case of all Collateral Debt Obligations acquired on or prior to the Closing Date, as at the Closing Date), it is possible that such obligations may no longer satisfy such Eligibility Criteria after entry into such binding commitment due to intervening events. The requirement that the Eligibility Criteria be satisfied applies only at the time that any commitment to purchase a Collateral Debt Obligation is entered into and any failure by such obligation to satisfy the Eligibility Criteria at a later stage will, subject as aforesaid, not result in any requirement to sell it or take any other action.

The Target Par Amount means an amount of Collateral Debt Obligations acquired by, or on behalf of, the Issuer up to the end of the Initial Investment Period having an Aggregate Principal Balance of €290,000,000 provided that, for such purpose, any repayments or prepayments of any Collateral Debt Obligations subsequent to the Closing Date shall be disregarded and the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its S&P Collateral Value and its Moody's Collateral Value.

3.4 Considerations Relating to the Initial Investment Period

During the Initial Investment Period, the Issuer (on the advice of the Collateral Adviser) will seek to acquire additional Collateral Debt Obligations in order to satisfy each of the Coverage Tests (other than the Interest Coverage Tests), Collateral Quality Tests, Portfolio Profile Tests and Target Par Amount requirement as at the Effective Date and the Interest Coverage Tests as of the Determination Date relating to the second Payment Date. See "*The Portfolio*". The ability to satisfy such tests and requirements will depend on a number of factors beyond the control of the Issuer and the Collateral Adviser, 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 tests and requirements will be met. To the extent it is not possible to purchase such additional Collateral Debt Obligations, 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 Asset Swap Transactions upon the acquisition of Non-Euro Obligations other than Revolver Hedged Collateral Debt Obligations will also depend upon a number of factors outside the control of the Issuer and the Collateral Adviser, including its ability to identify a suitable Asset Swap Counterparty with whom the Issuer may enter into such additional Asset Swap Transactions. Any failure by the Issuer to acquire such additional Collateral Debt Obligations and/or enter into required Asset Swap Transactions could result in the non-confirmation, downgrade or withdrawal by any Rating Agency of its Initial Rating of any Class of Rated 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 holders of the Subordinated Notes. Any such redemption of the Notes may also adversely affect the risk profile of any Class of Notes and not only that of 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 a lower rate of interest than the remaining Classes of Senior Notes.

3.5 Ongoing Commitments of Holders of Class A Notes and Liquidity Facility Provider

During the Reinvestment Period, provided that certain conditions are met, the Issuer (acting on the advice of the Collateral Adviser) may borrow, repay and re-borrow amounts through Class A-1 Advances and invest the proceeds in the acquisition of additional Collateral Debt Obligations which satisfy the Eligibility Criteria and in accordance with the Reinvestment Criteria. The ability to borrow and re-borrow amounts through Class A-1 Advances may be cancelled in certain situations (see "*Description of the Class A Notes - Optional Reduction and*

Termination of the Aggregate Class A-1 Commitment" below), in which event the principal so repaid will cease to be available for reinvestment.

Up to and including the Class A-2 Final Funding Date, provided that the conditions are met, the Issuer (acting on the advice of the Collateral Adviser) may borrow amounts through Class A-2 Advances and invest the proceeds in the acquisition of additional Collateral Debt Obligations which satisfy the Eligibility Criteria and in accordance with the Reinvestment Criteria. On the Class A-2 Final Funding Date, the Class A-2 Noteholders will be required to make a Class A-2 Advance equal to the Class A-2 Commitment on such date and the Class A-2 Commitment shall be cancelled.

The Issuer (acting on the advice of the Collateral Adviser) may draw under the Liquidity Facility in order to (a) pay amounts payable by the Issuer pursuant to the Interest Proceeds Priority of Payments on any Payment Date and (b) repay Class A-1 Sterling Advances in accordance with the Hedging Procedures where a Sterling Collateral Debt Obligation has become a Defaulted Obligation, subject to certain limitations as set out in "*Description of the Liquidity Facility Agreement*" (see "*Description of the Liquidity Facility Agreement*").

The Issuer will be exposed to credit risk in respect of the Class A Noteholders with respect to any funding required to be made to the Issuer by such Class A Noteholder and in respect of the Liquidity Facility Provider with respect to any drawings under the Liquidity Facility Agreement. Each Class A Noteholder and Liquidity Facility Provider is required to satisfy the Rating Requirement at all times up to and including the Commitment Termination Date (in the case of the Class A Notes) and of the Reinvestment Period (in the case of the Liquidity Facility Provider) and, if it does not satisfy the Rating Requirement, to take certain action as described in "*Description of the Class A Notes*" and "*Description of the Liquidity Facility Agreement*", respectively.

3.6 Nature of the Collateral

The Collateral on which the Notes and the claims of the other Secured Parties are secured will be subject to credit, liquidity, interest rate, settlement and exchange rate risks. The Portfolio which will secure the Notes will predominantly comprise Senior Secured Loans, Second Lien Loans, Mezzanine Loans and High Yield Bonds which are obligations of various Obligors with a principal place of business in a Qualifying Country which are primarily rated or assigned an implied rating 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 by or on behalf of the Issuer and the amounts of the claims of creditors of the Issuer ranking in priority to, or *pari passu* with, 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 and on whether or not any Obligor thereunder defaults in its obligations.

The subordination levels of each of the Classes of Notes will be established to withstand certain assumed deficiencies in payment caused by defaults on the related Collateral Debt Obligations.

If, however, actual payment deficiencies exceed such assumed levels, payments on the Notes could be adversely affected. Whether and by how much defaults on the Collateral Debt 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 Debt Obligations is likely to be increased to the extent that the Portfolio of Collateral Debt Obligations is concentrated in any one issuer, industry, region or country as a result of the increased potential for correlated defaults in respect of a single issuer 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, Noteholders will receive notice from time to time of the identity of Collateral Debt Obligations which became "Defaulted Obligations".

To the extent that a default occurs with respect to any Collateral Debt Obligation and the Issuer or Trustee sells or otherwise disposes of such Collateral Debt Obligation, the proceeds of such sale or disposition are likely to be less than the unpaid principal and interest thereon. Even in the absence of default with respect to any of the Collateral Debt Obligations, the potential volatility and illiquidity of the sub-investment grade high yield and leveraged loan markets means that the market value of such Collateral Debt Obligations at any time will vary, and may vary substantially, from the price at which such Collateral Debt Obligations were initially purchased and from the principal amount of such Collateral Debt Obligations. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition of such Collateral Debt 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.

The Portfolio Profile Tests provide that as of the Effective Date, (a) at least 90 per cent. of the Aggregate Collateral Balance must consist of Senior Secured Loans, (b) not more than 10% of the Aggregate Collateral Balance may consist Mezzanine Loans, Second Lien Loans and High Yield Bonds and (c) not more than 5% of the Aggregate Collateral Balance may consist of High Yield Bonds. Senior Secured Loans, Second Lien Loans and Mezzanine Loans are of a type generally incurred by the Obligors thereunder in connection with highly leveraged transactions, often (although not exclusively) to finance: (i) internal growth, (ii) acquisitions, (iii) mergers, and/or (iv) stock purchases. As a result of the additional debt incurred by the borrower in the course of such a transaction, the Obligor's creditworthiness is typically judged by the rating agencies to be below investment grade. Senior Secured Loans are typically at the most senior level of the capital structure with Mezzanine Loans being subordinated thereto or to any other senior debt of the Obligor. Senior Secured Loans are often secured by specific collateral, including but not limited to, trademarks, patents, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred stock of the Obligor and its subsidiaries and any applicable associated liens relating thereto. Mezzanine Loans often have the benefit of a second charge over such assets. Senior Secured 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, all of which increase the risks of investing in Mezzanine Loans.

Mezzanine Loans generally take the form of medium-term loans repayable shortly (perhaps six months or one year) after the Senior Secured Loans of the Obligor thereunder. Because they are only repayable after the senior debt (and interest payments may be blocked to protect the position of senior debt interest in certain circumstances), they will carry a higher rate of interest to reflect the greater risk of them not being repaid.

The majority of Senior Secured Loans, Second Lien Loans and Mezzanine Loans 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 Senior Secured Loan, Second Lien Loan or Mezzanine Loan may receive certain syndication or participation fees in connection with its purchase. Other fees payable in respect of a Senior Secured Loan, Second Lien Loan or Mezzanine Loan, which are separate from interest payments on such loan, may include facility, commitment, amendment and prepayment fees.

Senior Secured Loans, Second Lien Loans, Mezzanine Loans and High Yield Bonds 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 total debt and other financial tests. A breach of covenant (after giving effect to any cure period) under a Senior Secured Loan, Second Lien Loan or Mezzanine Loan which is not waived by the lending syndicate normally is an event of acceleration which allows the syndicate to demand immediate repayment in full of the outstanding loan.

In order to induce banks and institutional investors to invest in a Senior Secured Loan, Second Lien Loan or Mezzanine Loan, and to obtain a favourable rate of interest, an Obligor under such an obligation often provides the investors therein with extensive information about its business, which is not generally available to the public. Because of the confidential nature of such information, the unique and customised nature of loan agreements, including Senior Secured Loans, Second Lien Loans and Mezzanine Loans, and the private syndication of loans, Senior Secured Loans, Second Lien Loans and Mezzanine Loans are not as easily purchased or sold as publicly traded securities, 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 Senior Secured Loans, Second Lien Loans and Mezzanine Loans have been predominantly commercial banks and investment banks. The range of investors for such 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 in the event that such assets are sold following enforcement of the security over the Collateral or otherwise. The European market for

Mezzanine Loans is also generally less liquid than that for Senior Secured Loans and Second Lien Loans resulting in increased disposal risk for such obligations.

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

Mezzanine Loans (other than Second Lien Loans) may provide that all or part of the interest accruing thereon will not be paid on a current basis but will be deferred. Mezzanine Loans also generally involve greater credit and liquidity risks than those associated with investment grade corporate obligations and Senior Secured Loans. 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 Mezzanine Loans and no assurance can be given as to the levels of default and/or recoveries that may apply to any Mezzanine Loans purchased by the Issuer. Recoveries on Senior Secured Loans, Second Lien Loans and Mezzanine Loans 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 Debt Obligations*" below.

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 in respect of 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 prepared by the Arranger 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, Principal Proceeds 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.

European high yield bonds 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 bonds 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 Senior 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 bonds 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.

High yield bonds 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.

In the case of high yield bonds issued by issuers with their principal place of business in Europe, structural subordination of high yield bonds leads European high yield defaults to realise lower average recoveries than their U.S. counterparts. Another factor affecting recovery rates for high yield bonds of European issuers 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 bonds 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 Collateral Adviser, acting on behalf of the Issuer, may only be able to replace such 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.

3.7 Participations, Novations and Assignments

The Issuer may acquire, subject to the Securitisation Act 2004, 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**". All loans which are the subject of an Assignment or a Participation must have been fully drawn on by the relevant borrower.

The purchaser of an Assignment typically succeeds to all the rights 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. The purchaser of an Assignment also typically succeeds to and becomes entitled to the benefit of any other rights of the Selling Institution in respect of the loan agreement including the right to the benefit of any security granted in respect of the loan interest transferred. The loan agreement usually contains mechanisms for the transfer of the benefit of the loan and the security relating thereto. The efficacy of these mechanisms is rarely tested, if ever, and there is debate amongst counsel in continental jurisdictions over their effectiveness. With regard to some of the loan agreements, security will have been granted over assets in different jurisdictions. Some of the jurisdictions will require registrations, filings and/or other

formalities to be carried out not only in relation to the transfer of the loan but, depending on the mechanism for transfer, also with respect to the transfer of the benefit of the security.

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 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 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. The Issuer may purchase a Participation from a Selling Institution that does not itself retain any economic interest of 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 Institutions 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 impose limits on the amount the Aggregate Collateral Balance of Collateral Debt Obligations that may comprise Participations.

3.8 Synthetic Securities

In addition to the credit risks associated with holding loans with respect to Synthetic Securities, the Issuer will usually have a contractual relationship with the relevant Synthetic Counterparty only, and not with the Reference Entity of the Reference Obligation (in each case as defined in the relevant Synthetic Security). The Issuer generally will have no right directly to enforce compliance by the Reference Entity with the terms of the Reference Obligation nor any rights of set-off against the Reference Entity, nor have any voting rights with respect to the Reference Obligation. The Issuer will not directly benefit from the 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. In addition, in the event of the insolvency of the Synthetic Counterparty, the Issuer will be treated as a general creditor of such Synthetic Counterparty, and will not have any claim with respect to the Reference Obligation. Consequently, the Issuer will be subject to the credit risk of the Synthetic Counterparty as well as that of the Reference Entity. As a result, concentrations of Synthetic Securities in any one Synthetic Counterparty subject the Notes to an additional degree of risk with respect to defaults by such Synthetic Counterparty as well as by the Reference Entity. Although the Collateral Adviser will not perform independent credit analyses of the Synthetic Counterparties in order to advise the Issuer, 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. The Rating Agencies may downgrade any of the Senior Notes if the Synthetic Counterparty is not in compliance with the Rating Requirements set forth herein. It is expected that the Arranger and/or one or more Affiliates of the Arranger and the Collateral Adviser, 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. See "*Certain Conflicts of Interest*" below.

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 and credit exposures and non-credit related exposures to obligations of the Issuer other than the Reference Obligation relating thereto.

Generally, upon the occurrence of certain specified credit events under a Synthetic Security relating to the credit of the applicable Reference Entity, the relevant Synthetic Security will become repayable and its terms will permit or require the relevant Synthetic Counterparty to satisfy its repayment obligations under the Synthetic Security in such circumstances by delivering to the Issuer a principal amount of Reference Obligations or other Deliverable Obligations of the applicable Reference Entity or 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 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, equal to zero.

As referred to above, a Synthetic Security which is a Defaulted Obligation will be settled either by a cash settlement or a physical settlement. The Issuer may be required upon a credit event to take delivery of a non-Euro denominated obligation exposing the Issuer to exchange rate risk.

The Portfolio Profile Tests impose limits on the amount of the Aggregate Collateral Balance of the Collateral Debt Obligations that may comprise Synthetic Securities.

3.9 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. 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 and/or principal payable in respect of the Subordinated Notes which the Collateral Adviser has advised the Issuer to pay into the Collateral Enhancement Account pursuant to the Priorities of Payments rather than being paid to

the Subordinated Noteholders. 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 Collateral Adviser may advise the Issuer to arrange for the payment of any such shortfall by funds paid out of the Interest Account to the Collateral Enhancement Account for this purpose on the terms and subject to the limits set forth in Condition 3(j) (*Payments to and from the Accounts*). The amounts which may be withdrawn from the Interest Account pursuant to paragraph (2) of Condition 3(j)(ii) (*Interest Account*) for such purpose are subject to the cumulative maximum aggregate total in respect of all such previous drawdowns and withdrawals not exceeding €500,000.

The Collateral Adviser is under no obligation whatsoever to advise that the Issuer should exercise its discretion 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 Collateral Adviser to advise 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). 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).

Furthermore, all Collateral Enhancement Obligation Proceeds in respect of any Collateral Enhancement Obligation will be deposited into the Collateral Enhancement Obligation Account to be paid to the Subordinated Noteholders. 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.

3.10 Counterparty Risk

Participations, Synthetic Securities, the Class A-1 Note Purchase Agreement, the Class A-2 Note Purchase Agreement, the Liquidity Facility Agreement and Hedge Transactions involve the Issuer entering into contracts with counterparties. Pursuant to such contracts, the counterparties agree to make payments (or, as applicable, deliver securities) to the Issuer under certain circumstances as described therein. Although each counterparty is required to have a rating of at least the applicable Rating Requirement, the Issuer will be exposed to the credit risk of the counterparty in respect of any such payments.

3.11 Concentration Risk

The Issuer will invest in a Portfolio of Collateral Debt Obligations consisting, at the Closing Date, of Senior Secured Loans, Second Lien Loans, Mezzanine Loans, High Yield Bonds and Synthetic Securities (under which the Reference Obligation is a Senior Secured Loan, Second Lien Loan, Mezzanine Loan or High Yield Bond). 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. The Portfolio Profile Tests and Collateral Quality Tests attempt to mitigate any concentration risk in the Portfolio. See "*The Portfolio - Portfolio Profile Tests and Collateral Quality Tests*".

3.12 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 20 per cent. of the Aggregate Collateral Balance may comprise of Sterling Collateral Debt Obligations and not more than 5 per cent. of the Aggregate Collateral Balance may comprise Non-Euro Obligations (excluding Sterling Collateral Debt 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 (other than in respect of the Class A-1 Sterling Advances) the Issuer is required to either enter into Asset Swap Transactions in respect of Collateral Debt Obligations not denominated in Euro or, in the case of Collateral Debt Obligations denominated in Sterling, to hedge such currency exchange risk via a combination of the currency flexibility in the Class A-1 Notes and entry into Currency Hedge Transactions in accordance with the Hedging Procedures. Notwithstanding such currency hedging arrangements, the Issuer may still be exposed to foreign exchange rate risk 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 both Euro and Sterling coupled with the fact that all or part of the Class A-1 Notes may be denominated in Sterling 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 vary depending on whether such proceeds are being distributed in accordance with the Pari Passu Provisions or as otherwise provided pursuant to the Priorities of Payment and will be dependent on the Euro and Sterling foreign 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 Collateral Adviser 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 Collateral Advisory 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.

3.13 Interest Rate Risk

The Notes (other than the Class A-1 Sterling Advances) bear interest at floating rates based on EURIBOR and the Class A-1 Sterling Advances bear interest at a floating rate based on LIBOR. 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. As a result of these factors, it is expected that there will be a fixed/floating rate mismatch and/or a floating rate basis mismatch between the Notes and the underlying Collateral Debt Obligations and Eligible Investments. 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 and/or LIBOR could adversely affect the ability to make payments on the Notes.

The Issuer (acting on the advice of the Collateral Adviser) will, on or prior to the Closing Date, enter into an Interest Rate Hedge Transaction which is an interest rate cap transaction. Pursuant to the Collateral Advisory 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 Hedge Transactions). 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.

3.14 Insolvency Considerations relating to Collateral Debt Obligations

Collateral Debt 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 issuer is located or domiciled and may differ depending on whether the issuer is a non-sovereign or a sovereign entity. 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 Debt Obligations where obligations thereunder are subject to such regimes, in the event of the insolvency of the relevant obligor.

The different insolvency regimes applicable in the different European jurisdictions result in a corresponding variability of recovery rates for Senior Secured Loans, Second Lien Loans, Mezzanine Loans and High Yield Bonds entered into by Obligors in such jurisdictions. No reliable historical data is available.

3.15 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. However, the Issuer does not intend to engage in, and the Collateral Adviser does not intend to advise the Issuer with respect to any, conduct that would form the basis for a successful cause of action based upon 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. However, the Issuer does not intend to engage in, and the Collateral Adviser does not intend to advise the Issuer with respect to, any conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine.

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.

3.16 Changes in Tax Law; No Gross-Up; General

Pursuant to the Eligibility Criteria and in accordance with the Collateral Adviser's standard of care specified in the Collateral Advisory Agreement, the Issuer (acting on the advice of the Collateral Adviser) will be required to ensure that, at the time when they are acquired, payments of interest on the Collateral Debt Obligations either will not be reduced by any withholding tax imposed by any jurisdiction or, if and to the extent that any such withholding tax does apply, the relevant Obligor will be obliged to make gross-up payments to the Issuer that cover the full amount of such withholding tax. However, 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 (a) a double taxation treaty between Luxembourg and the jurisdiction from which the relevant payment is made, (b) the current applicable law in the jurisdiction of the borrower or (c) 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. The Issuer will not be able to take advantage of a double taxation treaty between Luxembourg and the United States. In the event that 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.

Although no withholding tax is currently imposed on payments of interest on the Notes, there can be no assurance that the law will not change. For example, see "*Tax Considerations*". In the event that any withholding tax is imposed on payments of interest on any Class of Notes, the Issuer will not "gross-up" payments to the holders of such Notes. In the event of the occurrence of a Note Tax Event pursuant to which any payment on the Notes of any Class becomes properly subject to any withholding tax or deduction on account of tax, the Notes may be redeemed in whole but not in part at the direction of the holders of the Controlling Class or the holders of the Subordinated Notes, in each case acting by Extraordinary Resolution, subject to certain conditions, including a threshold test pursuant to which determination is made as to whether the anticipated proceeds of liquidation of the security over the Collateral would be sufficient to pay all amounts due and payable on the Senior Notes in such circumstances in accordance with the Priorities of Payments. In the case of such redemption at the direction of the holders of the Controlling Class, there can be no assurance that the proceeds of such

redemption would be sufficient to make payments of all amounts payable in respect of the Notes of each Class.

3.17 United Kingdom Corporation Tax

The Issuer will be subject to UK corporation tax only if it is (i) tax resident in the UK or (ii) carries on a trade in the UK through a permanent establishment. The Issuer will not be treated as being tax resident in the UK provided that the central management and control of the Issuer is in Luxembourg. The Managing Directors intend to conduct the affairs of the Issuer in such a manner so that it does not become resident in the UK for taxation purposes. The Issuer will be regarded as having a permanent establishment in the UK if it has a place of business in the UK or it has an agent in the UK who has and habitually exercises authority in the UK to do business on the Issuer's behalf. The Issuer does not intend to have a place of business in the UK. The Issuer should not be subject to UK corporation tax in consequence of the advice which the Collateral Adviser provides, provided, that the Issuer's activities are regarded as investment activities rather than trading activities.

3.18 Possible Phantom Income Subject to U.S. Federal Income Tax

Tax Treatment of U.S. Holders of Subordinated Notes. The Trust Deed requires the Issuer and each U.S. Holder, as defined under "*Tax Considerations - U.S. Federal Income Taxation*" below, of Subordinated Notes to treat the Issuer as a corporation for U.S. federal income tax purposes and to treat the Subordinated Notes as equity in the Issuer for U.S. federal income tax purposes. The Issuer will constitute a passive foreign investment company ("**PFIC**"). As such, a U.S. Holder investing in the equity (or any Class of Notes that is recharacterised as equity for U.S. federal income tax purposes) typically has an option to either (1) treat the Issuer as a qualified electing fund ("**QEF**") and to pay income tax on its *pro rata* share of the Issuer's income computed on an accrual basis or (2) pay income taxes generally on the amount of cash distributions received, subject to a possible interest charge at a statutory rate on certain "excess distributions" and gains recognised on the disposition of the PFIC interest. However, depending on the ultimate composition of the pool of equity investors, the Issuer may be classified as a controlled foreign corporation, in which case a U.S. Holder may be required to pay income tax based on its *pro rata* share of the Issuer's income generally as if the U.S. Holder had made the QEF election.

Generally, a QEF election should be made on or before the due date for filing the U.S. Holder's U.S. federal income tax return for the first taxable year during which such U.S. Holder held the Note that is deemed to be an equity interest in the Issuer for U.S. federal income tax purposes. A U.S. Holder making this election is required to report its *pro rata* share of the Issuer's income regardless of whether the Issuer makes cash distributions during the period. However, it is possible that a significant amount of the Issuer's income will not be distributed on a current basis for several reasons (termed "phantom income"). Although not exhaustive, several of these reasons include: (1) gains on the sale of securities where the proceeds are reinvested in additional collateral rather than being distributed; (2) income may be earned by the Issuer (and corresponding amounts of cash received), but the associated cash may be diverted to pay principal of Senior Notes when certain compliance tests are not satisfied; and (3) accrual basis accounting may create timing differences from the actual cash distributions. A U.S. Holder that

makes a QEF election therefore may be required to recognise phantom income in amounts significantly greater than the distributions received from the Issuer. An electing U.S. Holder generally has the ability to defer paying the tax on the phantom income until the cash is received, subject to a non-deductible interest charge.

A U.S. Holder that does not make a QEF election generally will pay income tax on the amount of cash received in any year including both certain distributions by the PFIC and any gain recognised on the disposition of the PFIC interest. Annually, commencing in the second year of the investment, to the extent that distributions exceed 125 per cent. of the average distribution for the prior three years (or lesser period if held for less than three prior years), such "excess distributions" are allocated rateably over the Holder's holding period and are subject to income tax on ordinary income in the current year and at the highest rate in effect for individuals or corporations in the preceding years. A non-deductible interest charge at a statutory rate may also be imposed as if the excess distributions and the gains recognised on the disposition of the PFIC interest were earned rateably over the U.S. Holder's holding period.

The above discussion is a very general discussion of the tax treatment of any equity investment by a U.S. Holder. U.S. Holders should review this material as a summary of general principals only and consult with their tax adviser to the extent necessary to determine the appropriate tax reporting and to assist them with the proper filings and the tax consequences generally with respect to an investment in the Notes. For a more detailed discussion of the U.S federal income tax consequences of investing in the Notes, see "*Tax Considerations - U.S. Federal Income Taxation*".

3.19 Certain Provisions of the Collateral Advisory Agreement

The Collateral Adviser is given authority in the Collateral Advisory Agreement to act as Collateral Adviser to the Issuer in respect of the Portfolio pursuant to and in accordance with the parameters and criteria set out in the Collateral Advisory Agreement. See "*The Portfolio*" and "*Description of the Collateral Advisory Agreement*". The powers and duties of the Collateral Adviser in relation to the Portfolio include advising the Issuer on (a) the acquisition of Collateral Debt Obligations during the Reinvestment Period; and (b) the sale of Collateral Debt Obligations during the Reinvestment Period (subject to certain limits) and, at any time, upon the occurrence of certain events (including a Collateral Debt Obligation becoming a Defaulted Obligation, a Credit Improved Obligation or a Credit Impaired Obligation), in accordance with the provisions of the Collateral Advisory Agreement. See "*The Portfolio*". Any analysis by the Collateral Adviser (on behalf of the Issuer) of Obligors under Collateral Debt Obligations which the Issuer is purchasing or which are held in the Portfolio from time to time will, in respect of Collateral Debt Obligations which are publicly listed bonds, be limited to a review of readily available public information and, in respect of Collateral Debt Obligations which are Assignments or Participations of Senior Secured Loans and Mezzanine Loans and in relation to which the Collateral Adviser has non-public information, such analysis will include due diligence of the kind common in relation to Senior Secured Loans and Mezzanine Loans of such kind.

The performance of any investment in the Notes will be dependent in part on the ability of the Collateral Adviser to monitor the Portfolio and advise the Issuer in respect of sales and

acquisitions of Collateral Debt Obligations and the performance of the Collateral Adviser of its obligations under the Collateral Advisory Agreement. The loss by the Collateral Adviser or any of its Affiliates of a number of key individuals could have a material adverse effect on the ability of the Collateral Adviser to perform its obligations under the Collateral Advisory Agreement and therefore have a material adverse effect on the value of the Portfolio.

3.20 Collateral Adviser

Any prior investment results of the Collateral Adviser and the Persons currently associated with the Collateral Adviser or any other entity or Person described herein have been provided for illustrative purposes only and may not be indicative of the Issuer's future investment results. Any historical or other performance information relating to the Collateral Adviser may relate to asset portfolios or investment vehicles with significantly different characteristics, structures, investment objectives, advisory personnel and terms when compared to the Issuer. The Issuer is a newly formed entity and has no operating history or performance record of its own. The actual performance of the Issuer will depend on numerous factors which are difficult to predict and may be beyond the control of the Collateral Adviser. The nature of, and risks associated with, the Issuer's future investments may differ substantially from those investments and strategies undertaken historically by the Collateral Adviser and such Persons. There can be no assurance that the Issuer's investments will perform as well as the past investments of any such Persons or entities.

The performance of other collateralised debt obligation vehicles ("**CDO Vehicles**") advised by Affiliates of the Collateral Adviser should not be relied upon as an indication or prediction of the performance of the Issuer. Such other CDO Vehicles may have significantly different characteristics, including structures, composition of the collateral pool, investment objectives, leverage, financing costs, fees and expenses, management personnel and other terms when compared to the Issuer.

The Collateral Adviser may be removed in certain circumstances with or without cause as described under "*Description of the Collateral Advisory Agreement*". The Collateral Adviser may resign upon 45 days' prior written notice to the Issuer, the Collateral Administrator, the Trustee and each Rating Agency, which resignation shall not be effective until a successor has been appointed in accordance with the Collateral Advisory Agreement.

Although the Collateral Adviser is required, pursuant to its entry into the Collateral Advisory Agreement, to commit an appropriate amount of its business efforts to providing advice in respect of the Portfolio, the Collateral Adviser is not required to devote all of its time to such affairs and will continue to advise and manage other investment funds in the future.

3.21 Security; Fixed Charge

The Synthetic Securities which are securities and the High Yield Bonds will be held by the Custodian. The Custodian will hold certain of the securities (i) through its accounts with Euroclear or Clearstream, Luxembourg or The Depositary Trust Company and (ii) through its sub-custodians who will in turn hold such Synthetic Securities which are securities or, as the case may be, High Yield Bonds 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 Synthetic Securities which are securities and High Yield Bonds 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 Collateral Administration and Agency Agreement (as defined in "*Terms and Conditions of the Notes*").

However, the charges created pursuant to the Trust Deed may be insufficient or ineffective to secure the Synthetic Securities which are securities and the High Yield Bonds 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 Collateral Administration and 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 Arranger, the Collateral Adviser, the Collateral Administrator or any other party.

In addition, custody and clearance risks may be associated with Synthetic Securities which are securities or with High Yield Bonds that do not clear through DTC, 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 Debt Obligations and Eligible Investments held from time to time, including the security over the Accounts, is expressed to take effect as fixed security, it may (as a result of the substitutions of Collateral Debt Obligations contemplated by the Collateral Advisory Agreement and the payments to be made from the Accounts in accordance with the Conditions of the Notes and the Trust Deed) take effect as a floating charge which, in particular, would rank after a subsequently created fixed security interest. However, the Issuer has covenanted not to create any such subsequent security interests without the consent of the Trustee.

3.22 Reinvestment Risk; Uninvested Cash Balances

To the extent the Collateral Adviser advises that cash balances invested in short-term investments instead of higher yielding loans or bonds are maintained, 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 the Securitisation Act 2004 and to criteria and certain limitations described herein, the Collateral Adviser may advise the Issuer to dispose of certain Collateral Debt Obligations and to reinvest the proceeds thereof in Substitute Collateral Debt Obligations in compliance with the Reinvestment Criteria. In addition, during the Reinvestment Period, to the extent that any Collateral Debt Obligations prepay or mature prior

to the stated maturity, the Collateral Adviser may advise the Issuer, subject to the Reinvestment Criteria, to invest the proceeds thereof in Substitute Collateral Debt Obligations. The yield with respect to such Substitute Collateral Debt 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 Issuer, as advised by the Collateral Adviser, 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 Debt 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 Debt 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 Debt Obligations are sold, prepaid, or mature, yields on Collateral Debt 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 Debt 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 Debt 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 Debt Obligations. The longer the period between reinvestment of cash in Collateral Debt 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 if Unused 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 Debt Obligations which risk will first be borne by holders of the Subordinated Notes and then by holders of the Senior Notes, beginning with the most junior Class.

In addition, the amount of Collateral Debt Obligations owned at closing, the timing of purchases of additional Collateral Debt Obligations after the Closing Date with the Unused Proceeds and

the scheduled interest payment dates of those Collateral Debt Obligations may have a material impact on collections of Interest Proceeds during the first Due Period, which could affect interest payments on the Senior Notes and the payment of distributions to the Subordinated Notes on the first Payment Date.

3.23 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 Senior Notes. In certain scenarios, the Notes may not be paid in full, and the Subordinated Notes and one or more Classes of Senior 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 Senior 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 Senior Notes or for reinvestment in Collateral Debt Obligations being applied on the next Payment Date to make principal payments on the more senior classes of Senior 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 Senior Notes and cause temporary or permanent suspension of distributions to the Subordinated Notes and/or one or more subordinate Classes of Senior Notes.

3.24 Acquisition and Disposition of Collateral Debt Obligations

The Issuer currently expects to use approximately 20 per cent. or more of the net proceeds from the issuance of the Notes to repay on the Closing Date the warehouse funding arrangements by which it purchased (or entered into agreements to purchase) Collateral Debt Obligations (see "*Purchase of Collateral Debt Obligations Prior to Closing Date*" above) and to use the remainder of such proceeds to purchase (or enter into agreements to purchase) additional Collateral Debt Obligations within approximately six months after the Closing Date. The Collateral Adviser's advice to the Issuer concerning purchases of Collateral Debt Obligations will be influenced by a number of factors, including market conditions and the availability of securities and loans satisfying the Reinvestment Criteria and other requirements of the Collateral Advisory Agreement. The failure or inability of the Collateral Adviser to advise the Issuer on the acquisition of Collateral Debt Obligations with the proceeds of the offering or to reinvest Sale Proceeds or payments and prepayments of principal in Substitute Collateral Debt Obligations in a timely manner will adversely affect the returns on the Notes, in particular with respect to the most junior Class or Classes.

Under the Collateral Advisory Agreement and as described herein, the Collateral Adviser may only advise the Issuer to dispose of a limited percentage of Collateral Debt Obligations in any period of 12 calendar months as well as any Collateral Debt Obligation that meets the definition of a Defaulted Obligation, an Exchanged Equity Security and, subject to the satisfaction of

certain conditions, a Credit Risk Obligation or Credit Improved Obligation. Notwithstanding such restrictions and subject to the satisfaction of the conditions set forth in the Collateral Advisory Agreement, the Collateral Adviser's advice on sales and purchases of Collateral Debt Obligations could result in losses by the Issuer, which will be borne in the first instance by the holders of the Subordinated Notes and then by holders of the Senior Notes, beginning with the most junior Class.

In addition, circumstances may exist under which the Collateral Adviser may believe that it is in the best interests of the Issuer to dispose of a Collateral Debt Obligation, but will not be permitted to do so under the terms of the Collateral Advisory Agreement.

3.25 Adverse Effect of Determination of U.S. Business.

Upon the issuance of the Notes, the Issuer will receive an opinion from Allen & Overy LLP, special U.S. tax counsel to the Issuer ("**Tax Counsel**"), which opinion is based on the safe harbor provided by Section 864(b)(2) of the Internal Revenue Code of 1986, as amended (the "**Code**") and the Treasury regulations thereunder applying to transactions involving trading in securities by a foreign corporation for its own account. The opinion will be to the effect that, although no activity closely comparable to that contemplated by the Issuer has been the subject of any Treasury regulation, revenue ruling or judicial decision, assuming compliance with the Issuer's Memorandum and Articles of Association, the Trust Deed, the Collateral Advisory Agreement, and the other Transaction Documents by all parties thereto, the Issuer's permitted activities will not cause it to be treated as engaged in the conduct of a U.S. trade or business under the Code and, consequently, the Issuer's profits will not be subject to U.S. federal income tax on a net income basis. The opinion is based on certain assumptions and on certain representations and agreements regarding restrictions on the conduct of the activities of the Issuer and the Collateral Adviser. Although the Issuer intends to conduct its business in accordance with such assumptions, representations and agreements, if it were nonetheless determined that the Issuer was engaged in a U.S. trade or business and had taxable income that is effectively connected with such U.S. trade or business, then the Issuer would be subject under the Code to the regular corporate income tax on such effectively connected taxable income and possibly to the 30 per cent. branch profits tax as well. Such taxes would reduce the amounts available to make payments on the Notes. Investors should note that the Treasury and the Internal Revenue Service ("**IRS**") recently announced that they are considering taxpayer requests for specific guidance on, among other things, whether a foreign Person may be treated as engaged in a trade or business in the United States. by virtue of entering into credit default swaps. However, the Treasury and the IRS have not yet provided any guidance on whether they believe entering into credit default swaps may cause a foreign Person to be treated as engaged in a trade or business in the United States. and if so, what facts and circumstances must be present for this conclusion to apply. Any future guidance issued by the Treasury and/or the IRS may have an adverse impact on the tax treatment of the Issuer. See discussion under the heading "*Tax Considerations - U.S. Federal Income Taxation - U.S. Taxation of the Issuer*" below. There can be no assurance that, if the Issuer were determined to be engaged in a trade or business in the United States. and thus subject to U.S federal income taxes, remaining payments on the Collateral would be sufficient to make timely payments of interest on, and payment of principal at the applicable stated maturity of the Notes. In addition, interest paid on the Senior

Notes or distributions from Interest Proceeds with respect to the Subordinated Notes to a holder that is not a U.S. Holder (as defined in "*Tax Considerations - U.S. Federal Income Taxation - General*" below) could in such circumstance be subject to a 30 per cent. U.S. withholding tax.

3.26 Regulatory Risk

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 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.

4. CERTAIN CONFLICTS OF INTEREST

4.1 The Collateral Adviser

Various potential and actual conflicts of interest may arise from the overall advisory, investment, capital markets, lending and other activities of the Collateral Adviser and its Affiliates. The following briefly summarises some of the conflicts that typically arise with respect to investment advisory firms such as the Collateral Adviser, but is not intended to be an exhaustive list of all such conflicts.

Affiliates of the Collateral Adviser, including those under common control with the Collateral Adviser, may be engaged in other financial services businesses from time to time, including, without limitation, banking, real estate finance and real estate investment. As part of their respective businesses, the Collateral Adviser and its Affiliates (including investment funds advised by the Collateral Adviser) transact and will continue in the future to transact business with many obligors, including the obligors on the Collateral Debt Obligations. The type of business transacted may include lending money to, investing in debt and equity securities issued by, serving as financial adviser for, or placing debt or equity securities of, the obligors on the Collateral Debt Obligations and any of their respective subsidiaries and Affiliates. The Collateral Adviser and its Affiliates may accept fees and other consideration from the obligors for such activities, without having to account for the same to the Issuer or any other Person.

Key personnel of the Collateral Adviser may invest directly or indirectly in the Collateral Debt Obligations and in other equity and debt securities issued by the obligors on the Collateral Debt Obligations. In addition, the Collateral Adviser and its Affiliates may from time to time serve on creditors committees or bank advisory committees in connection with bankruptcies or workouts of obligors on Collateral Debt Obligations, and officers, directors and employees of the Collateral Adviser and its Affiliates may serve on boards of directors of, or otherwise have ongoing relationships with, issuers of Collateral Debt Obligation and their subsidiaries and Affiliates. As a result, the Collateral Adviser and its Affiliates, officers, directors and employees may have economic interests in or other relationships with obligors on the Collateral Debt Obligations and their respective subsidiaries and Affiliates. These interests may be *pari passu*, senior or junior in ranking to Collateral Debt Obligations owned by the Issuer. Each of these activities and relationships may result in legal, tax or regulatory restrictions on transactions in obligations or securities of such obligors and otherwise create conflicts of interest for the Issuer, and the Collateral Adviser and its Affiliates, officers, directors and employees may in their discretion make investment recommendations that may be the same as or different from those made by the Collateral Adviser with respect to the Issuer's investments. Some of those actions could have an adverse effect on Collateral Debt Obligations owned by the Issuer.

The Collateral Adviser and its Affiliates, either for their own accounts or the accounts of others, may invest in securities or obligations that would be appropriate as Collateral Debt Obligations. The Collateral Adviser and its Affiliates currently serve as and expect to serve in the future as collateral adviser for, invest in or be Affiliated with, other entities which invest in mezzanine securities and loans, including those organised to issue collateral debt obligations similar to those issued by the Issuer. The Collateral Adviser or its Affiliates may advise for its clients and Affiliates to purchase or sell assets that may be different from advice provided to the Issuer by the Collateral Adviser, even where the investment objectives are the same or similar to those of the Issuer. The Collateral Adviser and its Affiliates may at certain times be simultaneously seeking to advise on the purchase or sale of the same or similar investments for the Issuer and another client for which any of them serves as investment adviser or collateral adviser, or for themselves. Likewise, the Collateral Adviser may advise the Issuer to make an investment in an issuer or obligor in which another account, client or Affiliate is already invested or has co-invested. The Collateral Adviser may, in its discretion, give priority over the Issuer in the allocation of investment opportunities to certain accounts or clients designated by the Collateral Adviser in its discretion or if the Collateral Adviser or its Affiliates is so obligated by the application of regulatory requirements, client guidelines and/or principles of fiduciary duty.

Although the Collateral Adviser expects to allocate its investment opportunities among the clients of the Collateral Adviser and of its Affiliates in a manner believed to be fair by the Collateral Adviser, neither the Collateral Adviser nor any of its Affiliates has any obligation to advise the Issuer in relation to any particular investment opportunity, and the Collateral Adviser may be precluded from advising the Issuer to invest in particular securities in certain situations including where the Collateral Adviser or its Affiliates may have a prior contractual commitment with other accounts or clients or as to which the Collateral Adviser or any of its Affiliates possesses material, non-public information. There is no assurance that the Issuer will hold the same investments or perform in a substantially similar manner as other funds with

similar strategies under the advice of the Collateral Adviser. There is also a possibility that the Issuer will be advised to invest in opportunities declined by the Collateral Adviser or its Affiliates for the accounts of others or for their own accounts or cause the Issuer to sell certain assets while making the decision to invest in the same or similar assets on behalf of other accounts.

It is expected that a portion of the Collateral Debt Obligations will be Senior Secured Loans or Mezzanine Loans in which the Collateral Adviser or an Affiliate participated in the original lending group and in some cases acted or continues to act as agent (the "**Affiliate Obligations**"). In addition to the purchase of Affiliate Obligations, the Collateral Adviser is permitted to recommend transactions between the Issuer and the Collateral Adviser or its Affiliates, acting as principal.

By purchasing a Note of the Issuer, a Noteholder is deemed to have consented to the procedures described herein relating to principal transactions with the Collateral Adviser and/or its Affiliates.

The Collateral Adviser or its Affiliates may receive commissions from, and have a potentially conflicting division of loyalties and responsibilities regarding, both parties to any such principal transaction.

Although certain personnel providing services to the Collateral Adviser will devote as much time to the advisory services given in respect of the Collateral Debt Obligations of the Issuer as the Collateral Adviser deems appropriate, such personnel may have conflicts in allocating their time and service among the Issuer and the other accounts or clients now or hereafter advised by the Collateral Adviser.

The Collateral Adviser, in connection with its other business activities, may acquire material non-public confidential information that may restrict the Collateral Adviser from advising in respect of the purchase of, securities or selling securities for itself or its clients (including the Issuer) or otherwise using such information for the benefit of its clients or itself. The Collateral Adviser will, to the extent practicable and consistent with applicable law and in accordance with the customary policies of the Collateral Adviser, adopt appropriate information barriers and other procedures for the purpose of minimizing restrictions on the ability of the Collateral Adviser to perform the services to be provided by it under the Collateral Advisory Agreement as a consequence of the possession by it, by virtue of unrelated activities, of material non-public information.

The Collateral Adviser is entitled to receive a Senior Collateral Advisory Fee or Subordinated Collateral Advisory Fee and an Incentive Collateral Advisory Fee from the Issuer out of proceeds received by the Issuer from the Collateral Debt Obligations, payable in accordance with the Priorities of Payments, which fees are dependent to a large extent on the yield earned on the Collateral Debt Obligations. This fee structure could create an incentive for the Collateral Adviser to advise the Issuer in such a manner as to seek to maximize the yield on the Collateral Debt Obligations. Managing the portfolio with the objective of increasing yield could result in increasing the volatility of the Collateral Debt Obligations and could contribute to a decline in the aggregate market value of the Collateral Debt Obligations. However, the

Collateral Adviser's advice in respect of the Issuer's Collateral Debt Obligations is restricted by the requirement that it comply with the investment restrictions described in "*The Portfolio-Management of the Portfolio*" and by its internal policies with respect to advice on securities accounts.

The Collateral Adviser and its Affiliates in their various capacities in connection with the contemplated transactions may enter into business dealings, including the acquisition of investment securities, from which it and/or such Affiliates may derive revenues and profits, without any duty to account therefore. These fees are not required to be and will not be paid to the Issuer nor will the Collateral Adviser be obligated to report or otherwise provide any accounting to the Issuer for these fees.

The Collateral Adviser and its Affiliates may from time to time incur expenses jointly on behalf of the Issuer, other accounts advised on by the Collateral Adviser and one or more subsequent entities advised by the Collateral Adviser. Although the Collateral Adviser and its Affiliates will attempt to allocate such expenses on a basis that they consider equitable, there can be no assurance that such expenses will in all cases be allocated appropriately among such parties.

One or more accounts advised on by the Collateral Adviser may purchase all of the Subordinated Notes on the Closing Date. The Collateral Adviser, its Affiliates and accounts managed by the Collateral Adviser or its Affiliates may invest in additional securities of the Issuer from time to time. The interests of the holders of Subordinated Notes, including the Collateral Adviser, its Affiliates or such accounts, may be adverse to the interests of the holders of the Senior Notes. The Collateral Adviser, its Affiliates and/or such accounts may also purchase Senior Notes without additional restrictions. Neither the Collateral Adviser nor any of its Affiliates nor any employee of the Collateral Adviser or account managed by the Collateral Adviser which may own Notes is under any obligation to hold any such Notes for any given period of time.

Any Notes held by or on behalf of the Collateral Adviser and its Affiliates will have no voting rights with respect to any vote (or written direction or consent) in connection with (i) the removal of the Collateral Adviser or (ii) the assignment or transfer by the Collateral Adviser of its rights and obligations under the Collateral Advisory Agreement. Any Collateral Adviser and Affiliated Notes 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.

4.2 The Arranger

The Arranger or its Affiliates may have, respectively, underwritten or placed certain of the Collateral Debt Obligations at original issuance, may own equity or other securities of Obligors of Collateral Debt Obligations and will have provided investment banking services, advisory, banking and other services to issuers of Collateral Debt Obligations. In addition, the Arranger and/or its Affiliates may own equity or other securities of Obligors of Collateral Debt Obligations and may have provided investment advice, collateral management and other services to issuers of Collateral Debt Obligations. The Issuer may invest in the securities of companies Affiliated with the Arranger or its Affiliates or companies in which the Arranger or its Affiliates have an equity or participation interest. The purchase, holding and sale of such

investments by the Issuer may enhance the profitability of the Arranger or its Affiliates' own investments in such companies. In addition, it is expected that the Arranger or one or more Affiliates thereof may also act as counterparty with respect to one or more Synthetic Securities or Participations or act as Hedge Counterparty with respect to one or more Hedge Transactions.

5. 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 exemption under Section 3(c)(7) of the Investment Company Act for investment companies (a) whose outstanding securities are beneficially owned only by QPs and certain transferees thereof identified in Rule 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 seek recovery of any damages caused by the violation; and (iii) any contract to which the Issuer is party could be held to be unenforceable 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.

Each initial purchaser of an interest in a Rule 144A Note and each transferee of an interest in a Rule 144A Note will be deemed to represent at the time of purchase that, amongst other things, the purchaser is a QIB that is a QP.

The Trust Deed provides that if, notwithstanding the restrictions on transfer contained therein, the Issuer determines that any holder of an interest in a Note was at the time of acquisition thereof a U.S. Person or located in the United States and not a QIB that is a QP (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 30 days of the date of such notice. If such Non-Permitted Holder fails to effect the transfer required within such 30-day period, (a) upon direction from the Issuer, the Transfer Agent, 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 Issuer, in connection with such transfer, that such Person or entity either is not a U.S. Person outside the United States or is a QIB that is a QP and (b) pending such transfer, no further payments will be made in respect of such beneficial interest. See Condition 2(h) (*Forced Transfer of Rule 144A Notes*). There can be no assurance that a holder of Notes, or an interest therein, who is required to transfer Notes in this way will not incur a significant loss as a result of the need for the Issuer to find a qualifying transferee willing to purchase the Notes. Neither the Issuer, the Trustee nor any other party shall be liable to a holder of Notes for any such loss. No payments will be made

on the affected Notes from the date notice of the sale requirement is sent to the date on which the interest is sold.

6. SECURITISATION ACT 2004

The Issuer is subject to the Luxembourg act dated 22 March 2004 on securitisation (the "**Securitisation Act 2004**"). Under the Securitisation Act 2004, the Issuer is an unregulated entity within the meaning of the Securitisation Act 2004 and is not entitled to issue bonds or shares to the public on an ongoing basis.

7. PROJECTIONS, FORECASTS AND ESTIMATES

Projections, forecasts and estimates provided to prospective purchasers of the Notes herein 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, the projections are only an estimate. Actual results may vary from the 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, currency exchange rates, market, financial or legal uncertainties, the timing of acquisitions of the Collateral Debt Obligations, differences in the actual allocation of the Portfolio among asset categories from those assumed, mismatches between timing of accrual and receipt of Interest Proceeds from the Portfolio and the effectiveness of any Hedge Agreements, among others.

None of the Issuer, the Initial Purchaser, the Arranger, the Collateral Adviser, the Collateral Administrator, the Trustee, the Liquidity Facility Provider, the Account Bank 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.

TERMS AND CONDITIONS OF THE NOTES

The following are the conditions of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated 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 (other than the Class A Notes), subject to the provisions of such Global Certificates, some of which will modify the effect of these Terms and Conditions of the Notes. See "Form of the Notes Amendments to Terms and Conditions".

The issue of €60,000,000 Class A-1 Senior Secured Revolving Floating Rate Notes due 2023 (the "**Class A-1 Notes**"), €133,500,000 Class A-2 Senior Secured Delayed Draw Floating Rate Notes due 2023 (the "**Class A-2 Notes**" and, together with the Class A-1 Notes, the "**Class A Notes**"), €28,500,000 Class B Senior Secured Floating Rate Notes due 2023 (the "**Class B Notes**"), €15,000,000 Class C Senior Secured Deferrable Floating Rate Notes due 2023 (the "**Class C Notes**"), €16,500,000 Class D Senior Secured Deferrable Floating Rate Notes due 2023 (the "**Class D Notes**"), €16,500,000 Class E Senior Secured Deferrable Floating Rate Notes due 2023 (the "**Class E Notes**" and, together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the "**Senior Notes**") and €30,000,000 Subordinated Notes due 2023 (the "**Subordinated Notes**" and, together with the Senior Notes, the "**Notes**") of eleX Alpha S.A. (the "**Issuer**") was authorised by resolution of the board of directors of the Issuer dated 20 December 2006. The Notes are constituted by a trust deed (the "**Trust Deed**") (together with any other security document entered into in respect of the Notes) dated 21 December 2006 between (amongst others) the Issuer and ABN AMRO Trustees Limited in its capacity as trustee (the "**Trustee**", which expression shall include all Persons for the time being the trustee or trustees under the Trust Deed) for the Noteholders.

For the purposes of these Terms and Conditions of the Notes (the "**Conditions**" or the "**Conditions of the Notes**"), the Trust Deed and all agreements entered into in connection therewith, 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.

These Conditions of the Notes 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 Collateral Administration and Agency Agreement dated 21 December 2006 (the "**Collateral Administration and Agency Agreement**") between, amongst others, the Issuer, LaSalle Bank National Association, as registrar and Class A note agent (respectively, the "**Registrar**" and the "**Class A Note Agent**", which terms shall include any successors or substitute registrar or Class A note agent, respectively, appointed pursuant to the terms of the Collateral Administration and Agency Agreement), NCB Stockbrokers Limited, as Irish paying agent (the "**Irish Paying Agent**") and LaSalle Bank National Association (the "**Transfer Agent**", and together, with the Registrar and the Irish Paying Agent, the "**Transfer Agents**" and each a "**Transfer Agent**"), ABN AMRO Bank N.V. (London Branch) as principal paying agent, account bank, calculation agent, custodian and exchange agent (respectively, the "**Principal Paying Agent**", the "**Account Bank**", the "**Calculation Agent**", the "**Custodian**" and the "**Exchange Agent**" 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 Collateral Administration and Agency Agreement) and the Trustee; (b) a Collateral Advisory Agreement dated 21 December 2006 (the "**Collateral Advisory Agreement**") between DWS Finanz-Service GmbH as collateral adviser in respect of the Portfolio (the "**Collateral Adviser**", which term shall include any successor collateral adviser appointed pursuant to the terms of the Collateral Advisory Agreement), the Issuer, ABN AMRO Bank N.V. (London Branch) as collateral administrator (the "**Collateral Administrator**", which term shall include any successor collateral administrator appointed pursuant to the terms of the Collateral Administration and Agency Agreement) and the Trustee; (c) the note purchase agreement dated 21 December 2006 (the "**Class A-1 Note Purchase Agreement**") between, among others, the Issuer, the Class A Note Agent and the Class A-1 Noteholders; (d) the note purchase agreement (the "**Class A-2 Note Purchase Agreement**) between, among others, the Issuer and the Class A-2 Noteholders; (e) the liquidity facility agreement dated 21 December 2006 (the "**Liquidity Facility Agreement**") between, among others, the Issuer and Danske Bank A/S, London Branch 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); and (f) the Hedge Transactions each between the Issuer and a Hedge Counterparty entered into on or about the Closing Date. Copies of the Trust Deed, the Collateral Administration and Agency Agreement, the Class A-1 Note Purchase Agreement, the Class A-2 Note Purchase Agreement, the Collateral Advisory Agreement and the Liquidity Facility Agreement are available for inspection during usual business hours at the principal office of the Irish Paying Agent. 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 Transaction Documents, applicable to them.

The Issuer is a securitisation company (subject to the Securitisation Act 2004) incorporated under the laws of the Grand Duchy of Luxembourg as a public limited liability company (société anonyme) on 21 September 2006. A copy of the Issuer's articles of incorporation was lodged with the Luxembourg trade and companies register (Registre de commerce et des sociétés, Luxembourg) on 2 October 2006. The Issuer is registered with the Luxembourg trade and companies register under number B 119681. Its registered office is at 7, Val Sainte-Croix, L-1371 Luxembourg.

The Issuer has not been approved by the Luxembourg financial sector and stock exchange regulator, the Commission de surveillance du secteur financier (the "**CSSF**") as a regulated securitisation undertaking under the Securitisation Act 2004 and may therefore not issue debt securities or equity securities to the public on an ongoing basis.

By subscribing to the Notes, or otherwise acquiring the Notes, each Noteholder expressly acknowledges and accepts that (i) the Issuer is subject to the Securitisation Act 2004, (ii) the limited recourse provisions, the subordinated provisions, the waterfall provisions and the priority of payments included in the documentation relating to the Notes (including the Prospectus). Each Noteholder acknowledges and accepts that once all the assets, allocated to the satisfaction of the relevant Class of Noteholders have been realised, it is not entitled to take any further steps against the Issuer to recover any further sums due to the right to receive any

such some shall be extinguished. Each Noteholder accepts not to attach or otherwise seize the assets of the Issuer. No Noteholder shall be entitled to petition or take any other step for the winding up of the Issuer.

1. Definitions

"**Accounts**" means the Principal Account, the Interest Account, the Unused Proceeds Account, the Payment Account, the Asset Swap Termination Account, the Asset Swap Account, the Collateral Enhancement Account, the Counterparty Downgrade Collateral Account, the Interest Rate Hedge Account, the Collateral Enhancement Account, the Prefunded Commitment Account, the Revolving Reserve Account, the Synthetic Collateral Account, the Class A Collateralising Noteholder Account and the Liquidity Payment Account.

"**Accrual Period**" means, in respect of each Class of Notes (other than in the case of the Class A-1 Notes and, prior to the Class A-2 Consolidation Date, the Class A-2 Notes), the period from and including the Closing Date to, but excluding, the first Payment Date and each successive period from and including each Payment Date to, but excluding, the following 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 (excluding Purchased Accrued Interest, interest on any Defaulted Obligations and unpaid interest under Mezzanine Loans and PIK Securities deferred in accordance with the terms of such Mezzanine Loans or, as the case may be, PIK Securities), 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 Current Spot Rate in the case of any Revolver Hedged Collateral Debt Obligation or Unhedged Collateral Debt Obligation, which is not payable to the Issuer on or prior to the date of determination respect of such Payment Date by the Obligors under the relevant Collateral Debt Obligations.

"**Administrative Expenses**" means amounts due and payable in the following order of priority:

(a) to (i) the Custodian pursuant to the Collateral Administration and Agency Agreement; (ii) the Collateral Administrator pursuant to the Collateral Administration and Agency Agreement; and (iii) the Agents pursuant to the Collateral Administration and Agency Agreement;

(b) to the independent certified public accountants, agents and counsel of the Issuer;

(c) to any Rating Agency which may from time to time be requested to assign (i) a rating to each of the Senior 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 and any other amounts due and payable to any Rating Agency under the terms of the Issuer's engagement with such Rating Agency;

(d) to the Collateral Adviser pursuant to the Collateral Advisory Agreement, but excluding any Collateral Advisory Fees or 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;

(g) to any Selling Institution pursuant to any Participation Agreement after the date of entry into any Participation;

(h) to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement, save for any amounts payable pursuant to paragraph (C) of Condition 3(c)(i) (*Application of Interest Proceeds*), paragraph (A) of Condition 3(c)(ii) (*Application of Principal Proceeds*) (in so far as it relates to paragraph (C) of Condition 3(c)(i) (*Application of Interest Proceeds*) and paragraph (B) of Condition 3(c)(ii) (*Application of Principal Proceeds*);

(i) to an agent bank in relation to the performance of its duties under a syndicated Collateral Debt Obligation but excluding any amounts paid in respect of the acquisition or purchase price of such syndicated Collateral Debt Obligation;

(j) to the payment of any costs and expenses incurred by the Issuer in connection with the provision of ongoing reporting information required by any Noteholder from time to time; and

(k) to the payment of any applicable value added tax required to be paid by the Issuer in respect of any of the foregoing.

"**Advance**" means a Class A-1 Euro Advance, a Class A-1 Sterling Advance or a Class A-2 Advance, as the context requires.

"**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.

"**Agent**" means each of the Registrar, the Principal Paying Agent, the Transfer Agents, the Class A Note Agent, the Calculation Agent, the Account Bank, the Collateral Administrator and the

Custodian, and each of their permitted successors or assigns appointed as agents of the Issuer pursuant to the Collateral Administration and Agency Agreement, the Class A-1 Note Purchase Agreement or the Class A-2 Note Purchase Agreement and "**Agents**" shall be construed accordingly.

"**Aggregate Class A-1 Commitment**" means the aggregate Class A-1 Commitments then outstanding, which amount shall not exceed €60,000,000 (including Sterling amounts, converted at the Initial Spot Rate, of up to £40,287,383.33).

"**Aggregate Class A-2 Commitment**" means the aggregate Class A-2 Commitments then outstanding, which amount shall not exceed €133,500,000 at any time and the total aggregate Class A-2 Commitments shall not exceed €133,500,000 at any time.

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

(a) the Aggregate Principal Balance of all Collateral Debt Obligations, save that:

(i) for the purpose of calculating the Aggregate Principal Balance for the purposes of the Portfolio Profile Tests and Collateral Quality Tests and in each case where such is specifically provided, the Principal Balance of each Defaulted Obligation shall be excluded; save that, for the purpose of the Collateral Quality Test entitled "*S&P CDO Monitor Test*" the Principal Balance of Defaulted Obligations shall be included;

(ii) for all purposes other than as set forth in paragraph (i) above, for the purpose of calculating the Aggregate Principal Balance, the Principal Balance of each Defaulted Obligation shall be the lower of its S&P Collateral Value and its Moody's Collateral Value;

(iii) 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 and (B) 80 per cent. of the Principal Balance of such Current Pay Obligation; and

(iv) the Principal Balance of a Collateral Debt Obligation which is a Zero-Coupon Security shall be the accreted value of such Collateral Debt Obligation;

(b) the Balances standing to the credit of the Principal Account and the Unused Proceeds Account;

(c) the Class A-1 Undrawn Amount minus the Class A-1 Allocated Commitment (with any amounts denominated in Sterling converted into Euro at the Initial Spot Rate), save that for the purpose of the Coverage Tests such amount shall be excluded; and

(d) the Class A-2 Undrawn Amount, save that for the purpose of the Coverage Tests such amount shall be excluded.

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

"**Applicable EURIBOR**" has the meaning given thereto in Condition 6(f) (*Interest on the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes*).

"**Applicable LIBOR**" has the meaning given thereto in Condition 6(f) (*Interest on the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes*).

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

"**Arranger**" means Barclays Capital (the investment banking division of Barclays Bank PLC) as arranger of the issue of the Notes.

"**Arranger Fees and Expenses**" means all amounts payable by the Issuer to the Arranger pursuant to the Arranger Fees and Expenses Letter (plus any applicable value added tax thereon) which amounts shall be payable by the Issuer (i) in equal instalments on each Payment Date up to and including the Payment Date in March 2012 or (ii) if the Notes are redeemed in full or become immediately due and payable prior to the Payment Date in March 2012, on the redemption date or acceleration date in an amount equal to the unpaid Arranger Fees and Expenses that would have been payable under item (i) had the Notes not been redeemed in full or accelerated prior to the Payment Date in March 2012.

"**Arranger Fees and Expenses Letter**" means a letter dated 21 December 2007 between the Issuer and the Arranger setting out (a) the fees and expenses payable to the Arranger in connection with the issue of the Notes on each Payment Date from (and including) the Payment Date falling in September 2007 up to (and including) the Payment Date falling in March 2012, such fees representing the deferred structuring and placement fee and expenses payable to the Initial Purchaser and (b) the Warehouse Accrued Interest payable to the Arranger.

"**Asset Swap Account**" means each segregated account within the Custody Account into which amounts due to the Issuer in respect of each Asset Swap Obligation and out of which amounts from the Issuer to each Asset Swap Counterparty under each Asset Swap Transaction are to be paid, which shall be subdivided in the ledgers of the Custodian in respect of each individual currency received and each individual Asset Swap Obligation.

"**Asset Swap Agreement**" has the meaning given thereto in the definition of Asset Swap Transaction.

"**Asset Swap Counterparty**" means each financial institution with which the Issuer enters into an Asset Swap Transaction or any permitted assignee or successor thereto under the terms of the related Asset Swap Transaction and in each case which satisfies the applicable Rating Requirement (taking into account any guarantor thereof), and provided always that such financial institution has the regulatory capacity to enter into derivatives transactions with Luxembourg residents.

"**Asset Swap Counterparty Principal Exchange Amount**" means each initial, each interim and final principal exchange amount (whether expressed as such or otherwise) 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 the amount payable by the Asset Swap Counterparty to the Issuer upon termination of an Asset Swap Transaction, but excluding any due and unpaid scheduled amounts payable thereunder.

"**Asset Swap Issuer Principal Exchange Amount**" means each initial, each interim and the final principal or exchange amount (whether expressed as such or otherwise) scheduled to be paid by the Issuer to an Asset Swap Counterparty pursuant to the terms of an Asset Swap Transaction, and excluding any Scheduled Periodic Asset Swap Issuer Payments.

"**Asset Swap Issuer Termination Payment**" means the amount payable to an Asset Swap Counterparty by the Issuer upon termination or modification of an Asset Swap Transaction, and including any due and unpaid scheduled amounts payable thereunder.

"**Asset Swap Obligation**" means a Non-Euro Obligation, other than a Non-Euro Obligation denominated in Sterling which is a Revolver Hedged Collateral Debt Obligation, and the related Asset Swap Transaction.

"**Asset Swap Replacement Payment**" means any amount payable to an Asset Swap Counterparty by the Issuer upon entry into a Replacement Asset Swap Transaction which is replacing an Asset Swap Transaction which was terminated.

"**Asset Swap Replacement Receipt**" means any amount payable to the Issuer by an Asset Swap Counterparty upon entry into a Replacement Asset Swap Transaction which is replacing an Asset Swap Transaction which was terminated.

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

"**Asset Swap Transaction**" means each asset swap transaction, as applicable, entered into under a 1992 ISDA Master Agreement (Multicurrency-Cross Border) or 2002 ISDA Master Agreement (or such other ISDA pro forma master agreement as may be published by ISDA from time to time) (together with the schedule and confirmation relating thereto, including any guarantee thereof and any credit support annex entered into pursuant to the terms thereof, and each as amended or supplemented from time to time, an "**Asset Swap Agreement**") entered into by the Issuer with an Asset Swap Counterparty in connection with a Non-Euro Obligation under which the Issuer swaps cash flows received on such Non-Euro Obligation for Euro denominated cash flows from such Asset Swap Counterparty.

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

"**Assignment**" means an interest in a loan acquired directly by way of novation or assignment.

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

"**Authorised Integral Amount**" means for each Class of Notes, €1,000.

"**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.

"**Available Commitment**" means at any time the maximum amount allowed to be drawn by the Issuer on any Payment Date pursuant to the terms of the Liquidity Facility Agreement.

"**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:

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

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

(c) the 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, in the event that a default as to payment of principal and/or interest has occurred and is continuing (disregarding or following the expiry of 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 Obligation or Delayed Drawdown Collateral Obligation, the currency in which the commitment under such Revolving Obligation or Delayed Drawdown Collateral Obligation is determined in accordance with the Underlying Instruments thereof.

"**Bridge Loan**" means a short-term loan intended to provide or extend financing until a more permanent arrangement is made.

"**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, New York and Luxembourg (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.

"**Caa/CCC Obligations**" means all Collateral Debt Obligations, excluding Defaulted Obligations, with either (a) a Moody's Rating of "Caa1" or lower or (b) a S&P Rating of "CCC+" or lower.

"**Caa/CCC Haircut Amount**" means, (A) if the Aggregate Principal Balance of Caa/CCC Obligations exceeds 7.5 per cent. of the Aggregate Principal Balance of the Portfolio, the "Caa/CCC Haircut Amount" shall be, with respect to the portion of Caa/CCC Obligations representing the excess over 7.5 per cent. of the Aggregate Principal Balance of the Portfolio (starting with the Caa/CCC Obligations with the lowest Market Value first and ascending price thereafter), the sum of the excess of the Principal Balance of each such Caa/CCC Obligation over the lower of (x) an amount equal to its Market Value and (y) an amount equal to 100 per cent. plus the lesser of the applicable S&P Recovery Rate or Moody's Recovery Rate, divided by two, and multiplied by the Principal Balance of such Caa/CCC Obligation; or (B) otherwise, the "Caa/CCC Haircut Amount" shall be zero.

"**Class A Collateralising Noteholder Account**" means the interest-bearing 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" by Moody's and a long-term senior unsecured rating of "A2" by Moody's) into which, after a Class A-1 Noteholder or a Class A-2 Noteholder has become a Defaulting Noteholder, an amount equal to the Class A-1 Undrawn Amount or the Class A-2 Undrawn Amount may be paid.

"**Class A Committed Facility**" means a liquidity loan agreement, credit facility and/or purchase agreement between a Class A 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 Noteholder, in an aggregate principal amount at any one time outstanding at least equal to the Class A-1 Commitment or, as the case may be, Class A-2 Commitment of such Class A Noteholder.

"**Class A Noteholders**" means the Class A-1 Noteholders and the Class A-2 Noteholders from time to time.

"**Class A Par Value Ratio**" means, for the purpose of Condition 10(a)(i) (*Events of Default*), as of any Measurement Date after the Effective 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 Class A-1 Drawn Amount (with Class A-1 Sterling Advances converted into Euro at the then Current Spot Rate), the Class A-2 Drawn Amount, the Class A-1 Allocated Commitment (with Sterling denominated Class A-1 Allocated Commitment converted into Euro at the Current Spot Rate) and an amount equal to the drawn amount (other than that relating to any Interest Payment Drawdowns) under the Liquidity Facility applicable to the next Payment Date (determined by reference to the circumstances as at such Measurement Date).

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

"**Class A/B Interest Coverage Ratio**" means, as of any Measurement Date after the Effective Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount

by the scheduled interest payments due on the Class A Notes and the Class B Notes (with Sterling amounts due in respect of the Class A-1 Notes converted into Euro at the Current Spot Rate) and the amount of the Class A-1 Commitment Fee and the Class A-2 Commitment Fee then due. For the purposes of calculating the Class A/B 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 Class A Notes and the Class B Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

"**Class A/B Interest Coverage Test**" means the test which will be satisfied as of any Measurement Date falling on, or following, the Determination Date relating to the second Payment Date if, on such Measurement Date, the Class A/B Interest Coverage Ratio is at least equal to the percentage specified in the definition of "Coverage Test".

"**Class A/B Par Value Ratio**" means, as of any Measurement Date after the Effective 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-1 Drawn Amount (with Class A-1 Sterling Advances converted into Euro at the then Current Spot Rate), the Class A-2 Drawn Amount, the Class A-1 Allocated Commitment (with Sterling denominated Class A-1 Allocated Commitments converted into Euro at the then Current Spot Rate), the Principal Amount Outstanding of the Class B Notes and an amount equal to the drawn amount (other than that relating to any Interest Payment Drawdowns) under the Liquidity Facility applicable to the next Payment Date (determined by reference to the circumstances as at such Measurement Date).

"**Class A/B Par Value Test**" means the test which will be satisfied as of any Measurement Date if, on such Measurement Date, the Class A/B Par Value Ratio is at least equal to the percentage specified in the definition of "Coverage Test".

"**Class A-1 Advance Date**" means the date of each Class A-1 Advance.

"**Class A-1 Advances**" means the Class A-1 Euro Advances and the Class A-1 Sterling Advances.

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

"**Class A-1 Advance Request Date**" means the Business Day the Class A-1 Advance Request is sent to the Class A-1 Noteholders, provided that, if such Class A-1 Advance Request is received by the Class A-1 Noteholder at or after 3.00 p.m. (London time), the Class A-1 Request Date shall be deemed to be the following Business Day.

"**Class A-1 Allocated Commitment**" means, at any time, the aggregate principal amount denominated in Euro and/or Sterling of Class A-1 Commitment allocated to fund the payment of Unfunded Amounts in respect of Revolving Obligations and Delayed Drawdown Collateral Obligations, provided that (a) the Class A-1 Allocated Commitment may only be allocated (with such allocation to take place on the purchase date of the relevant Revolving Obligation or

Delayed Drawdown Collateral Obligation) to fund payments of the Unfunded Amounts in respect of a Revolving Obligation or a Delayed Drawdown Collateral Obligation in accordance with the terms of such Revolving Obligation or, as the case may be, Delayed Drawdown Collateral Obligation if the minimum notice period for drawings in respect of such Revolving Obligation or Delayed Drawdown Collateral Obligation exceeds the Class A-1 Notes Draw Period and (b) (i) any part of the Class A-1 Allocated Commitments denominated in Sterling may only be allocated in respect of Revolving Obligations and Delayed Draw Collateral Obligations the Base Currency of which is Sterling and which shall be such amount (not exceeding the aggregate denominated in Sterling of the Class A-1 Commitment) as is equal to the difference between (A) the aggregate Unfunded Amounts in respect of Revolving Obligations and Delayed Drawdown Collateral Obligations whose Base Currency is Sterling and (B) the Balance denominated in or Sterling standing to the credit of the Revolving Reserve Account and (ii) any part of the Class A-1 Allocated Commitment denominated in Euro may only be allocated in respect of Revolving Obligations and Delayed Drawdown Collateral Obligations the Base Currency of which is Euro and which shall be such amount (not exceeding the aggregate denominated in Euro of the Aggregate Class A-1 Commitment) as is equal to the difference between (A) the aggregated Unfunded Amounts in respect of Revolving Obligations and Delayed Drawdown Collateral Obligations whose Base Currency is Euro; and (B) the Balance denominated in Euro standing to the credit of the Revolving Reserve Account.

"**Class A-1 Commitment**" means, in relation to any Class A-1 Noteholder and the Class A-1 Note held by it, the obligation of such Class A-1 Noteholder or its Committed Facility Provider under each Class A-1 Note held at such time to make Class A-1 Advances in an aggregate principal amount equal to the initial Class A-1 Commitment of such Class A-1 Noteholder (as set out in the Class A-1 Note Purchase Agreement in the case of the initial Class A-1 Noteholder or, in relation to each other Class A-1 Noteholder, as set out in any transfer certificate pursuant to which such Class A-1 Noteholder shall have assumed its Commitment), as applicable, as such obligation may be reduced from time to time pursuant to the provisions of the Class A-1 Note Purchase Agreement.

"**Class A-1 Commitment Fee**" means the fee in Euros which will accrue on the average daily Class A-1 Undrawn Amount (or, from and including the end of the Reinvestment Period, on the average daily Class A-1 Allocated Commitment only) for each Interest Period at a rate per annum equal to 0.2 per cent. during such Interest Period on the basis of a 360-day year and the actual number of days elapsed.

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

"**Class A-1 Euro Advance**" means each advance denominated in Euro under the Class A-1 Notes pursuant to a Class A-1 Advance Request.

"**Class A-1 Euro Advance Date**" means, in respect of a Class A-1 Euro Advance, the date that such Advance is paid to the Issuer.

"**Class A-1 Euro Interest Amount**" shall, in respect of each Authorised Integral Amount of the Class A-1 Notes, be an amount equal to (a) the aggregate of a sum derived by applying, for each Class A-1 Euro Advance, the applicable Class A-1 Euro Interest Rate to the relevant Class A-1 Euro Advance, multiplying the product by the actual number of days elapsed in such Class A-1 Euro Interest Period divided by 360 and rounding the resulting figure to the nearest 0.01 (0.005 being rounded upwards) and (b) multiplied by a percentage equal to the Authorised Integral Amount, divided by the Aggregate Class A-1 Commitment (prior to any reduction thereof under these Conditions).

"**Class A-1 Euro Interest Period**" means, in relation to each Class A-1 Euro Advance, the period from (and including) such Class A-1 Euro Advance Date to (but excluding) the earlier of (i) the Business Day on which the Issuer has elected to prepay such Class A-1 Euro Advance in compliance with the conditions specified in Condition 7(n) (*Repayment of Class A-1 Advances and Reduction of the Class A-1 Commitment*) and (ii) the Payment Date immediately following the relevant Class A-1 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-1 Euro Advance in compliance with the conditions specified in Condition 7(n) (*Repayment of Class A-1 Advances and Reduction of the Class A-1 Commitment*) (provided that in respect of a repayment in part of a Class A-1 Euro Advance, the Class A-1 Euro Interest Period in respect of such part of the Class A-1 Euro Advance shall end on (but exclude) the due date for such partial repayment).

"**Class A-1 Euro Interest Rate**" means, with respect to any Class A-1 Euro Advances under the Class A-1 Notes, the rate equal to the sum of 0.3 per cent. per annum and Applicable EURIBOR.

"**Class A-1 Interest Period**" means the Class A-1 Euro Interest Period or the Class A-1 Sterling Interest Period, as the context requires.

"**Class A-1 Make Whole Amount**" means the amount payable to the Class A-1 Noteholders in accordance with the Priorities of Payments if an 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 date of such prepayment 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 (for Class A-1 Euro Advances) or a 365-day year (for Class A-1 Sterling Advances) 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. The Class A-1 Make Whole Amount will be payable to the Class A-1 Noteholders in Euro (for Class A-1 Euro Advances) and Sterling (for Class A-1 Sterling Advances) on the next following Payment Date and will rank *pari passu* with payments of interest on any Class A-1 Drawn Amounts and Class A-2 Drawn Amounts and any Class A-1 Commitment Fee and Class A-2 Commitment Fee.

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

"**Class A-1 Notes Draw Period**" means the period of 3 Business Days after the Class A-1 Advance Request Date.

"**Class A-1 Prepayment**" means any payment of principal of the Class A-1 Notes prior to the original due date for repayment thereof.

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

"**Class A-1 Sterling Advance**" means each advance denominated in Sterling under the Class A-1 Notes pursuant to a Class A-1 Advance Request.

"**Class A-1 Sterling Advance Date**" means, in respect of a Class A-1 Sterling Advance, the date that such Advance is paid to the Issuer.

"**Class A-1 Sterling Interest Amount**" shall, in respect of each Authorised Integral Amount of the Class A-1 Notes, be an amount equal to (a) the aggregate of the sum derived for each Class A-1 Sterling Advance calculated by applying the applicable Class A-1 Sterling Interest Rate to the relevant Class A-1 Sterling Advance applicable to such Class A-1 Sterling Interest Period, multiplying the product by the actual number of days elapsed in such Class A-1 Sterling Interest Period divided by 365 and rounding the resulting figure to the nearest 0.01 (0.005 being rounded upwards) and (b) multiplied by a percentage equal to such Authorised Integral Amount, divided by the Aggregate Class A-1 Commitment (prior to any reduction thereof under these Conditions).

"**Class A-1 Sterling Interest Period**" means, in relation to each Class A-1 Sterling Advance, the period from (and including) such Class A-1 Sterling Advance Date to (but excluding) the earlier of (i) the Business Day on which the Issuer has elected to prepay such Class A-1 Sterling Advance in compliance with the conditions specified in Condition 7(n) (*Repayment of Class A-1 Advances and Reduction of the Class A-1 Commitment*) and (ii) the Payment Date immediately following the Class A-1 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-1 Sterling Advance in compliance with the conditions specified in Condition 7(n) (*Repayment of Class A-1 Advances and Reduction of the Class A-1 Commitment*) (provided that in respect of a repayment in part of a Class A-1 Sterling Advance, the Class A-1 Sterling Interest Period in respect of such part of the Class A-1 Sterling Advance shall end on (but exclude) the due date for such partial repayment).

"**Class A-1 Sterling Interest Rate**" means, with respect to any Sterling Advances under the Class A-1 Notes, the rate equal to the sum of 0.3 per cent. per annum and Applicable LIBOR.

"**Class A-1 Unallocated Commitment**" means, at any time in relation to any Class A-1 Note, the Class A-1 Commitment less the amount at such time of such Class A-1 Notes proportionate share of the Class A-1 Allocated Commitment (in each case, with any amounts in Sterling to be converted into Euro at the Initial Spot Rate).

"**Class A-1 Undrawn Amount** " means, at any time, the Aggregate Class A-1 Commitment less the aggregate of the Class A-1 Drawn Amount of the Class A-1 Advances (with Class A-1 Sterling Advances converted to Euro at the Initial Spot Rate).

"**Class A-2 Advance**" means each advance denominated in Euro under the Class A-2 Notes pursuant to a Class A-2 Advance Request.

"**Class A-2 Advance Date**" means, in respect of a Class A-2 Advance, the date that such Advance is paid to the Issuer.

"**Class A-2 Advance Request**" means each request prepared and sent by the Class A Note Agent to the Class A-2 Noteholders giving notice of the Issuer's intention to effect a Class A-2 Advance in accordance with the provisions of the Class A-2 Note Purchase Agreement.

"**Class A-2 Advance Request Date**" means the Business Day the Class A-2 Advance Request is sent to the Class A-2 Noteholders, provided that, if such Class A-2 Advance Request is received by the Class A-2 Noteholder at or after 3.00 p.m. (London time), the Class A-2 Request Date shall be deemed to be the following Business Day.

"**Class A-2 Commitment**" means, in relation to any Class A-2 Noteholder and the Class A-1 Note held by by it, the obligation of such Class A-2 Noteholder or its Committed Facility Provider under each Class A-2 Note held at such time up to and including the Class A-2 Final Funding Date to make Class A-2 Advances in an aggregate principal amount equal to the initial Class A-2 Commitment of such Class A-2 Noteholder (as set out in the Class A-2 Note Purchase Agreement in the case of the initial Class A-2 Noteholder or, in relation to each other Class A-2 Noteholder, as set out in any transfer certificate pursuant to which such Class A-2 Noteholder shall have assumed its Class A-2 Commitment).

"**Class A-2 Commitment Fee**" means the fee in Euros which will accrue on the average daily Class A-2 Undrawn Amount for each Interest Period at a rate per annum equal to 0.2 per cent. during such Interest Period on the basis of a 360-day year and the actual number of days elapsed.

"**Class A-2 Consolidation Date**" means the Effective Date, or, if such date is not a Payment Date, the following Payment Date.

"**Class A-2 Drawn Amount**" means, at any time, in respect of the Class A-2 Notes, the aggregate of Advances in respect of such Class A-2 Notes which have not been fully repaid, prepaid or redeemed at such time.

"**Class A-2 Final Funding Date**" means the date falling 15 days prior to the Effective Date, or, if such date is not a Business Day, the Business Day preceding such date.

"**Class A-2 Floating Rate of Interest**" means, with respect to any Class A-2 Advances under the Class A-2 Notes, the rate equal to the sum of 0.25 per cent. per annum and Applicable EURIBOR.

"**Class A-2 Interest Period**" means, in relation to each Class A-2 Advance, the period from (and including) such Class A-2 Advance Date to (but excluding) the Payment Date immediately following the relevant Class A-2 Advance Date, and each successive period from (and including) each Payment Date to (but excluding) the following Payment Date.

"**Class A-2 Notes Draw Period**" means the period of 3 Business Days after the Class A-2 Advance Request Date.

"**Class A-2 Undrawn Amount** " means, at any time, the Aggregate Class A-2 Commitment less the aggregate of the Class A-2 Drawn Amount.

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

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

"**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 after the Effective Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the scheduled interest payments due on the Class A Notes, the Class B Notes and the Class C Notes (with Sterling amounts due in respect of Class A-1 Notes converted into Euro at the Current Spot Rate) and the amount of Class A-1 Commitment Fee and the Class A-2 Commitment Fee then due. For the purposes of calculating the Class C 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 Class A Notes, the Class B Notes and the Class C Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

"**Class C Interest Coverage Test**" means the test which will be satisfied as of any Measurement Date falling on, or following, the Determination Date relating to the second Payment Date if, on such Measurement Date, the Class C Interest Coverage Ratio is at least equal to the percentage specified in the definition of "Coverage Test".

"**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 after the Effective 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-1 Drawn Amount (with Class A-1 Sterling Advances converted into Euro at the then Current Spot Rate), the Class A-2 Drawn Amount, the Class A-1 Allocated Commitment (with Sterling denominated Class A-1 Allocated Commitments converted into Euro at the then Current Spot Rate), the Principal Amount Outstanding of the Class B Notes and the Class C Notes and an amount equal to the drawn amount (other than that relating to any Interest Payment Drawdowns) under the Liquidity Facility applicable to the next Payment Date (determined by reference to the circumstances as at such Measurement Date).

"**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 in the definition of "Coverage Test".

"**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 after the Effective Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the scheduled interest payments due on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (with Sterling amounts due in respect of Class A-1 Notes converted into Euro at the Current Spot Rate) and the amount of Class A-1 Commitment Fee and Class A-2 Commitment Fee then due. For the purposes of calculating the Class D 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 Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

"**Class D Interest Coverage Test**" means the test which will be satisfied as of any Measurement Date falling on, or following, the Determination Date relating to the second Payment Date if, on such Measurement Date, the Class D Interest Coverage Ratio is at least equal to the percentage specified in the definition of "Coverage Test".

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

"**Class D Par Value Ratio**" means, as of any Measurement Date after the Effective 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-1 Drawn Amount (with Class A-1 Sterling Advances converted into Euro at the then Current Spot Rate), the Class A-2 Drawn Amount, the Class A-1 Allocated Commitment (with Sterling denominated Class A-1 Allocated Commitments converted into Euro at the then Current Spot Rate), the Principal Amount Outstanding of the Class B Notes, the Class C Notes and the Class D Notes and an amount equal to the drawn amount (other than that relating to any Interest Payment Drawdowns) under the Liquidity Facility applicable to the next Payment Date (determined by reference to the circumstances as at such Measurement Date).

"**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 in the definition of "Coverage Test".

"**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 after the Effective Date, the ratio (expressed as a percentage) obtained by dividing the Interest Coverage Amount by the scheduled interest payments due on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (with Sterling amounts due in respect of Class A-1 Notes converted into Euro at the Current Spot Rate) and the amount of Class A-1 Commitment Fee and the Class A-2 Commitment Fee then due. For the purposes of calculating the Class E 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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be calculated using the then current interest rates applicable thereto as at the relevant Measurement Date.

"**Class E Interest Coverage Test**" means the test which will be satisfied as of any Measurement Date falling on, or following, the Determination Date relating to the second Payment Date if, on such Measurement Date, the Class E Interest Coverage Ratio is at least equal to the percentage specified in the definition of "Coverage Test".

"**Class E Noteholders**" means any holders of Class E Notes from time to time.

"**Class E Par Value Ratio**" means, as of any Measurement Date after the Effective 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-1 Drawn Amount (with Class A-1 Sterling Advances converted into Euro at the then Current Spot Rate), the Class A-2 Drawn Amount, the Class A-1 Allocated Commitment (with Sterling denominated Class A-1 Allocated Commitments converted into Euro at the then Current Spot Rate), the Principal Amount Outstanding of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes and an amount equal to the drawn amount (other than that relating to any Interest Payment Drawdowns) under the Liquidity Facility applicable to the next Payment Date (determined by reference to the circumstances as at such Measurement Date).

"**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 in the definition of "Coverage Test".

"**Class of Notes**" means each of the Classes of Notes being:

(a) the Class A Notes;

(b) the Class B Notes;

(c) the Class C Notes;

(d) the Class D Notes;

(e) the Class E Notes; and

(f) the Subordinated Notes,

and "**Class of Noteholders**" and "**Class**" shall be construed accordingly provided that, for the purpose of passing or voting in connection with any Extraordinary Resolution relating to the matters referred to in paragraphs (A) to (D) (inclusive) of Condition 14(b)(vi) (*Extraordinary Resolution*), the Class A-1 Notes and the Class A-2 Notes shall be deemed to constitute separate Classes.

"**Closing Date**" means 21 December 2006 (or such other date as may shortly follow such date as may be agreed between the Issuer and the Arranger and is notified to the Noteholders in accordance with Condition 16 (*Notices*) and the Irish Stock Exchange).

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

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

"**Collateral Adviser Tax Event**" means either:

(a) as a result of both (i) the Collateral Adviser being located in Germany and (ii) the performance by the Collateral Adviser of its powers and duties as adviser to the Issuer pursuant to the Collateral Advisory Agreement, the Issuer would be considered to be subject to German resident (*unbeschränkte Steuerpflicht*) or non-resident tax liability (*beschränkte Steuerpflicht*) and hence would suffer German Trade Tax (*Gerwerbesteur*) in respect of its income, in whole or in part, in respect of the Portfolio or under any of the Transaction Documents; or

(b) as a result of (i) the Collateral Adviser being located in Germany and (ii) the performance by the Collateral Adviser of its powers and duties as adviser to the Issuer pursuant to the Collateral Advisory Agreement resulting from a change in German tax law or as a result of the publication of administrative decrees of the German tax authorities or case law of the German tax courts regarding the application or interpretation of already existing statutory provisions taking effect after the date of the Collateral Advisory Agreement the Issuer would be required by law to account for German Tax (where "**German Tax**" means any tax imposed in Germany or any political subdivision or any authority thereof or therein having power to tax excluding any German withholding or other tax applied on payments made in connection with the Notes) in respect of the Issuer's income, in whole or in part, in respect of the Portfolio.

"**Collateral Advisory Fee**" means each of the Senior Collateral Advisory Fee, the Subordinated Collateral Advisory Fee and the Incentive Collateral Advisory Fee.

"**Collateral Debt Obligation**" means any debt obligation or debt security purchased 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) each of which satisfies the Eligibility Criteria or, in the case of Synthetic Securities and Non-Euro Obligations, satisfies the Eligibility Criteria to the extent required to do so. References to Collateral Debt Obligations shall not include Collateral Enhancement Obligations, Eligible Investments or Exchanged Equity Securities. 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 and the Collateral Quality Tests at any time as if such purchase had been completed. Obligations which are to constitute Collateral Debt Obligations in respect of which the Issuer has entered into a binding commitment to sell but which have not yet settled shall be excluded as Collateral Debt Obligations in the calculation of the Portfolio Profile Tests and the Collateral Quality Tests at any time as if such sale had been completed. For the avoidance of doubt, the failure of any obligation to satisfy the Eligibility Criteria (other than paragraph (b) thereof) at any time after the Issuer (on the advice of the Collateral Adviser) 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 Collateral Advisory Agreement.

"**Collateral Enhancement Obligation**" means any warrant or equity security, excluding any Exchanged Equity Securities, but including, without limitation, warrants relating to Mezzanine Loans 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, the Collateral Debt 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) (*Collateral Enhancement Obligation Proceeds Priority of Payments*).

"**Collateral Quality Tests**" means the Collateral Quality Tests set out in the Collateral Advisory Agreement, being each of the following:

(a) so long as any Notes rated by S&P are Outstanding:

  (i) (as of the Effective Date and until the end of the Reinvestment Period) 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;

(c) at all times:

  (i) the Minimum Weighted Average Spread Test; and

  (ii) the Weighted Average Maturity Test,

each as defined in the Collateral Advisory Agreement.

"**Collateral Tax Event**" means at any time, as a result of the introduction of, 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), payments due from the Obligors of any Collateral Debt Obligations in relation to any Due Period becoming

properly subject to the imposition of home jurisdiction or foreign withholding tax (other than where such withholding tax is compensated for by a "gross up" provision in the terms of the Collateral Debt 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) so that the aggregate amount of such withholding tax on all Collateral Debt Obligations in relation to such Due Period is equal to or in excess of 6 per cent. of the aggregate interest payments due (for the avoidance of doubt, excluding any additional interest arising as a result of the operation of any gross up provision) on all Collateral Debt Obligations in relation to such Due Period.

"**Collateralised Credit Default Swap**" means a Synthetic Security entered into by the Issuer which is an unfunded credit default swap under which the Issuer will be required to provide Synthetic Collateral for its contingent obligations to the Synthetic Counterparty thereunder.

"**Commitment Amount**" means, (a) with respect to any Revolving 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 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 Revolving 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 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-1 Notes or, as the case may be, the Class A-2 Notes; (c) in the case of the Class A-1 Notes only, the end of the Reinvestment Period; (d) in the case of the Class A-2 Notes only, the Class A-2 Final Funding Date; (e) the redemption of the Notes in full pursuant to Condition 7 (*Redemption*); or (f) the redemption in full of the Class A Notes.

"**Committed Facility Provider**" means a bank or other institution or entity from which a Class A Noteholder (or a prospective transferee) is entitled under a Class A 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 Noteholder in an aggregate principal amount at any one time outstanding at least equal to the Class A-1 Commitment or, as the case may be, Class A-2 Commitment of such Class A Noteholder.

"**Controlling Class**" means the holders of the most senior ranking Class of Notes Outstanding at the relevant time (the Class A Notes being treated for such purposes as a single Class).

"**Corporate Family Rating**" means, with respect to any Collateral Debt Obligation and the issuer or obligor thereof, as of any date of determination, the "corporate family rating" as published by Moody's as of such date of determination, if applicable and available; or otherwise, the "senior implied rating" as published by Moody's as of such date of determination.

"**Counterparty Downgrade Collateral**" means any cash and/or securities delivered to the Issuer as collateral for the obligations of a Hedge Counterparty under a Hedge Transaction.

"**Counterparty Downgrade Collateral Account**" means an account of the Issuer with the Custodian into which all Counterparty Downgrade Collateral (other than cash) is to be deposited or (as the case may be) an interest bearing account of the Issuer with the Account Bank into which all Counterparty Downgrade Collateral (in the form of cash) is to be deposited.

"**Coverage Test**" means each of the Class A/B Par Value Test, the Class A/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 and the Class E Interest Coverage Test and each shall be satisfied on a Measurement Date (other than any Measurement Date prior to the Determination Date relating to the second Payment Date in respect of the Interest Coverage Tests) 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 table below in relation to that Coverage Test.

Coverage test and ratio	**Percentage at which test is satisfied**
Class A/B Par Value Ratio	117%
Class A/B Interest Coverage Ratio	125%
Class C Par Value Ratio	111%
Class C Interest Coverage Ratio	115%
Class D Par Value Ratio	106%
Class D Interest Coverage Ratio	110%
Class E Par Value Ratio	103%
Class E Interest Coverage Ratio	105%

"**Credit Impaired Obligation**" means any Collateral Debt Obligation which, in the Collateral Adviser's reasonable judgment, has a significant risk of declining in credit quality and, with a lapse of time, becoming a Defaulted Obligation, provided however that, (unless the holders of the Controlling Class of Notes have agreed by way of Ordinary Resolution pursuant to the Trust Deed to suspend this proviso), if:

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

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

then the Moody's Ratings of such Collateral Debt Obligation must have been downgraded by at least one rating sub category by Moody's or put on a watch list for possible downgrade since the date of acquisition thereof or have decreased in price to 99 per cent. or less of the original acquisition price thereof. A Synthetic Security shall constitute a Credit Impaired Obligation in the event that 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 which, in the Collateral Adviser's judgment, has significantly improved in credit quality and in respect of which one of the following is satisfied:

(a) it has been upgraded or put on a watch list for possible upgrade by S&P or Moody's or any other internationally recognised rating agency from the rating which was in effect on the date on which the Collateral Debt Obligation was first acquired;

(b) the Obligor has shown improved financial results;

(c) the Obligor has raised equity capital or other capital which has improved the liquidity or credit standing of such Obligor;

(d) it has increased in price to 101 per cent. or more in relation to a nationally recognised index or, if no such index exists, in the case of a floating rate asset, has increased in price to 101 per cent. or more of the original purchase price thereof; or

(e) it is so designated by the Collateral Adviser,

provided however that, (unless the holders of the Controlling Class of Notes have agreed by way of Ordinary Resolution to suspend this proviso), if:

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

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

then the Moody's Ratings of such Collateral Debt Obligation must have been upgraded by at least one rating sub category by Moody's or put on a watch list for possible upgrade since the date of acquisition thereof or have increased in price to 101 per cent. or more of the original acquisition price thereof and provided further that a Synthetic Security shall constitute a Credit Improved Obligation in the event that 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 Support Provider**" means an insurer, surety, credit protection seller or enhancer who has provided or entered into 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 Note to support the payment of principal and/or interest on such Class A Note.

"**Currency Hedge Counterparty**" means each financial institution with which the Issuer enters into a Currency Hedge Transaction or any permitted assignee or successor thereto under the terms of the related Currency Hedge Transaction and in each case which satisfies the applicable Rating Requirement (taking into account any guarantor thereof), and provided always that such

financial institution has the regulatory capacity to enter into derivatives transactions with Luxembourg residents.

"**Currency Hedge Drawdown**" means any Initial Currency Hedge Drawdown and/or Subsequent Currency Hedge Drawdown.

"**Currency Hedge Issuer Termination Payment**" means the amount payable to a Currency Hedge Counterparty by the Issuer upon termination or modification of a Currency Hedge Transaction, and including any due and unpaid scheduled amounts payable thereunder.

"**Currency Hedge Transaction**" means a currency hedge transaction (other than an Asset Swap Transaction) entered into in accordance with the Hedging Procedures under a 1992 ISDA Master Agreement (Multicurrency-Cross Border) or 2002 ISDA Master Agreement (or such other pro forma master agreement as may be published by ISDA from time to time) (together with the schedule relating thereto, the applicable confirmation including any guarantee thereof and any credit support annex entered into pursuant to the items thereof and each as amended or supplemented from time to time, a "**Currency Hedge Agreement**"), which is entered into between the Issuer and a Currency Hedge Counterparty.

"**Current Pay Obligation**" means a Collateral Debt Obligation that would otherwise be a Defaulted Obligation but in respect of which (i) all prior cash principal and interest payments due were paid in cash and the Collateral Adviser reasonably expects that the next interest payment due will be paid in cash, (ii) the rating assigned by Moody's of such Collateral Debt Obligation is at least "Caa2" and is based on a rating (either public or private) from Moody's (*provided that*, in the event that a rating is withdrawn or otherwise unavailable with respect to a Current Pay Obligation, then the most recent public rating thereof from Moody's shall apply or such rating as is otherwise advised by Moody's) and (iii) if the Obligor of such Collateral Debt Obligation is subject to a bankruptcy proceeding, a bankruptcy court has authorised the payment of interest due and payable on such Collateral Debt Obligation; provided that 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 the Aggregate Principal Balance of the "Current Pay Obligations" is in excess of such amount, the amounts of "Current Pay Obligations" shall be limited to such amount.

"**Current Spot Rate**" means, with respect to any conversion of any amounts in a Non-Euro Qualifying Currency into Euro or any amounts in Euro into a Non-Euro Qualifying Currency, as applicable, the relevant spot rate of exchange quoted by the Collateral Administrator on the date of calculation and as approved by the Collateral Adviser; provided that, where a determination is made on a Determination Date, the relevant forward rate of exchange quoted by the Collateral Administrator for settlement on the Business Day immediately preceding the immediately following Payment Date shall be used.

"**Custody Account**" means the custody account or accounts held and administered outside Luxembourg established on the books of the Custodian in accordance with the provisions of the Collateral Administration and Agency Agreement, which term shall include each securities account relating to each such Custody Account (if any).

"**Defaulted Deferring Mezzanine Loan**" means a Mezzanine Loan which by its contractual terms provides for the deferral of interest and is a Defaulted Obligation.

"**Defaulted Hedge Termination Payment**" means any amount payable by the Issuer to a Hedge Counterparty upon termination of any Hedge Transaction in respect of which the Hedge Counterparty was the "Defaulting Party" or sole "Affected Party" (as such terms are defined in the applicable Hedge Agreement or Hedge Transaction), including any due and unpaid scheduled amounts thereunder.

"**Defaulted Mezzanine Excess Amounts**" means the lesser of:

(a) the greater of (i) zero and (ii) (x) the aggregate of all amounts paid (including deferred interest) into the Principal Account in respect of each Mezzanine Loan for so long as it is a Defaulted Deferring Mezzanine Loan, minus (y) the sum of the principal amount outstanding of such Mezzanine Loan immediately prior to such Mezzanine Loan becoming a Defaulted Deferring Mezzanine Loan plus any Purchased Accrued Interest relating thereto; and

(b) all deferred interest paid in respect of each such Mezzanine Loan for so long as it is a Defaulted Deferring Mezzanine Loan minus any Purchased Accrued Interest relating thereto.

"**Defaulted Obligation**" means a Collateral Debt Obligation:

(a) in respect of which there has occurred and is continuing a default with respect to the payment of interest or principal, disregarding any grace periods applicable thereto provided that in the case of any Collateral Debt Obligation (A) which pays interest not less than quarterly and (B) in respect of which the Collateral Adviser has certified to the Issuer in writing that, to the knowledge of the Collateral Adviser, such default has resulted from non credit related causes, such Collateral Debt Obligation shall not constitute a "Defaulted Obligation" for the lesser of three Business Days and any grace period applicable thereto, in each case which default 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, but only until such default has been cured;

(b) subject to paragraph (c) below, in respect of which any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the Obligor of such Collateral Debt Obligation (provided that a Collateral Debt Obligation shall not constitute a Defaulted Obligation under this paragraph (b) if it is a Current Pay Obligation or a DIP Loan, provided that a DIP Loan shall constitute a "Defaulted Obligation" if the Obligor thereof defaults on payment of principal);

(c) in respect of which the Collateral Adviser has actual knowledge (based on publicly available information) 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 Obligor 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 Debt Obligation are full recourse, unsecured obligations

and the other obligation is senior to, or *pari passu* with, the Collateral Debt Obligation in right of payment; or (B) if the following conditions are satisfied:

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

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

(C) the other obligation is senior to or *pari passu* with the Collateral Debt Obligation in right of payment,

except that a Collateral Debt Obligation shall not constitute a "Defaulted Obligation" under paragraph (b) or this paragraph if (x) the Collateral Adviser (on behalf of the Issuer) has notified the Rating Agencies in writing of its decision not to treat the Collateral Debt Obligation as a Defaulted Obligation, (y) such Collateral Debt Obligation does not have a rating assigned by S&P of "D" or "SD" and (z) such Collateral Debt Obligation has a public, shadow or credit estimate rating assigned by Moody's and such rating is not "Caa3" "Ca" or "C";

(d) which has an S&P Rating of "D" or "SD";

(e) if the issuer thereof offers holders of such Collateral Debt Obligation a new security or package of securities that amount to a diminished financial obligation (such as preferred or common stock, or debt with a lower coupon or par amount) of such issuer and in the reasonable business judgment of the Collateral Adviser, such offer has the apparent purpose of helping the issuer avoid default; provided, however, that a Collateral Debt Obligation shall not constitute a Defaulted Obligation under this paragraph (e) if (i) it has been acquired in a distressed exchange and meets the definition of "Collateral Debt Obligations," or (ii) in the Collateral Adviser's reasonable business judgment, the Collateral Adviser believes that such Collateral Debt Obligation will pay its interest obligation in full on the next scheduled payment date in which case such Collateral Debt Obligation shall be treated as a Current Pay Obligation;

(f) which would be treated as a Current Pay Obligation except that such Collateral Debt Obligation would result in the Aggregate Principal Balance of all Collateral Debt Obligations which constitute Current Pay Obligations exceeding 5 per cent. of the Aggregate Collateral Balance;

(g) which the Collateral Adviser, acting on behalf of the Issuer, determines in its reasonable business judgment (which shall not be called into question as a result of subsequent events) should be treated as a Defaulted Obligation; or

(h) in the case of a PIK Security on which the cash payment of interest has been deferred, such Collateral Debt Obligation has not resumed the payment of interest in cash and paid all deferred amounts of interest within the lesser of six months or one Payment Period,

provided that in the case of a Synthetic Security, if the related Reference Obligation would constitute a Defaulted Obligation were it itself a Collateral Debt Obligation or if a Synthetic Counterparty Default has occurred in respect of such Synthetic Security, then such Synthetic Security shall constitute a Defaulted Obligation, but only until such default, event of default, write down or provision has been cured, waived, reversed or reinstated or, in the case of paragraph (d) such rating has been raised or, in the case of paragraph (f), the Collateral Adviser determines otherwise and no Collateral Debt Obligation which is a Current Pay Obligation shall constitute a Defaulted Obligation.

"**Defaulting Noteholder**" means a Class A-1 Noteholder or a Class A-2 Noteholder who (i) fails to satisfy the Rating Requirement at any time on or prior to the Commitment Termination Date and to take the relevant action required pursuant to sub-clauses (i), (iii) or (iv) of Condition 2(i) (*Class A Notes*) or (ii) fails to fund any portion of a Class A-1 Advance or a Class A-2 Advance in accordance with the terms of the Class A-1 Note Purchase Agreement or, as the case may be, the Class A-2 Note Purchase Agreement (subject to a grace period of three Business Days) for as long as such failure continues and is not remedied by such Class A-1 Noteholder or a Class A-2 Noteholder funding the relevant Class A-1 Advance or Class A-2 Advance.

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

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

"**Delayed Drawdown Collateral Obligation**" means a Collateral Debt Obligation that (a) requires the Issuer to make one or more future advances to the Obligor under the Underlying Instruments relating thereto, (b) specifies a maximum amount that can be borrowed on one or more fixed borrowing dates, and (c) does not permit the re-borrowing of any amount previously repaid; but any such Collateral Debt Obligation will be a Delayed Drawdown Collateral Obligation only until all commitments to make advances to the Obligor expire or are terminated or reduced to zero, provided that the Collateral Adviser may not advise the Issuer to acquire a Delayed Drawdown Collateral Obligation which is a Non-Euro Obligation (other than a Revolver Hedged Collateral Debt Obligation) without Rating Agency Confirmation.

"**Deliverable Obligation**" means an obligation referred to in a Synthetic Security as the "Deliverable Obligation" which is deliverable upon termination prior to the scheduled maturity thereof.

"**Designated Maturity**" means, in relation to any Class A-1 Advance outstanding for a period other than a full Interest Period, the maturity date of a Euro deposit in the Euro-zone interbank market or of a Sterling deposit in the London interbank market, as applicable, for a period equal to the period of such Class A-1 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, eight Business Days prior to the applicable Redemption Date.

"**DIP Loan**" shall mean any interest in a loan or financing facility rated by (or with respect to which an estimated rating has been obtained from) each of the Rating Agencies that is acquired directly by way of assignment (i) which is an obligation of a debtor-in-possession as described in § 1107 of the United States Bankruptcy Code or a trustee (if appointment of such trustee has been ordered pursuant to § 1104 of the United States Bankruptcy Code) (a "**Debtor**") organised under the laws of the United States or any State therein, (ii) which is paying interest on a current basis; (iii) in respect of which the Obligor has paid the immediately prior scheduled payment of interest and principal (if any); (iv) in respect of which the Collateral Adviser reasonably expects that the Obligor will continue to pay interest and principal; (v) which is not a Current Pay Obligation; and (vi) the terms of which have been approved by an order of the United States Bankruptcy Court, the United States District Court, or any other court of competent jurisdiction, the enforceability of which order is not subject to any pending contested matter or proceeding (as such terms are defined in the Federal Rules of Bankruptcy Procedure) and which order provides that: (a) such DIP Loan is secured by liens on the Debtor's otherwise unencumbered assets pursuant to § 364(c)(2) of the United States Bankruptcy Code; (b) such DIP Loan is secured by liens of equal or senior priority on property of the Debtor's estate that is otherwise subject to a lien pursuant to § 364(d) of the United States Bankruptcy Code; (c) such DIP Loan is secured by junior liens on the Debtor's encumbered assets and such DIP Loan is fully secured based upon a current valuation or appraisal report; or (d) if the DIP Loan or any portion thereof is unsecured, the repayment of such DIP Loan retains priority over all other administrative expenses pursuant to § 364(c)(1) of the United States Bankruptcy Code; provided, however, that, in the case of clause (d), prior to the acquisition of any such DIP Loan, either (x) the Rating Agency Confirmation shall have been received; or (y) unless Rating Agency Confirmation shall have been received in connection with the acquisition of such DIP Loan, such Collateral Debt Obligation has an issue rating or estimated rating (a) either (1) at least "Caa1" by Moody's (and if rated "Caa1," such rating is not on "Watch List" for downgrade by Moody's) and the Market Value thereof is at least 80 per cent. of par or (2) at least "Caa2" by Moody's (or "Caa1" and on "Watch List" by Moody's for downgrade) and the Market Value thereof is at least 85 per cent. of par and, in the case of a rating of "Caa2," such Collateral Debt Obligation is not on "Watch List" for downgrade and such rating shall have been confirmed by Moody's since the time of the most recent filing of any petition or proceeding in bankruptcy, and (b) at least "B-" by S&P (which rating shall have been confirmed by S&P since the most recent filing of any petition or proceeding in bankruptcy). The Issuer shall notify the Rating Agencies in writing of any amendment to any DIP Loan promptly upon receipt by the Issuer of notice thereof.

"**Directors**" means such Person who may be appointed as directors of the Issuer from time to time and "**Director**" means any one of them.

"**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 30 consecutive Business Days equals or exceeds

90 per cent. of the principal amount of such Collateral Debt Obligation (as certified by the Collateral Adviser to the Issuer, Trustee and Collateral Administrator); and

(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 30 consecutive Business Days equals or exceeds 85 per cent. of the principal amount of such Collateral Debt Obligation (as certified by the Collateral Adviser to the Issuer, Trustee and Collateral Administrator),

provided further that, such Market Value shall only be determined using paragraph (e) of the definition of Market Value on not more than five Business Days during such period of determination.

"**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 or any Exchanged Equity Security, or under or in respect of any Asset Swap Transaction as applicable.

"**Drawing**" means a loan made or to be made under the Liquidity Facility Agreement or deemed to be made under the Liquidity Facility Agreement, other than a Prefunded Commitment Utilisation.

"**Due Period**" means, with respect to any Payment Date, the period commencing on and including the day immediately following the eighth 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 and including the eighth Business Day prior to such Payment Date (or, in the case of the Due Period applicable to the Payment Date which is the Redemption Date of any Note, ending on and including the Business Day preceding such Payment Date).

"**Effective Date**" means the earlier of:

(a) the date designated for such purpose by the Collateral Adviser by written notice to the Trustee, the Issuer, S&P, Moody's and the Collateral Administrator pursuant to the Collateral Advisory Agreement (including that the Effective Date Determination Requirements shall be satisfied on such designated date); and

(b) 21 June 2007.

"**Effective Date Determination Requirements**" means, as at the Effective Date and any date thereafter, each of the Portfolio Profile Tests, the Collateral Quality Tests and the Par Value Tests being satisfied on such date, and the Issuer having acquired or having entered into binding commitments to acquire Collateral Debt 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 Closing Date shall be

disregarded and the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its S&P Collateral Value and its Moody's Collateral Value).

"**Effective Date Rating Event**" means either (a) (i) the Initial Ratings of the Senior Notes are downgraded, suspended or withdrawn by either of the Rating Agencies on or prior to the Effective Date or (ii) either of the Rating Agencies notifies the Issuer or the Collateral Adviser that such Rating Agency intends to downgrade, suspend or withdraw its Initial Ratings of the Senior Notes upon request for confirmation thereof to the Rating Agencies by the Issuer, acting on the advice of the Collateral Adviser, following the Effective Date pursuant to the terms of the Collateral Advisory Agreement or (b) the Effective Date Determination Requirements are not satisfied on the Effective Date.

"**Eligible Collateral**" means (i) securities which satisfy the definition of Eligible Investments which are denominated in Euro and which are capable of being liquidated on demand without penalty or (ii) cash denominated in Euro.

"**Eligibility Criteria**" means the Eligibility Criteria set out in the Collateral Advisory Agreement which are required to be satisfied in respect of each Collateral Debt Obligation acquired by the Issuer on the advice of the Collateral Adviser at the time of entering into a binding commitment to acquire such obligation.

"**Eligible Investments**" means any investment denominated in the currency of a Qualifying Country (provided that each Eligible Investment shall be denominated in the same currency as the principal or interest received by the Issuer and which is to be so invested) that, in the event that 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 (other than obligations or securities which are zero-coupon obligations or securities), including, without limitation, any Eligible Investments for which the Custodian, the Trustee or the Collateral Adviser 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 (including the Account Bank) or trust company 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 a long-term senior unsecured debt or issuer (as applicable) credit rating of at least:

(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 Senior Notes which are Outstanding which are rated by such Rating Agency (together, the "**Eligible Investments Minimum Long Term Rating**"); or

(ii) a short-term debt credit rating of:

(A) "A-1+" from S&P; and

(B) "P-1" from Moody's,

in each case, for so long as there are Senior 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 related 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 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) commercial paper or other short-term obligations having, at the time of such investment, a credit rating of not less than the Eligible Investments Minimum Short Term Rating and that either are bearing interest or are sold at a discount to the face amount thereof and have a maturity of not more than 183 days from their date of issuance; 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;

(f) commercial paper or other short-term obligations having, at the time of such investment, a short-term debt credit rating of not less than "A-1" from S&P and "P-1"

from Moody's and that are sold at a discount to the face amount thereof and have a maturity of not more than 90 days;

(g) funds investing in the money markets rated, at all times, "AAAm" or "AAAm G" by S&P and "Aaa" and "MR1+" by Moody's, provided that such fund issues shares, units or participations that may be lawfully acquired in Luxembourg; and

(h) any other investment similar to those described in paragraphs (a) to (g) (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 (a) to (h) above, such instrument or investment provides for payment of a pre determined fixed amount of principal on maturity that is not subject to change and 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 any Synthetic Collateral or any Eligible Investment purchased from funds standing to the credit of the Synthetic Collateral Account, the Counterparty Downgrade Collateral Account or the Revolving Reserve Account, must) be capable of being liquidated on demand without penalty, 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, security whose repayment is subject to substantial non credit related risk (as determined by the Collateral Adviser in its discretion).

"**Emerging Market Country**" means a country that is not a Qualifying Country.

"**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 Notes (other than the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes)*) as applicable to six month Euro deposits (or, in the case of the initial Accrual Period, as applicable to nine month Euro deposits).

"**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.

"**Euro Calculation Period**" has the meaning given in Condition 6(f) (*Interest on the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes*).

"**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 and 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 in effect as of the later of the Closing Date or date of issuance of the relevant Collateral Debt Obligation.

"**Expected Net Proceeds**" has the meaning given in Condition 7(b) (*Redemption at the Option of the Subordinated Noteholders*).

"**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.

"**Floating Rate of Interest**" has the meaning given thereto in Condition 6 (*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 approved by the Rating Agencies from time to time.

"**Form Approved Interest Rate Hedge Transaction**" means an Interest Rate Hedge Transaction, the documentation for and structure of which conforms (save for the amount and timing of periodic payments, the notional amount, the effective date, the termination date and other consequential and immaterial changes) to a form approved by the Rating Agencies from time to time.

"**Form Approved Synthetic Security**" means a Synthetic Security, the documentation for and structure of which conforms (save for the amount and timing of periodic payments, the name of the Reference Obligation and Reference Entity, the notional amount, the effective date, the termination date and other consequential and immaterial changes) to a form approved by the Rating Agencies from time to time.

"**Funded Amount**" means, with respect to any Revolving Obligation (excluding a Synthetic Security) or Delayed Drawdown Collateral Obligation at any time, the aggregate principal amount of advances or other extensions of credit to the extent funded thereunder by the Issuer that are outstanding at such time.

"**Hedge Agreement**" means any Asset Swap Agreement, Currency Hedge Agreement and/or any Interest Rate Hedge Agreement.

"**Hedge Counterparty**" means any Asset Swap Counterparty, Interest Rate Hedge Counterparty and/or Currency Hedge Counterparty.

"**Hedge Transaction**" means any Asset Swap Transaction, Interest Rate Hedge Transaction and/or Currency Hedge Transaction.

"**Hedging Procedures**" means the hedging procedures applicable to the Issuer and the Portfolio dated on or about the date of this Agreement and signed for identification purposes by the Issuer and the Collateral Adviser, as the same may be amended and/or supplemented from time to time.

"**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 Collateral Adviser, excluding 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 or similar assets, including, without limitation, collateralised bond obligations, collateralised loan obligations or any similar security; or

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

"**Incentive Collateral Advisory Fee**" means the fee payable to the Collateral Adviser pursuant to the Collateral Advisory Agreement (which may be waived at the Collateral Adviser's discretion) in an amount, as determined by the Collateral Administrator, equal to the amount specified at paragraph (CC) of the Interest Proceeds Priority of Payments and paragraph (U) of the Principal Proceeds Priority of Payments *provided that* such amount will only be payable to the Collateral Adviser if the Incentive Collateral Advisory Fee IRR Threshold has been reached.

"**Incentive Collateral Advisory Fee IRR Threshold**" means the threshold which will have been reached on the relevant Payment Date if the Subordinated Notes Outstanding have received an annualised internal rate of return (computed using the "XIRR" function in Microsoft® Excel 97 or an equivalent function in another software package and assuming for this purpose that all Subordinated Notes were purchased on the Closing Date at a price equal to 100 per cent. of the principal amount thereof) of at least 12 per cent. on the Principal Amount Outstanding of the Subordinated Notes as of the first day of the Due Period preceding such Payment Date (after giving effect to all payments in respect of the Subordinated Notes to be made on such Payment Date).

"**Initial Currency Hedge Drawdown**" means an amount that the Issuer has drawn under the Liquidity Facility Agreement to repay Class A-1 Sterling Advances to the extent required pursuant to the Hedging Procedures.

"**Initial Interest Payment Drawdown**" means an amount that the Issuer has drawn in accordance with the Liquidity Facility Agreement for the payment of any shortfall in the amount

of Interest Proceeds available to pay Interest Amounts due and payable by the Issuer on any Payment Date in respect of the Class A Notes and the Class B Notes and all amounts payable in priority thereto pursuant to the Interest Proceeds Priority of Payments on any Payment Date.

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

"**Initial Purchaser**" means Barclays Bank PLC as initial purchaser pursuant to the Subscription Agreement.

"**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.

"**Initial Spot Rate**" means €1.4893 per £1, being the spot rate of exchange quoted three Business Days prior to the Closing Date for the exchange of Sterling for Euro or Euro for Sterling, as applicable, at 11.00 a.m. (London time) on that date.

"**Interest Account**" means any interest bearing account (which shall comprise two sub-accounts denominated in each of Euro or Sterling) described as such in the name of the Issuer with the Account Bank into which Interest Proceeds denominated in Euro or Sterling are to be paid.

"**Interest Amount**" has the meaning specified in Condition 6(e) (*Interest on the Notes (other than the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes)*).

"**Interest Coverage Amount**" means, on any particular Measurement Date:

(a) the Balance standing to the credit of the Interest Account (with any amounts denominated in Sterling converted into Euro at the Current Spot Rate);

(b) plus the scheduled interest payments (and any commitment fees due but not yet received in respect of any Revolving Obligations or Delayed Drawdown Collateral Obligations) due but not yet received (in each case regardless of whether the applicable due date has yet occurred) in the Due Period in which such Measurement Date occurs on:

(i) each of the Accounts (save in the case of the Synthetic Collateral Accounts or the Counterparty Downgrade Collateral Accounts to the extent that interest accrued in respect thereof is contractually payable by the Issuer to a third party), including any portion of principal payments on any Eligible Investments which are zero-coupon instruments purchased at a discount which represents interest; and

(ii) the Collateral Debt Obligations (excluding Non-Euro Obligations, other than Revolver Hedged Collateral Debt Obligations (in respect of which the scheduled interest payments shall be converted into Euro at the Current Spot Rate)), excluding:

(A) accrued and unpaid interest on Defaulted Obligations (excluding Current Pay Obligations) unless and until the principal on such Defaulted Obligation has been repaid in full;

(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;

(E) interest on any Collateral Debt Obligation which has not paid cash interest on a current basis in respect of the lesser of (A) twelve months and (B) the two most recent interest periods;

(F) any scheduled interest payments as to which the Issuer or the Collateral Adviser has actual knowledge that such payment will not be made; and

(G) any Purchased Accrued Interest;

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

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

(e) plus any amounts scheduled to be payable to the Issuer under any Interest Rate Hedge Transaction during the Due Period, in which such Measurement Date falls;

(f) plus an amount equal to 75 per cent. of the scheduled interest payments due but not yet received in respect of Unhedged Collateral Debt Obligations, converted into Euro at the Current Spot Rate, but excluding scheduled interest payments due but not yet received (A) in respect of Unhedged Collateral Debt Obligations which remain unhedged for over six months from the settlement date of acquisition thereof (or the Closing Date in respect of any Non-Euro Obligation purchased pursuant to warehousing arrangements), (B) to the extent that the Aggregate Principal Balance of such Unhedged Collateral Debt Obligations exceeds 5 per cent. of the Aggregate Collateral Balance, in respect of such amount in excess or (C) in respect of Unhedged Collateral Debt Obligations which were not acquired in the Primary Market and which were not hedged by the settlement date of acquisition thereof;

(g) plus/minus any periodic scheduled payment under a Currency Hedge Transaction receivable and/or payable on or before the following Payment Date;

(h) minus any interest in respect of a PIK Security that has been deferred; and

(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 Available Commitment capable of being drawn by the Issuer as an Interest Payment Drawdown applicable to the next following Payment Date but excluding any such Accrued Collateral Debt Obligation Interest to the extent that an Interest Payment Drawdown has already been made in respect thereof under the Liquidity Facility Agreement to the extent not repaid in full.

For the purposes of calculating any Interest Coverage Amount, the expected or scheduled interest income on Eligible Investments and the expected or scheduled interest payable on any Class of Notes and on any relevant Account shall be calculated using then current interest rates applicable thereto.

"**Interest Coverage Ratio**" means, as applicable, the Class A/B Interest Coverage Ratio, the Class C Interest Coverage Ratio, the Class D Interest Coverage Ratio and the Class E Interest Coverage Ratio.

"**Interest Coverage Test**" means the Class A/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) (*Floating Rate of Interest*).

"**Interest Payment Drawdown**" means any Initial Interest Payment Drawdown and/or Subsequent Interest Payment Drawdown.

"**Interest Period**" means (i) in relation to each Class of Notes (other than the Class A-1 Notes and, up to and including the Class A-2 Consolidation Date, the Class A-2 Notes), with respect to (a) the first Payment Date, the period from and including the Closing Date to but excluding such first Payment Date and (b) thereafter with respect to each Payment Date, the period beginning on and including the immediately preceding Payment Date and ending on but excluding such Payment Date; and (ii) in relation to the Class A-1 Notes and any Class A-1 Advance, either the Class A-1 Euro Interest Period or the Class A-1 Sterling Interest Period, as applicable and (iii) in relation to the Class A-2 Notes up to and including the Class A-2 Consolidation Date and any Class A-2 Advance, the Class A-2 Interest Period.

"**Interest Proceeds**" means all amounts paid or payable into the Interest Account from time to time and, with respect to any Payment Date, means any interest proceeds received or receivable by the Issuer during the related Due Period together with all amounts received under the Liquidity Facility which relate to Interest Payment Drawdowns (if any) to be disbursed pursuant to Condition 3(c) (*Priorities of Payments*) on such Payment Date, together with any other amounts to be disbursed out of the Payment Account as Interest Proceeds on such Payment Date pursuant to Condition 3(i) (*Accounts*).

"**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 Termination Account**" means the interest-bearing account of the Issuer with the Account Bank into which all Interest Rate Hedge Counterparty Termination Payments and Interest Rate Hedge Replacement Receipts will be deposited.

"**Interest Rate Hedge Agreement**" has the meaning given thereto in the definition of Interest Rate Hedge Transaction.

"**Interest Rate Hedge Counterparty**" means each financial institution with which the Issuer enters into an Interest Rate Hedge Transaction or any permitted assignee or successor thereto under the terms of the related Interest Rate Hedge Transaction and in each case which satisfies the applicable Rating Requirement (taking into account any guarantor thereof), and provided always that such financial institution has the regulatory capacity to enter into derivatives transactions with Luxembourg residents.

"**Interest Rate Hedge Counterparty Termination Payment**" means the amount payable by an Interest Rate Hedge Counterparty to the Issuer upon termination of an Interest Rate Hedge Transaction, but excluding any due and unpaid scheduled amounts payable thereunder.

"**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 Transaction, and including any due and unpaid scheduled amounts payable thereunder.

"**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 Transaction which is replacing an Interest Rate Hedge Transaction which was terminated.

"**Interest Rate Hedge Transaction**" means each interest rate protection transaction, which may be an interest rate swap transaction or an interest rate cap or an interest rate floor transaction, entered into under an 1992 ISDA Master Agreement (Multicurrency-Cross Border) or 2002 ISDA Master Agreement (or such other ISDA pro forma master agreement as may be published by ISDA from time to time) (together with the schedule relating thereto, the applicable confirmation including any guarantee thereof and any credit support annex entered into pursuant to the terms thereof, and each as amended or supplemented from time to time, an "**Interest Rate Hedge Agreement**"), which is entered into between the Issuer and an Interest Rate Hedge Counterparty.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**LIBID**" means GBP-LIBOR-BBA minus 0.125 per cent., where GBP-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.

"**LIBOR**" means the London interbank offered rate, calculated as set out in Condition 6(g) (*Calculation of Sterling LIBOR*).

"**Liquidity Facility**" means the liquidity facility granted by the Liquidity Facility Provider to the Issuer pursuant to 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.

"**Luxembourg**" means the Grand Duchy of Luxembourg.

"**Luxembourg Register**" means the register of holders of the legal title to the Notes kept by the Issuer at its registered office.

"**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 LIBID**" means a linear interpolation of two LIBID 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 "**LIBID 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 LIBID Calculation Period.

"**Make Whole LIBOR**" means a linear interpolation of two LIBOR 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 "**LIBOR 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 LIBOR Calculation Period.

"**Make Whole Rate**" means the rate per annum which for Class A-1 Sterling Advances is the difference between Make Whole LIBOR and Make Whole LIBID (or zero if Make Whole LIBID exceeds Make Whole LIBOR) and for Class A-1 Euro Advances is the difference between Make Whole EURIBOR and Make Whole EURIBID (or zero if Make Whole EURIBID exceeds Make Whole EURIBOR).

"**Market Value**" means on any date of determination in respect of any Collateral Debt Obligation:

(a) the mean of the bid prices determined by three independent broker-dealers active in the trading of one or more Collateral Debt Obligations or the lower of the bid prices determined by two such broker-dealers; or

(b) if two such broker-dealer prices are not available the bid price determined by one broker-dealer; or

(c) if such broker-dealer prices are not available, the bid price for such Collateral Debt Obligation determined by an independent pricing service; or

(d) if the determination of an independent pricing service and such broker-dealers are not available, then the lower of (i) S&P Recovery Rate for that Collateral Debt Obligation multiplied by 1.25 and (ii) the fair market value of the Collateral Debt Obligation determined by the Collateral Adviser on a best efforts basis in a manner consistent with reasonable and customary market practice,

which shall, in each case, be the percentage, as determined above, multiplied by (i) the principal amount of such Collateral Debt Obligation as notified to the Collateral Administrator on the date of determination thereof, or (ii) in the case of a Revolver Hedged Collateral Debt Obligation converted into Euro at the Initial Spot Rate, or (iii) in the case of an Asset Swap Obligation, the principal amount of such Collateral Debt Obligation converted into Euro at the relevant Asset Swap Transaction Exchange Rate or, if none, at the Current Spot Rate, as determined by the Calculation Agent at the direction of the Collateral Adviser.

"**Maturity Date**" means 21 March 2023.

"**Measurement Date**" means:

(a) the Effective Date;

(b) for the purposes of determining satisfaction of the Reinvestment Criteria, any Business Day after the Effective Date on which such criteria are required to be determined, which determination shall be made by reference immediately prior to receipt of any Principal Proceeds which are to be reinvested without taking into account such Principal Proceeds and the proposed sale of Collateral Debt Obligations and reinvestment of the Sale Proceeds thereof in Substitute Collateral Debt Obligations;

(c) the date of acquisition of any additional Collateral Debt Obligation following the Effective Date (which calculation shall, if such acquisition is to be funded by a Class A-1 Advance, be made within two Business Days of receipt of the Class A-1 Advance Request in respect thereof and, if such acquisition is to be funded by a Class A-2 Advance, be made within two Business Days of receipt of the Class A-2 Advance Request in respect thereof);

(d) each Determination Date;

(e) the date as at which any Report is prepared; and

(f) (after the Effective Date) with reasonable (and not less than two Business Days') notice, any Business Day requested by any Rating Agency,

provided that no Measurement Date shall be deemed to occur prior to the Effective Date.

"**Mezzanine Loan**" means:

(a) a mezzanine loan or 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 by the Collateral Adviser; and/or

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

"**Minimum Denomination**" means:

(a) in the case of the Notes of each Class (other than the Class A-1 Notes, the Class A-2 Notes and the Rule 144A Notes) €100,000; and

(b) in the case of the Rule 144A Notes of each Class other than the Class A-1 Notes and the Class A-2 Notes, €250,000; and

(c) in the case of the Class A-1 Notes and the Class A-2 Notes, €5,000,000.

"**Monthly Report**" means any monthly report defined as such in the Collateral Administration and Agency Agreement which is prepared by the Collateral Administrator (and in consultation with the Collateral Adviser) on behalf of the Issuer on such dates as are set forth in the Collateral Administration and Agency Agreement, is deliverable to the Issuer, the Trustee, the Collateral Adviser, the Initial Purchaser (regardless of whether it is a Noteholder or Secured Party at such time) and the Rating Agencies and, upon request therefor in accordance with Condition 4(f) (*Information Regarding the Collateral*), to any Noteholder or any other Secured Party and which shall include information regarding the status of certain of the Collateral pursuant to the Collateral Administration and Agency Agreement.

"**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) the relevant Moody's Recovery Rate multiplied by its outstanding principal amount (in the case of any Non-Euro Obligation, converted into Euro at the relevant Asset Swap Transaction Exchange Rate or in the case of a Revolver Hedged Collateral Debt Obligation or Unhedged Collateral Debt Obligation, converted into Euro at the then Current Spot Rate); or

(b) for each Defaulted Obligation on or after the earlier to occur of (x) the date which falls 90 days after the Collateral Debt Obligation becomes a Defaulted Obligation and (y) where a Determination Date falls in the 90 day period referred to in (x), the date which falls 30 days after the Collateral Debt Obligation becomes a Defaulted Obligation, the lower of:

(i) its prevailing Market Value (converted into Euros (a) at the applicable Asset Swap Transaction Exchange Rate (for Collateral Debt Obligations hedged by an Asset Swap Transaction) or (b) the then Current Spot Rate (in the case of a Revolver Hedged Collateral Debt Obligation or an Unhedged Collateral Debt Obligation)); and

(ii) the relevant Moody's Recovery Rate multiplied by its outstanding principal amount (in the case of any Non-Euro Obligation, converted into Euro at the relevant Asset Swap Transaction Exchange Rate or in the case of a Revolver Hedged Collateral Debt Obligation or Unhedged Collateral Debt Obligation, converted into Euro at the then Current Spot Rate),

provided that if the Market Value cannot be reasonably determined, 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 Non-Euro Obligation, converted into Euro at the relevant Asset Swap Transaction Exchange Rate or in the case of a Revolver Hedged Collateral Debt Obligation or Unhedged Collateral Debt Obligation, converted into Euro at the Current Spot Rate).

"**Moody's Recovery Rate**" means, in respect of each Collateral Debt Obligation, the recovery rate determined in accordance with the Collateral Advisory Agreement or as so advised by Moody's.

"**Non Call Period**" means the period from and including the Closing Date to, but excluding, the Payment Date falling in March 2012 or, if such day is not a Business Day, the immediately following Business Day.

"**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 and that satisfies each of the Eligibility Criteria to the extent required to do so.

"**Non-Euro Qualifying Currency**" means a Qualifying Currency other than Euro.

"**Noteholders**" means the Persons in whose name the Notes are registered in the Register from time to time, as evidenced solely by entries in the Register.

"**Note Tax Event**" means, at any time, (i) 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 the Class A Notes (including any Class A-1 Commitment Fee, Class A-2 Commitment Fee and each Class A-1 Noteholder's proportionate share of any Class A-1 Make Whole Amount), the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and/or the Subordinated Notes (other than a payment in respect of Deferred Interest) becoming properly subject to any withholding tax; or (ii) United Kingdom, U.S. state or federal or German tax authorities impose net income, profits or similar tax upon the Issuer.

"**Notes**" means the notes comprising, where the context permits, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes constituted by the Trust Deed or 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 of the Trust Deed) each Global Certificate. References in these Conditions of the Notes to the "Notes" (unless the context requires otherwise) include any other notes issued pursuant to Condition 17 (*Additional Issuances*) and forming a single series with the Notes.

"**Obligor**" means, in respect of a Collateral Debt Obligation, the borrower thereunder or issuer thereof or, in either case, the guarantor thereof (as determined by the Collateral Adviser on behalf of the Issuer) including, where the context requires, the Reference Entity under any Synthetic Security.

"**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.

"**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 issued, as further defined in the Trust Deed and, in relation to the Class A Notes and only in respect of calculating voting rights, giving instructions to the Trustee, in respect of determining whether a quorum has been met or in the event of any conflict between or within Classes of Notes, at any time, the Class A-1 Commitment or Class A-2 Commitment, as applicable, which has not been cancelled at such time.

"**Par Value Ratio**" means the Class A/B Par Value Ratio, the Class C Par Value Ratio, the Class D Par Value Ratio or the Class E Par Value Ratio (as applicable).

"**Par Value Test**" means the Class A/B Par Value Test, the Class C Par Value Test, 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:

(a) the Caa/CCC Haircut Amount; and

(b) the amount for each Discount Obligation in the Portfolio equal to (x) the outstanding principal amount of such Discount Obligation as of such date, minus (y) the purchase price of such Discount Obligation, (in the case of a Discount Obligation which is a Non-

Euro Obligation, its outstanding principal balance shall be (i) if such Discount Obligation is a Revolver Hedged Collateral Debt Obligation or a Non-Euro Obligation in respect of which an Asset Swap Transaction has not been entered into, converted into Euro at the Current Spot Rate or (ii) if such Discount Obligation is a Non-Euro Obligation in respect of which an Asset Swap Transaction has been entered into, converted into Euro at the Asset Swap Exchange Rate),

provided that, in the event that any Collateral Debt Obligation is a Discount Obligation and falls within the definition of Caa/CCC Obligations, such Collateral Debt Obligation shall be included in whichever of paragraphs (a) and (b) above would result in the higher Par Value Test Excess Adjustment Amount.

"**Pari Passu Provisions**" means that to the extent there is an insufficient amount of either Interest Proceeds or Principal Proceeds denominated in Sterling or Euro to meet the aggregate payment obligations falling due pursuant to the same paragraph of the Priorities of Payments, the Issuer shall, acting on the advice of the Collateral Adviser, firstly exercise any conversion in order to yield an amount of the required currency sufficient to enable the Issuer to meet such shortfall and, to the extent required, reduce the amounts payable on that Payment Date so that the shortfall is borne in equal proportion by all liabilities denominated in any currency falling due pursuant to the same paragraph of the Priorities of Payments (following conversion thereof into Euro at the then Current Spot Rate).

"**Participation**" means an interest in a Mezzanine Loan, Second Lien Loan or a Senior Secured Loan acquired indirectly by the Issuer by way of sub-participation from a Selling Institution.

"**Participation Agreement**" means an agreement between the Issuer and a Selling Institution in relation to the purchase by the Issuer of a Participation.

"**Payment Account**" means the account (which shall comprise two accounts denominated in each of Euro and Sterling) described as such in the name of the Issuer held with the Account Bank to which amounts in Euro and/or Sterling 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(i) (*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 21 March and 21 September in each year, commencing on 21 September 2007 and ending on the Maturity Date or 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 Collateral Administration and Agency Agreement which is prepared by the Collateral Administrator (and in consultation with the Collateral Adviser) on behalf of the Issuer and deliverable to the Issuer, the Trustee, the Collateral Adviser, the Secured Parties, the Initial Purchaser (regardless of whether it is a Noteholder or a Secured Party at such time), any holder of a beneficial interest in

any Note (upon written request of such holder) and each Rating Agency not later than the related 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.

"**PIK Security**" means any Collateral Debt Obligation which is a security, the terms of which permit the deferral of the payment of interest in cash thereon through additions to the principal amount thereof for a specified period in the future or for the remainder of its life or by capitalising interest due on such security as principal. For the avoidance of doubt, a Mezzanine Loan shall not be considered to be a PIK Security.

"**Portfolio**" means the Collateral Debt Obligations, Collateral Enhancement Obligations, Exchanged Equity Securities and Eligible Investments held by or on behalf of the Issuer from time to time.

"**Portfolio Profile Tests**" means the Portfolio Profile Tests set out in the Collateral Advisory Agreement.

"**Prefunded Commitment**" means, with respect to the Liquidity Facility Provider and as of any date of determination, the amount standing to the credit of the Prefunded Commitment Account (other than amounts in respect of interest) on behalf of the Liquidity Facility Provider as of such date.

"**Prefunded Commitment Account**" means the account of the Issuer with the Account Bank into which the Liquidity Facility Provider is required to pay any Prefunded Commitment in accordance with the terms of the Liquidity Facility Agreement.

"**Prefunded Commitment Utilisation**" means a drawing by the Issuer of the Prefunded Commitment in accordance with the terms of the Liquidity Facility 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**" means, in respect of the acquisition of a Collateral Debt Obligation, such Collateral Debt Obligation was acquired within 3 months of the date of issue thereof.

"**Principal Account**" means the interest bearing account (which shall comprise of two sub-accounts denominated in each of Euro and Sterling) described as such in the name of the Issuer with the Account Bank into which Principal Proceeds denominated in Euro and Sterling are to be paid.

"**Principal Amount Outstanding**" means, in relation to any Class of Notes and at any time, the aggregate principal amount Outstanding under such Class of Notes at that time, which in the case of:

(a) the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated 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 for the purposes of determining voting rights attributable to any 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

(b) the Class A-1 Notes and (up to and including the Class A-2 Consolidation Date) the Class A-2 Notes shall be the Class A-1 Drawn Amount or, as the case may be, Class A-2 Drawn Amount of such Note (and which, in the case of Class A-1 Sterling Advances, shall be converted to Euro at the Initial Spot Rate for the purposes of calculations but not of payment of the Redemption Price), save for the purposes 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 any Class, for which purposes the Principal Amount Outstanding of the Class A-1 Notes and (up to and including the Class A-2 Consolidation Date) the Class A-2 Notes shall be determined by reference to the Class A-1 Commitment and the Class A-2 Commitment, respectively, which has not been cancelled at such time, as more fully set out in Condition 14(b) (*Decisions and Meetings of Noteholders*).

"**Principal Balance**" means, with respect to any Collateral Debt Obligation, Eligible Investment or Exchanged Equity Security, as of any date of determination, the outstanding principal amount thereof (excluding any interest capitalised pursuant to the terms of such instrument other than, with respect to a Mezzanine Loan, any such interest capitalised pursuant to the terms thereof which is paid for on the date of acquisition of such Mezzanine Loan), provided however that:

(a) 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 lesser of:

(i) a percentage of the outstanding principal amount equal to the S&P 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;

(ii) a percentage of the outstanding principal amount 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) the Principal Balance of any Non-Euro Obligation shall be:

(i) in the case of an Asset Swap Obligation, the Euro notional amount of the Asset Swap Transaction entered into in respect thereof;

(ii) in the case of a Revolver Hedged Collateral Debt Obligation, the outstanding principal amount thereof in Sterling, converted into Euro at the Initial Spot Rate (except for the purpose of calculating any Coverage Test, the definitions of Caa/CCC Haircut Amount, Market Value and Moody's Collateral Value, in which case the outstanding principal amount thereof in Sterling will be converted into Euro at the Current Spot Rate); or

(iii) in the case of an Unhedged Collateral Debt Obligation, for the purpose of calculating (1) the Coverage Tests, (2) the Aggregate Collateral Balance for purposes of the Reinvestment Criteria, (3) the definition of Caa/CCC Haircut Amount, (4) the definition of Market Value; and (5) the definition of Moody's Collateral Value, 70 per cent. (in the case of Unhedged Collateral Debt Obligations denominated in Sterling or U.S. Dollars) or 50 per cent. (in the case of Unhedged Collateral Debt Obligations denominated in Swedish Krona, Danish Krone or Swiss Francs) of the outstanding principal amount of such Unhedged Collateralised Debt Obligation (or, where such Unhedged Collateralised Debt Obligation is sold, repaid, or prepaid, 100 per cent.), converted into Euro at the Current Spot Rate on the date such Unhedged Collateral Debt Obligation was purchased by the Issuer; provided that the Principal Balance of an Unhedged Collateralised Debt Obligation shall be zero in the following circumstances:

(A) where such Unhedged Collateralised Debt Obligation remains unhedged for over six months from the date of acquisition thereof (or the Closing Date in respect of any Non-Euro Obligation purchased pursuant to warehousing arrangements); or

(B) to the extent that the Aggregate Principal Balance of Unhedged Collateral Debt Obligation exceeds 5 per cent. of the Aggregate Collateral Balance, such amount in excess in respect thereof; or

(C) where such Unhedged Collateralised Debt Obligation was not acquired in the Primary Market, and which has not been hedged by the settlement date of acquisition thereof.

(c) the Principal Balance of 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 Obligations specified therein;

(d) the Principal Balance of any Revolving Obligation and Delayed Drawdown Collateral Obligation whose Base Currency is Euro as of any date of determination, shall be the outstanding principal amount of such Revolving Obligation or Delayed Drawdown Collateral Obligation, plus any undrawn commitments that have not been irrevocably reduced with respect to such Revolving Obligation or Delayed Drawdown Collateral Obligation;

(e) the Principal Balance of any Exchanged Equity Security shall be deemed to be zero;

(f) the Principal Balance of any Collateral Debt Obligation which is a PIK Security shall be deemed to exclude capitalised interest accrued after the date of acquisition thereof by the Issuer;

(g) (subject to the other provisions of this definition) the Principal Balance of any Zero-Coupon Security which, by its terms, does not at any time pay interest thereon, shall be deemed to be the accreted value of such Collateral Debt Obligation or Eligible Investment as at the date of its acquisition by the Issuer and the Principal Balance of any Collateral Debt Obligation other than a Zero-Coupon Security which, by its terms, does not at any time pay interest thereon or any Eligible Investment which pays all or part of any interest thereon other than on a current basis, shall be deemed to exclude capitalised interest, provided that any Collateral Debt Obligation, other than a Zero-Coupon Security, which has not paid any interest on a current basis for more than one year shall be deemed to be a Defaulted Obligation;

(h) for the purpose of calculating each of the Portfolio Profile Tests, the Moody's Weighted Average Rating Factor Test, the Minimum Weighted Average Spread Test, the Weighted Average Maturity Test, the S&P Minimum Weighted Average Recovery Rate Test and the CDO Monitor Test, the Principal Balance of a Current Pay Obligation shall be its full par value, and for all other purposes shall be the lesser of (A) a percentage of the outstanding principal amount thereof equal to the Market Value of such Current Pay Obligation and (B) 80 per cent. of the outstanding principal amount of such Current Pay Obligation; and

(i) the Principal Balance of any cash shall be the amount of such cash.

"**Principal Proceeds**" means all amounts paid or payable into the Principal Account from time to time and, with respect to any Payment Date, means amounts in the nature of principal received or receivable by the Issuer during the related Due Period and 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*).

"**Priorities of Payments**" means, both prior to and following the enforcement of security over the Collateral, 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.

"**Project Finance Loan**" means a Collateral Debt Obligation that entitle the holders thereof to receive payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the Collateral Debt Obligation) on the cashflow from (1) the sale of products, such as electricity, nuclear energy, steam or water, in the utility industry by a special purpose entity formed to own the assets generating or otherwise producing such products and such assets were or are being constructed or otherwise acquired primarily with the proceeds of debt financing made available to such entity on a limited-recourse basis (including recourse to such assets and the land on which they are located) or (2) fees or other usage charges, such as tolls collected on a highway, bridge, tunnel or other infrastructure project, collected by a special purpose entity formed to own one or more such projects that were constructed or otherwise acquired primarily with the proceeds of debt financing made available to such entity on a limited-recourse basis (including recourse to the project and the land on which it is located).

"**Prospectus**" means the prospectus dated 21 December 2006 in respect of the Notes.

"**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 and/or capitalised interest in respect of such Collateral Debt Obligation (including, in respect of a Mezzanine Loan, any accrued interest which, as at the time of purchase, had been capitalised and added to the principal amount of such Mezzanine Loan in accordance with its terms), which was purchased at the time of acquisition thereof with Principal Proceeds and/or amounts paid out of the Unused Proceeds Account.

"**QIB**" means a Person who is a qualified institutional buyer as defined in Rule 144A.

"**QIB/QP**" means a Person who is both a QIB and a QP.

"**Qualified Purchaser**" and "**QP**" mean a Person who is a qualified purchaser as defined in Section 2(a)(51) of the Investment Company Act and the rules thereunder.

"**Qualifying Country**" means the United States, Canada, any European Union country which has adopted the Euro as its lawful currency, any European Union Member State which has a minimum sovereign rating at the time of acquisition of the relevant Eligible Investment of at least "AA" by S&P and at least "Aa3" by Moody's provided that other countries may be included as a "Qualifying Country" if Rating Agency Confirmation has been obtained in relation to such country.

"**Qualifying Currency**" means Euro, Sterling, US Dollars, Swedish Krona, Danish Krone, Swiss Francs or any other currency in respect of which Rating Agency Confirmation has been received.

"**Rating Agencies**" means Moody's and S&P, provided that if at any time Moody's and/or S&P 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. In the event that 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 Collateral Advisory 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 either the Issuer or the Trustee of written confirmation by each Rating Agency which has assigned ratings to the Senior 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 Senior Notes by such Rating Agency.

"**Rating Confirmation Plan**" means a plan provided by the Issuer (on the advice of the Collateral Adviser) to the Rating Agencies setting forth the timing and manner of acquisition of additional Collateral Debt Obligations and/or any other intended action which will cause confirmation of the Initial Ratings, as further described and as defined in the Collateral Advisory Agreement.

"**Rating Requirement**" means, and will be satisfied on any date:

(a) in the case of the Account Bank and the Custodian, so long as the short-term senior unsecured debt is on such date rated "A-1+" by S&P and "P-1" by Moody's and so long as the long-term senior unsecured debt is on such date rated by Moody's at least "A2"; or

(b) in respect of a Class A-1 Noteholder, so long as (i) the long-term debt, deposit or similar obligations of such Class A-1 Noteholder (or Committed Facility Provider or prospective transferee) are rated at least "A1" by Moody's or, if no such ratings are available, the short-term debt, deposit or similar obligations of such Class A-1 Noteholder (or Committed Facility Provider or prospective transferee) are rated "P-1" by Moody's and (ii) the short-term debt, deposit or similar obligations of such Class A-1 Noteholders are rated either (A) in the case of a Class A-1 Noteholder which is a financial institution, at least "A-1" by S&P or (B) in the case of a Class A-1 Noteholder falling outside the provisions of (A), at least "A-1+" by S&P or if such short-term debt, deposit or similar obligations of such Class A-1 Noteholder (or Committed Facility Provider or prospective transferee) are not rated by S&P, the long-term debt, deposit or similar obligations of such Class A-1 Noteholder (or Committed Facility Provider or prospective transferee) are rated at least "AA-" by S&P; or

(c) in respect of a Class A-2 Noteholder, so long as (i) the long-term debt, deposit or similar obligations of such Class A-2 Noteholder (or Committed Facility Provider or prospective transferee) are rated at least "A1" by Moody's or, if no such ratings are available, the short-term debt, deposit or similar obligations of such Class A-2 Noteholder (or Committed Facility Provider or prospective transferee) are rated "P-1" by Moody's and (ii) the short-term debt, deposit or similar obligations of such Class A-2 Noteholders are rated either (A) in the case of a Class A-2 Noteholder which is a financial institution, at least "A-2" by S&P or (B) in the case of a Class A-2 Noteholder falling outside the provisions of (A), at least "A-2+" by S&P or if such short-term debt, deposit or similar obligations of such Class A-2 Noteholder (or Committed Facility Provider or prospective transferee) are not rated by S&P, the long-term debt, deposit or similar obligations of such Class A-2 Noteholder (or Committed Facility Provider or prospective transferee) are rated at least "AA-" by S&P; or

(d) in the case of the Liquidity Facility Provider, so long as (i) either (A) the long-term debt, deposit or similar obligations of such Liquidity Facility Provider are rated "Baa2" by Moody's or (B) if such long-term debt, deposit or similar obligations of the Liquidity Facility Provider are not rated by Moody's, the short-term debt, deposit or similar obligations of the Liquidity Facility Provider are on such date rated at least "P-2" by Moody's and (ii) the short-term debt, deposit or similar obligations of the Liquidity Facility Provider are on such date rated at least "A-1+" by S&P, provided that such S&P Rating Requirement may be lowered from time to time upon receipt of Rating Agency Confirmation from S&P;

(e) in the case of any Asset Swap Counterparty, so long as (A) the short-term debt, deposit or similar obligations of such Asset Swap Counterparty or such entity's guarantor are on such date rated "P-1" by Moody's and the long-term debt, deposit or similar obligations of such Asset Swap Counterparty or such entity's guarantor are on such date rated "A1" by Moody's and (B) if such party or such entity's guarantor has a short-term senior unsecured rating by S&P, such rating is "A-1+";

(f) in the case of any Currency Hedge Counterparty, so long as (A) the short-term debt, deposit or similar obligations of such Currency Hedge Counterparty or such entity's guarantor are on such date rated "P-1" by Moody's and the long-term debt, deposit or similar obligations of such Currency Hedge Counterparty or such entity's guarantor are on such date rated "A1" by Moody's (B) if such party or such entity's guarantor has a short-term senior unsecured rating by S&P, such rating is at least "A-1+";

(g) in the case of any Interest Rate Hedge Counterparty, so long as (A) the short-term debt, deposit or similar obligations of such Interest Rate Hedge Counterparty or such entity's guarantor are on such date rated "P-1" by Moody's and the long-term debt, deposit or similar obligations of such Interest Rate Hedge Counterparty or such entity's guarantor are on such date rated "A1" by Moody's (B) if such party or such entity's guarantor has a short-term senior unsecured rating by S&P, such rating is at least "A-1";

(h) in the case of any Synthetic Counterparty or Selling Institution, so long as the long-term debt, deposit or similar obligations of such Synthetic Counterparty or Selling Institution

are on such date rated at least "A2" by Moody's and the long-term debt, deposit or similar obligations of such Synthetic Counterparty or Selling Institution are on such date rated at least "A" by S&P; and

(i) in each case, if any of the requirements are not satisfied, by any of the parties referred to herein, Rating Agency Confirmation is received in respect of such party.

"**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 following Business Day.

"**Redemption Determination Date**" has the meaning given thereto in Condition 7(b)(ii) (*Terms and Conditions of Redemption at the Option of the Subordinated 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 ((DD)) of Condition 3(c)(i) (*Application of Interest Proceeds*), paragraph (V) of Condition 3(c)(ii) (*Application of Principal Proceeds*) and Condition 3(c)(iii) (*Collateral Enhancement Obligation 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 Senior Note (other than the Class A-1 Notes and the Class A-2 Notes), 100 per cent. of the Principal Amount Outstanding thereof (if any), together with interest (if any) accrued but unpaid (including any accrued and unpaid Deferred Interest on any Class C Notes, Class D Notes or Class E Notes) in respect thereof; and

(c) any Class A Note, 100 per cent. of the Principal Amount Outstanding thereof (if any), together with any accrued and unpaid interest on the Class A-2 Notes, each Class A-1 Noteholder's proportionate share of any Class A-1 Make Whole Amount (if applicable), any accrued but unpaid Class A-1 Euro Interest Amount, any accrued but unpaid Class A-1 Sterling Interest Amount and, in the case of a redemption in full, any accrued and unpaid Class A-1 Commitment Fee to the date of redemption and any accrued and unpaid Class A-2 Commitment Fee to the date of redemption due and payable by the Issuer,

provided that, in the event that 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 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 termination payments payable under any Asset Swap Transaction upon termination thereof in such circumstances).

"**Reference Banks**" has the meaning given thereto in Condition 6(e)(i) (*Floating Rate of Interest*).

"**Reference Entity**" means with respect to a Synthetic Security, the Obligor to whose credit such Synthetic Security is linked and the Obligor under any Reference Obligation specified in such Synthetic Security.

"**Reference Obligation**" means a debt obligation to which a Synthetic Security is linked that satisfies the Eligibility Criteria save for paragraphs (b) (with respect to the currency requirements only), (g) and (j) thereof, and which is not a PIK Security.

"**Reference Obligor**" means the Obligor of a Reference Obligation.

"**Register**" means the register of holders of the legal title to the Notes kept by the Registrar pursuant to the terms of the Collateral Administration and Agency Agreement.

"**Regulation S**" means Regulation S under the Securities Act.

"**Regulation S Notes**" means the Notes offered for sale to non-U.S. Persons outside of the United States in reliance on Regulation S.

"**Reinvestment Criteria**" has the meaning given to it in the Collateral Advisory Agreement.

"**Reinvestment Diversion Threshold**" means the threshold which is met on any date of determination if the Class E Par Value Ratio is greater than or equal to 104 per cent.

"**Reinvestment Period**" means the period from and including the Closing Date up to and including earliest of (i) the end of the Due Period preceding the Payment Date falling in March 2013 or, if such day is not a Business Day, the immediately following Business Day, (ii) the date of the acceleration of the Notes pursuant to Condition 10(b) (*Acceleration*) and (iii) the date on which the Collateral Adviser reasonably believes and notifies the Issuer, the Rating Agencies and the Trustee that it can no longer reinvest in additional Collateral Debt Obligations in accordance with the Reinvestment Criteria.

"**Replacement Asset Swap Transaction**" means any Asset Swap Transaction entered into by the Issuer, or the Collateral Adviser on its behalf, in accordance with the provisions of the Collateral Advisory Agreement upon termination of an existing Asset Swap Transaction on substantially the same terms as such terminated Asset Swap Transaction, that preserves for the Issuer the economic effect of the terminated Asset Swap Transaction, subject to such

amendments thereto as may be agreed by the Collateral Adviser, acting on behalf of the Issuer and in respect of which Rating Agency Confirmation is obtained unless such Replacement Asset Swap Transaction is a Form Approved Asset Swap.

"**Replacement Interest Rate Hedge Transaction**" means any Interest Rate Hedge Transaction entered into by the Issuer, in accordance with the provisions of the Collateral Advisory Agreement upon termination of an existing Interest Rate Hedge Transaction on substantially the same terms as such terminated Interest Rate Hedge Transaction, that preserves for the Issuer the economic effect of the terminated Interest Rate Hedge Transaction, subject to such amendments thereto as may be agreed by the Issuer and in respect of which Rating Agency Confirmation is obtained unless such Replacement Interest Rate Hedge Transaction is a Form Approved Interest Rate Hedge Transaction.

"**Report**" means each Monthly Report, Payment Date Report and/or Subordinated Noteholder Report.

"**Resolution**" means any Ordinary Resolution, Written Resolution or Extraordinary Resolution, as the context may require.

"**Revolver Hedged Collateral Debt Obligation**" means a Sterling Collateral Debt Obligation, the acquisition of which was funded by (a) a Class A-1 Sterling Advance or sale proceeds or principal proceeds received in respect of a Collateral Debt Obligation, the acquisition of which was funded by a Class A-1 Sterling Advance, (b) Euro denominated Interest Proceeds converted to Sterling at the Current Spot Rate in accordance with the provisions of paragraph (AA) of the Interest Proceeds Priority of Payments or (c) a Class A-1 Euro Advance converted to Sterling at the Current Spot Rate; provided that the Aggregate Principal Balance of all Sterling denominated Revolver Hedged Collateral Debt Obligations does not exceed the aggregate of all Class A-1 Sterling Advances outstanding.

"**Revolving Obligation**" means any Collateral Debt Obligation (other than a Delayed Drawdown Collateral Obligation) that is a loan (including, without limitation, revolving loans, funded and unfunded portions of revolving credit lines and letter of credit facilities, unfunded commitments under specific facilities and other similar loans and investments) that pursuant to the terms of its Underlying Instruments may require one or more future advances to be made to the Obligor by the Issuer; but any such Collateral Debt Obligation will be a Revolving Obligation only until all commitments to make advances to the Obligor expire or are terminated or reduced to zero, provided that the Collateral Adviser may not advise the Issuer to acquire a Revolving Obligation which is a Non-Euro Obligation (other than Revolver Hedged Collateral Debt Obligations) without Rating Agency Confirmation.

"**Revolving Reserve Account**" means each of the interest bearing accounts of the Issuer with the Account Bank into which amounts equal to the Unfunded Amounts in respect of Revolving Obligations and Delayed Drawdown Collateral Obligations (less the amount of any Sterling denominated Class A-1 Allocated Commitment in the case of any Revolving Obligations and Delayed Drawdown Collateral Obligations whose Base Currency is Sterling and the amount of Euro denominated Class A-1 Allocated Commitment in the case of any Revolving Obligations or Delayed Drawdown Collateral Obligations whose Base Currency is Euro) and certain

principal payments received in respect of Revolving Obligations and Delayed Drawdown Collateral Obligations are paid.

"**Revolving Reserve Commitment Requirement**" has the meaning given thereto in Condition 3(j)(x).

"**Rule 144A**" means Rule 144A of the Securities Act.

"**Rule 144A Notes**" means Notes offered for sale within the United States or to U.S. Persons to QIB/QPs in reliance on Rule 144A.

"**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 Debt Obligation which is a Defaulted Obligation the lower of:

(a) the relevant S&P Recovery Rate multiplied by its outstanding principal amount (in the case of any Non-Euro Obligation, converted into Euro at the relevant Asset Swap Transaction Exchange Rate or in the case of a Revolver Hedged Collateral Debt Obligation or Unhedged Collateral Debt Obligation converted into Euro at the Current Spot Rate); or

(b) for each Defaulted Obligation, during the period after the first 90 days following the Collateral Debt Obligation becoming a Defaulted Obligation, the lower of:

(i) its prevailing Market Value (converted into Euro at the applicable Asset Swap Transaction Exchange Rate or in the case of a Revolver Hedged Collateral Debt Obligation, converted into Euro at the Current Spot Rate); or

(ii) the relevant S&P Recovery Rate multiplied by its outstanding principal amount (in the case of any Non-Euro Obligation, converted into Euro at the relevant Asset Swap Transaction Exchange Rate or in the case of a Revolver Hedged Collateral Debt Obligation or Unhedged Collateral Debt Obligation converted into Euro at the Current 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 shall be an amount determined in accordance with paragraph (b) above.

"**S&P Recovery Rate**" means in respect of any Collateral Debt Obligation, the recovery rate determined in accordance with the Collateral Advisory Agreement or as so advised by S&P.

"**Sale Proceeds**" means:

(a) all proceeds received upon the sale or termination (in the case of Synthetic Securities) of any Collateral Debt Obligation excluding any sale proceeds representing accrued interest designated as Interest Proceeds by the Issuer (on the advice of the Collateral Adviser) provided that no such designation may be made in respect of (i) Purchased Accrued Interest or (ii) any interest received in respect of any Mezzanine Loan for so

long as it is a Defaulted Deferring Mezzanine Loan other than Defaulted Mezzanine Excess Amounts or (iii) proceeds that represent deferred interest accrued in respect of any PIK Security or (iv) proceeds representing accrued interest received in respect of any Defaulted Obligation unless and until (x) the principal of such Defaulted Obligation has been repaid in full and (y) any Purchased Accrued Interest in relation to such Defaulted Obligation has been paid, together with all proceeds and any fees received upon the sale of any Collateral Enhancement Obligation or Exchanged Equity Security;

(b) in the case of any Non-Euro Obligation, all amounts in Euros (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 (after netting off any Asset Swap Issuer Termination Payment payable by the Issuer in such circumstances); and

(c) in the case of any Synthetic Security, Synthetic Collateral (or any amount received upon liquidation or termination 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 Obligations delivered in respect thereof; and

(d) in the case of any Collateral Enhancement Obligation, all proceeds and any fees received upon the sale of such Collateral Enhancement Obligation,,

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 the relevant Asset Swap Transaction.

"**Scheduled Periodic Asset Swap Counterparty Payment**" means, with respect to any Asset Swap Transaction, the periodic amounts in the nature of coupon (and not principal) scheduled to be paid to the Issuer by the applicable Asset Swap Counterparty pursuant to the terms of such Asset Swap Transaction, excluding any Asset Swap Counterparty Termination Payments and any Asset Swap Counterparty Principal Exchange Amounts.

"**Scheduled Periodic Asset Swap Issuer Payment**" means, with respect to any Asset Swap Transaction, the periodic amounts in the nature of coupon (and not 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 Interest Rate Hedge Issuer Payment**" means with respect to any Interest Rate Hedge Agreement, all amounts scheduled to be paid by the Issuer to the applicable Interest Rate Hedge Counterparty pursuant to the terms of such Interest Rate Hedge Agreement, excluding any Interest Rate Hedge 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 Euro and in the nature of principal exchanges payable to the Issuer by the applicable Asset Swap Counterparty under the related Asset Swap Transaction; and

(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.

"**Second Lien Loan**" means (a) an obligation or obligations which constitute either an unsecured and senior obligation or a second ranking obligation which is not a Mezzanine Loan, as determined by the Collateral Adviser in its reasonable business judgment and/or (b) a Synthetic Security, the Reference Obligation relating to which is an obligation of the type described in (a) above.

"**Secured Party**" means each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Subordinated Noteholders, the Arranger, the Collateral Adviser, the Collateral Administrator, the Trustee, the Liquidity Facility Provider, each Agent, the Class A Note Agent, each Hedge Counterparty and the Directors, and "**Secured Parties**" means any two or more of them as the context so requires.

"**Securities Act**" means the United States Securities Act of 1933, as amended.

"**Securitisation Act 2004**" means the Luxembourg act dated 22 March 2004 relating to securitisation.

"**Selling Institution**" means an institution which satisfies the applicable Rating Requirement from whom a Participation is granted.

"**Senior Collateral Advisory Fee**" means the fee payable to the Collateral Adviser in arrear on each Payment Date in respect of the immediately preceding Due Period pursuant to the Collateral Advisory Agreement (which may be waived at the Collateral Adviser's discretion) in an amount, as determined by the Collateral Administrator, equal to 0.15 per cent. per annum (calculated semi-annually on the basis of a 360 day year and the actual number of days elapsed in such Due Period) of the weighted average of the Aggregate Collateral Balance on each day in the Relevant Due Period immediately preceding such Payment Date and if deferred in accordance with the Priorities of Payments, interest shall accrue at the rate of EURIBOR plus 2 per cent. and shall be payable pro rata to the Collateral Adviser and any former collateral advisers by reference to the period of time that such entity was the "Collateral Adviser".

"**Senior Expenses Cap**" means, in respect of each calendar year, €350,000.

"**Senior Notes**" means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

"**Senior Secured Loan**" means a Collateral Debt Obligation (which may be a Revolving Obligation or a Delayed Drawdown Collateral Obligation) that is a senior secured obligation as determined by the Collateral Adviser in its reasonable business judgment or a Participation therein, provided that:

(a) it is secured (i) by fixed assets of the Obligor or guarantor thereof if and to the extent a 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 of stock referred to in (a) above; or

(c) if it is a Synthetic Security, the Reference Obligation applicable to which is an obligation of the type described in (a) and (b) above.

"**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*).

"**Stated Maturity**" means, with respect to any Collateral Debt Obligation or Eligible Investment 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 or, in the case of any Synthetic Security, the scheduled date of termination of such instrument or agreement.

"**Sterling**" and "**£**" means the lawful currency of the United Kingdom.

"**Sterling Calculation Period**" has the meaning given in Condition 6(f) (*Interest on the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes*).

"**Sterling Collateral Debt Obligation**" means a Collateral Debt Obligation denominated in Sterling.

"**Sterling Liability Excess**" means, as at any date of determination, the sum of the aggregate Class A-1 Sterling Advances and the Sterling denominated Class A-1 Commitment minus the aggregate outstanding principal amount of Sterling Collateral Debt Obligations in the Portfolio which are not Asset Swap Obligations and all amounts standing to the credit of the Principal Account and the Revolving Reserve Account which are denominated in Sterling.

"**Sterling Principal Proceeds**" means all Principal Proceeds denominated in Sterling.

"**Structured Finance Security**" means any debt security which is secured directly 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 or similar assets or a debt security issued in connection with a whole business securitization, including without

limitation collateralized bond obligations, collateralized loan obligations or any similar security but not including any Synthetic Security.

"**Subordinated Collateral Advisory Fee**" means the fee payable to the Collateral Adviser in arrear on each Payment Date in respect of the immediately preceding Due Period pursuant to the Collateral Advisory Agreement (which may be waived at the Collateral Adviser's discretion) in an amount, as determined by the Collateral Administrator, equal to 0.50 per cent. per annum (calculated semi-annually on the basis of a 360 day year and the actual number of days elapsed in such Due Period) of the weighted average of the Aggregate Collateral Balance on each day in the relevant Due Period immediately preceding such Payment Date and if deferred in accordance with the Priorities of Payments, interest shall accrue at the rate of EURIBOR plus 2 per cent. and shall be payable pro rata to the Collateral Adviser and any former collateral advisers by reference to the period of time that such entity was the "Collateral Adviser".

"**Subordinated Noteholders**"means the holders of any Subordinated Notes from time to time.

"**Subordinated Noteholder Report**" means the report defined as such in the Collateral Administration and Agency Agreement which is prepared by the Collateral Administrator (in consultation with the Collateral Adviser) on behalf of the Issuer, is deliverable to the Issuer, the Trustee and the Collateral Adviser, the Initial Purchaser (regardless of whether it is a Subordinated Noteholder at such time) and, upon request therefor in accordance with Condition 4(f) (*Information Regarding the Collateral*), to any Subordinated Noteholder and which shall include information regarding the status of certain of the Collateral pursuant to the Collateral Administration and Agency Agreement.

"**Subordinated Residual Amount**" has the meaning given to it in Condition 6(c)(i) (*Deferred Interest*).

"**Subsequent Currency Hedge Drawdown**" means the amount the Issuer has drawn in accordance with the Liquidity Facility Agreement to refinance any Initial Currency Hedge Drawdown.

"**Subsequent Interest Payment Drawdown**" means the amount the Issuer has drawn in accordance with the Liquidity Facility Agreement to refinance any Initial Interest Payment Drawdown.

"**Subscription Agreement**" means the Subscription Agreement between the Issuer and the Initial Purchaser dated on or about 21 December 2006.

"**Substitute Collateral Debt Obligation**" means a Collateral Debt Obligation purchased in substitution for a previously held Collateral Debt Obligation pursuant to the terms of the Collateral Advisory Agreement and which satisfies both the Eligibility Criteria and the Reinvestment Criteria.

"**Supplemental Reserve Amount**" means, with respect to any Payment Date during the Reinvestment Period, the amount of Interest Proceeds (if any) specified in the sole discretion of the Issuer (acting on the advice of the Collateral Adviser) to be transferred to the Principal Account on such Payment Date in accordance with the Priorities of Payments for reinvestment

in Collateral Debt Obligations, which amounts shall not exceed an aggregate amount for all applicable Payment Dates of €500,000.

"**Synthetic Collateral**" means any collateral (which shall be in the form of cash or securities which satisfies the requirements of the definition of Eligible Investments, is deposited in the Synthetic Collateral Account and is capable of being liquidated without penalty at par immediately upon notice by or on behalf of the Issuer) which is required as security from the Issuer in respect of its obligations to any Synthetic Counterparty under any Synthetic Security pursuant to the terms thereof. In the case of a Synthetic Security which is entered into on an unfunded basis, references to the price payable upon the acquisition of or entry into a Synthetic Security acquired or entered into by the Issuer on an unfunded basis shall be deemed to be the aggregate principal amount of Synthetic Collateral required to be posted by the Issuer to the applicable Synthetic Counterparty.

"**Synthetic Collateral Account**" means the account of the Issuer with the Custodian into which all Synthetic Collateral (not in the form of cash) is to be deposited or, as the case may be, the account of the Issuer with the Account Bank into which all Synthetic Collateral in the form of cash is to be deposited.

"**Synthetic Counterparty**" means any financial institution counterparty required to make payments to the Issuer under a Synthetic Security pursuant to the terms of such Synthetic Security or any guarantor of any such entity with a rating of at least the applicable Rating Requirement, provided always that such financial institution has, in the case of a Synthetic Security consisting of a swap transaction, the regulatory capacity as a matter of Luxembourg law to enter into derivatives transactions with Luxembourg residents.

"**Synthetic Counterparty Default**" means in the case of any Synthetic Security which is not a Collateralised Credit Default Swap:

(a) failure by the Synthetic Counterparty to comply with the requirements upon a downgrade below the Rating Requirement applicable thereto; or

(b) the occurrence and continuation of a default by the Synthetic Counterparty in the performance of any of its payment obligations (beyond any applicable grace period) under such Synthetic Security.

"**Synthetic Security**" means any Euro (which, for the avoidance of doubt, includes securities denominated in a legacy currency of those EU Member States which have adopted the Euro as their currency) denominated swap transaction (including a credit default swap transaction or total return swap), debt security, security issued by a trust or similar vehicle or other investment purchased from or entered into by the Issuer with a Synthetic Counterparty that satisfies (to the extent required to do so), save to the extent Rating Agency Confirmation is received in respect of any non-satisfaction thereby, the Eligibility Criteria (save for that relating to the jurisdiction of the Obligor), which investment contains a probability of default, recovery upon default (or a specified percentage thereof, which may not exceed 100 per cent.) and expected loss characteristics similar to those of the related Reference Obligation or Reference Obligor thereunder, but which may provide for a different maturity, payment dates, interest rate, credit

exposure or other 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) such Synthetic Security, if a swap transaction or other investment under which the Issuer has obligations, contains limited recourse and non petition provisions in substantially the same form as those set out in Condition 4(c) (*Limited Recourse*) (with such recourse limited to the relevant Synthetic Collateral);

(c) 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);

(d) such Synthetic Security will not constitute a commodity option, leverage transaction or futures contract that is subject to the jurisdiction of the U.S. Commodities Futures Trading Commission;

(e) such Synthetic Security will specify that "not subordinated" is a Deliverable Obligation characteristic; and

(f) Rating Agency Confirmation is received for the entry into or purchase of such Synthetic Security, save in the case of a Form Approved Synthetic Security in respect of which such confirmation shall be deemed to have been given.

For the avoidance of doubt, an Asset Swap Obligation shall not constitute a Synthetic Security.

"**Target Par Amount**" means approximately €290,000,000.

"**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).

"**Trading Gain**" means, with respect to any Collateral Debt Obligation sold by the Issuer (acting on the advice of the Collateral Adviser), the excess, if any, of (a) the net proceeds received by the Issuer from such sale (after deduction of all costs and expenses of such sale), minus (b) the purchase price of such Collateral Debt Obligation.

"**Transaction Documents**" means the Trust Deed, the Collateral Administration and Agency Agreement, the Subscription Agreement, the Collateral Advisory Agreement (including for the avoidance of doubt, the Hedging Procedures incorporated by reference therein), the Liquidity Facility Agreement, any Hedge Agreement, the Class A-1 Note Purchase Agreement, the Class

A-2 Note Purchase Agreement, the Collateral Acquisition Agreements, the Participation Agreements and any document supplemental thereto or issued in connection therewith.

"**Trustee Fees and Expenses**" means the fees and expenses and other amounts (including indemnities) payable to the Trustee and any receiver pursuant to the Trust Deed from time to time plus any applicable value added tax thereon payable under the Trust Deed.

"**Uncollateralised CLN**" means a Synthetic Security that is a credit linked note issued by a corporate entity that (i) is not a special purpose vehicle or a trust and (ii) is not secured by any collateral.

"**Underlying Instrument**" means the agreements or instruments pursuant to which a Collateral Debt Obligation has been issued or created and each other agreement that governs the terms of, or secures the obligations represented by, such Collateral Debt Obligation or under which the holders or creditors under such Collateral Debt Obligation are the beneficiaries.

"**Unfunded Amount**" means, with respect to any Revolving Obligation or Delayed Drawdown Collateral Obligation, the excess, if any, of (i) the Commitment Amount under such Revolving Obligation or Delayed Drawdown Collateral Obligation, as the case may be, at such time over (ii) the Funded Amount thereof at such time.

"**Unhedged Collateral Debt Obligation**" means a Non-Euro Obligation which is not a Revolver Hedged Collateral Debt Obligation or an Asset Swap Obligation.

"**Unscheduled Principal Proceeds**" means:

(a) with respect to any Collateral Debt Obligation (other than an Asset Swap Obligation), principal proceeds received prior to the Stated Maturity thereof 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 amounts transferred from the Synthetic Collateral Account to the Principal Account;

(b) in the case of any Asset Swap Obligation, the Asset Swap Counterparty Principal Exchange Amount payable in exchange for the amounts referred to in (a) above pursuant to the related Asset Swap Transaction, together with any related Asset Swap Counterparty Termination Payments but less any related Asset Swap Issuer Termination Payment (to the extent any are payable) (i) and only to the extent not required for application towards the cost of entry into a Replacement Asset Swap Transaction and (ii) any related Asset Swap Replacement Receipts but only to the extent not required for application towards any related Asset Swap Issuer Termination Payments; and

(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 early termination (but not expiration) of such Synthetic Security other than at the option of the Issuer.

"**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 (*Additional Issuances*).

"**Unused Proceeds Account**" means an interest bearing account (which shall comprise two Accounts denominated in each of Euro and Sterling) in the name of the Issuer with the Account Bank into which the Issuer will procure the deposit of Unused Proceeds in accordance with Condition 3(j)(iii) (*Unused Proceeds Account*).

"**Warehouse Accrued Interest**" means any amount received by the Issuer on a Collateral Debt Obligation purchased by the Issuer prior to the Closing Date if and to the extent such amount represents interest on such Collateral Debt Obligation accrued during a period between the date of purchase of such Collateral Debt Obligation and the Closing Date.

"**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 defined in, the Trust Deed.

"**Zero-Coupon Security**" means a security that, at the time of determination, does not make periodic payments of interest (other than a PIK Security).

2. **Form and Denomination, Title, Transfer and Exchange**

(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.

Ownership in respect of the Notes is established exclusively by the relevant registration (inscription) in the Luxembourg Register. The certificate does not constitute a proof of ownership.

(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 Collateral Administration and 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, as detailed in the Register, 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.

The Luxembourg Register will be kept at the registered office of the Issuer and in the case of discrepancy between the Luxembourg Register and the register kept by the Registrar, the registrations in the Luxembourg Register shall prevail for Luxembourg

law purposes. In any case, the Registrar will promptly inform the Issuer of any changes to the Register.

(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 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 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.

The Class A-1 Notes and (prior to the Class A-2 Consolidation Date) the Class A-2 Notes may not be transferred, in whole or in part, unless the transferee satisfies the Rating Requirement and agrees to be bound by the terms of the Class A-1 Note Purchase Agreement or, as the case may be, the Class A-2 Note Purchase Agreement and assumes all obligations to make Class A Advances.

Under Luxembourg law, transfers in respect of notes in registered form shall be carried out by means of a declaration of transfer entered into the Register, dated and signed by the transferor and the transferee or by their duly authorised representatives, and in accordance with the rules on the assignment of claims laid down in article 1690 of the Luxembourg civil code. The Issuer may accept and enter in the Register a transfer on the basis of correspondence or other documents recording the agreement between the transferor and the transferee.

(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 a correctly completed 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, 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) (*Delivery of New Certificates*), "**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.

(e) *Transfer Free of Charge*

Transfer of Notes and Definitive Certificates representing such Notes in accordance with these Conditions of the Notes 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 and subject to not less than 60 days' notice of any such change having been given to the Noteholders in accordance with Condition 16 (*Notices*)), 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 Rule 144A Notes*

If the Issuer determines at any time that a holder of Notes or an interest therein was, at the time of acquisition thereof, a U.S. Person or in the United States but not a QIB/QP (any such Person, a "**Non Permitted Holder**"), the Transfer Agent, at the direction of the Issuer (acting on the advice of the Collateral Adviser), may direct such holder to sell or transfer its Notes outside the United States to a non-U.S. Person or within the United States or to a U.S. Person that is a QIB/QP within 30 days following receipt of such notice. If such holder fails to sell or transfer its Notes within such period, such holder may be required by the Issuer to sell such Notes to a purchaser selected by the Issuer on such terms as the Issuer may choose (acting on the advice of the Collateral Adviser), subject to the transfer restrictions set out herein. The Issuer may select (acting on the advice of the Collateral Adviser) the purchaser by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Notes and selling such Notes to the highest such bidder. However, the Issuer may select (acting on the advice of the Collateral Adviser) 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 the 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 (acting on the advice of the Collateral Adviser), 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 Notes to submit a written certification substantiating that it is a QIB/QP or a non-U.S. Person outside the United States. 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 QIB/QP or a non-U.S. Person outside the United States. Furthermore, the Issuer and the Transfer Agent reserve the right to refuse to honour a transfer of beneficial interests in (a) a Rule 144A Note to any Person who is not a QIB/QP or (b) a Regulation S Note to any Person who is not a non-U.S. Person outside the United States.

(i) *Class A Notes*

The Class A-1 Noteholders and (up to and including the Class A-2 Final Funding Date) the Class A-2 Noteholders have agreed to pay to the Issuer the amounts from time to time specified in any Class A-1 Advance Request or, as the case may be, Class A-2 Advance Request up to an aggregate amount not exceeding the Class A-1 Commitment or, as the case may be, Class A-2 Commitment, on the terms and subject to the conditions set out in the Class A-1 Note Purchase Agreement and the Class A-2 Note Purchase Agreement, respectively. On the Class A-2 Final Funding Date, the Class A-2 Noteholders will be required to make a Class A-2 Advance equal to the Class A-2 Undrawn Amount.

If any Class A Noteholder or any Committed Facility Provider fails to satisfy the Rating Requirement prior to the Commitment Termination Date, it shall at its sole expense (i) (in the case of the Class A Noteholder or Committed Facility Provider) transfer all of its rights and obligations in respect of the Class A Notes held by it to an entity that meets such Rating Requirement, (ii) (in the case of the Class A Noteholder or Committed Facility Provider) within 30 calendar days thereafter deposit or cause to be deposited Eligible Collateral in an amount equal to the related Class A Noteholder's undrawn Class A-1 Commitment or, as the case may be, Class A-2 Commitment in the Class A Collateralising Noteholder Account, (iii) (in the case of the Class A Noteholder or Committed Facility Provider) subject to receipt of Rating Agency Confirmation, have its obligations guaranteed by an entity which satisfies the Rating Requirement or (iv) (solely in the case of the Class A Noteholder) subject to receipt of Rating Agency Confirmation, enter into a Class A Committed Facility with a Committed Facility Provider which satisfies the Rating Requirement.

3. **Status**

(a) ***Status***

The Notes of each Class constitute direct, general, secured, unconditional 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*). Within each Class, the Notes shall at all times rank *pari passu* and without any preference amongst themselves, save that Class A-1 Advances may be repaid on any Business Day, not only a Payment Date, as more fully described in Condition 7(n) (*Repayment of Class A-1 Advances and Reduction of the Class A-1 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. Subject as provided in the Priorities of Payments, payments of interest on the Class A Notes (including interest on the Class A-2 Notes, Class A-1 Euro Interest Amounts, Class A-1 Sterling Interest Amounts, Class A-1 Commitment Fee, Class A-1 Make Whole Amounts and Class A-2 Commitment Fee) (if any) will rank senior to payments of interest on each Payment Date in respect of each other Class; payment of interest on the Class B Notes will be subordinated in right of payment to payments of interest in respect of the Class A Notes (including interest on the Class A-2 Notes, Class A-1 Euro Interest Amounts, Class A-1 Sterling Interest Amounts, Class A-1 Commitment Fee, Class A-1 Make Whole Amounts and Class A-2 Commitment Fee) (if any), but senior in right of payment to payments of interest in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes; payment of interest on the Class C Notes will be subordinated in right of payment to payments of interest in respect of the Class A Notes (including interest on the Class A-2 Notes, Class A-1 Euro Interest Amounts, Class A-1 Sterling Interest Amounts, Class A-1 Commitment Fee, Class A-1 Make Whole Amounts and Class A-2 Commitment Fee) (if any) and the Class B Notes, but senior in right of payment to payments of interest on the Class D Notes, the Class E Notes and the Subordinated Notes; payment of interest on the Class D Notes will be subordinated in right of payment to payments of interest in respect of the Class A Notes (including interest on the Class A-2 Notes, Class A-1 Euro Interest Amounts, Class A-1 Sterling Interest Amounts, Class A-1 Commitment Fee, Class A-1 Make Whole Amounts and Class A-2 Commitment Fee) (if any), the Class B Notes and the Class C Notes, but senior in right of payment to payments of interest on the Class E Notes and the Subordinated Notes; payment of interest on the Class E Notes will be subordinated in right of payment to payments of interest in respect of the Class A Notes (including interest on the Class A-2 Notes, Class A-1 Euro Interest Amounts, Class A-1 Sterling Interest Amounts, Class A-1 Commitment Fee, Class A-1 Make Whole Amounts and Class A-2 Commitment Fee) (if any), the Class B Notes and the Class C Notes and the Class D Notes, but senior in right of payment to payments of interest on the Subordinated Notes. Payment of Interest Proceeds on the Subordinated Notes will be subordinated in right of payment to or in respect of the Senior Notes.

No amount of principal in respect of the Class B Notes shall become due and payable until redemption and payment in full of the Class A Notes (including, with respect to

the Class A-1 Notes, the repayment of the Class A-1 Advances and the cancellation and reduction to zero of the Class A-1 Commitment and, with respect to the Class A-2 Notes, the repayment of the Class A-2 Advances and the cancellation and reduction to zero of the Class A-2 Commitment). No amount of principal (for the avoidance of doubt, excluding Deferred Interest) in respect of the Class C Notes shall become due and payable until redemption and payment in full of the Class A Notes (including, with respect to the Class A-1 Notes, the repayment of the Class A-1 Advances and the cancellation and reduction to zero of the Class A-1 Commitment and, with respect to the Class A-2 Notes, the repayment of the Class A-2 Advances and the cancellation and reduction to zero of the Class A-2 Commitment) and the Class B Notes. No amount of principal (for the avoidance of doubt, excluding Deferred Interest) in respect of the Class D Notes shall become due and payable until redemption and payment in full of the Class A Notes (including, with respect to the Class A-1 Notes, the repayment of the Class A-1 Advances and the cancellation and reduction to zero of the Class A-1 Commitment and, with respect to the Class A-2 Notes, the repayment of the Class A-2 Advances and the cancellation and reduction to zero of the Class A-2 Commitment), the Class B Notes and the Class C Notes. No amount of principal (for the avoidance of doubt, excluding Deferred Interest) in respect of the Class E Notes shall become due and payable until redemption and payment in full of the Class A Notes (including, with respect to the Class A-1 Notes, the repayment of the Class A-1 Advances and the cancellation and reduction to zero of the Class A-1 Commitment and, with respect to the Class A-2 Notes, the repayment of the Class A-2 Advances and the cancellation and reduction to zero of the Class A-2 Commitment), the Class B Notes, the Class C Notes and the Class D Notes. The Subordinated Notes will be entitled to receive, out of Principal Proceeds, the amounts described under the Principal Proceeds Priority of Payments. Payments on the Subordinated Notes are subordinated to payments on the Senior Notes and other amounts described in the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments, and no payments out of Principal Proceeds will be made on the Subordinated Notes until the Senior Notes and other payments ranking prior to the Subordinated Notes in accordance with the Priorities of Payments are paid in full.

(c) ***Priorities of Payments***

The Collateral Administrator shall (on the basis of the Payment Date Report prepared by the Collateral Administrator and approved by the Collateral Adviser pursuant to the terms of the Collateral Advisory Agreement as determined on each Determination Date), on behalf of the Issuer, on each Payment Date cause the Account Bank to disburse Interest Proceeds and Principal Proceeds transferred to the Payment Account by the second Business Day prior thereto or, in the case of (iii) below, the Collateral Enhancement Account in accordance with the following Priorities of Payments:

(i) ***Application of Interest Proceeds***

Subject as further provided below, Interest Proceeds shall be applied in the following order of priority:

(A) to the payment of taxes owing by the Issuer accrued in respect of the related Due Period (other than Luxembourg corporate income tax in relation to the amounts equal to the minimum profit referred to below), as certified by two Authorised Officers of the Issuer to the Trustee, if any (save for any value added tax payable in respect of any Collateral Advisory Fee); and to the payment of amounts equal to the minimum profit to be retained by the Issuer for Luxembourg tax purposes;

(B) to the payment of accrued and unpaid Trustee Fees and Expenses up to an amount equal to the Senior Expenses Cap in respect of the related Due Period less any amounts paid under Condition 3(j)(ii)(B) (*Interest Account*) in relation to Trustee Fees and Expenses and Administration Expenses during such Due Period from the Interest Account; provided that the Senior Expenses Cap shall not apply to this paragraph at any time after the Trustee or any receiver has taken any action pursuant to Condition 11(b) (*Enforcement*);

(C) to the payment of any amounts of interest and commitment fees due and payable to the Liquidity Facility Provider pursuant to paragraphs (a) and (b) of clause 10.1 (*Interest Rate*) of the Liquidity Facility Agreement (excluding any interest on account of "Additional Percentage" pursuant to such clause) and clause 19.1 (*Commitment Fee*) of the Liquidity Facility Agreement (together, "**Liquidity Facility Interest Amounts**") together with all Drawings relating to Interest Payment Drawdowns;

(D) to the payment of (i) *firstly* Administrative Expenses in relation to each item thereof, on a *pari passu* basis, up to an amount equal to the Senior Expenses Cap in respect of the related Due Period less any amounts paid pursuant to paragraph (B) above and any amounts paid under Condition 3(j)(ii)(B) (*Interest Account*) in relation to Trustee Fees and Expenses and Administrative Expenses during such Due Period from the Interest Account and (ii) *secondly* due and unpaid Arranger Fees and Expenses;

(E) to the payment to the Collateral Adviser of the Senior Collateral Advisory Fee due and payable on such Payment Date and any unpaid Senior Collateral Advisory Fee not paid on any prior Payment Date except that the Collateral Adviser may, at its sole discretion, advise the Issuer to designate for reinvestment some or all of the amounts that would have been payable to the Collateral Adviser under this paragraph (E) on any Payment Date in which case such amounts shall be (i) used to purchase Substitute Collateral Debt Obligations or (ii) deposited into the Principal Account pending reinvestment in Substitute Collateral Debt Obligations subject to the Collateral Adviser having notified the Collateral Administrator in writing not later than one Business Day

prior to the relevant Determination Date of any amounts to be so applied;

(F) to the payment on a *pro rata* basis of any Scheduled Periodic Interest Rate Hedge Issuer Payments due and payable to any Interest Rate Hedge Counterparty;

(G) to the payment on a *pro rata* basis of any Asset Swap Issuer Termination Payments due to any Asset Swap Counterparty (to the extent not paid out of Sale Proceeds or funds available for such purpose within the Principal Account), any Interest Rate Hedge Issuer Termination Payments and any Currency Hedge Issuer Termination Payments, in each case other than Defaulted Hedge Termination Payments;

(H) to the payment in accordance with the Pari Passu Provisions of:

(i) the interest due and payable on the Class A-1 Notes in respect of the Class A-1 Interest Period ending on such Payment Date *pro rata* to the Class A-1 Noteholders;

(ii) the interest due and payable on the Class A-2 Notes in respect of the Class A-2 Interest Period ending on such Payment Date *pro rata* to the Class A-2 Noteholders;

(iii) the Class A-1 Commitment Fee (together with any unpaid interest due and payable thereon) in respect of the Class A-1 Interest Period ending on such Payment Date;

(iv) the Class A-2 Commitment Fee (together with any unpaid interest due and payable thereon) in respect of the Class A-2 Interest Period ending on such Payment Date; and

(v) any Class A-1 Make Whole Amount due and payable in respect of the Class A-1 Interest Period ending on such Payment Date;

(I) to the payment on a *pro rata* and *pari passu* basis of all Interest Amounts due and payable on the Class B Notes in respect of the Accrual Period ending on such Payment Date and all other Interest Amounts due and payable on the Class B Notes;

(J) in the event that either of the Class A/B Coverage Tests is not satisfied on the related Determination Date (other than the first Determination Date in the case of the Class A/B Interest Coverage Test) in accordance with the Pari Passu Provisions to (i) repay the Class A-1 Notes (the amount of Class A-1 Sterling Advances to be repaid to be calculated at the Current Spot Rate), (ii) redeem the Class A-2 Notes and (iii) reduce the Class A-1 Allocated Commitment (by transfer of the relevant amount of Interest Proceeds to the Revolving Reserve Account) and,

following such redemption, repayment and reduction in full, to redeem the Class B Notes (on a *pro rata* basis), in whole or in part, to the extent necessary to cause the Class A/B Coverage Tests to be met if recalculated following such redemption;

(K) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class C Notes in respect of the Accrual Period ending on such Payment Date;

(L) in the event that either of the Class C Coverage Tests is not satisfied on the related Determination Date (other than the first Determination Date in the case of the Class C Interest Coverage Test) in accordance with the Pari Passu Provisions to (i) repay the Class A-1 Notes (the amount of Class A-1 Sterling Advances to be repaid to be calculated at the Current Spot Rate), (ii) redeem the Class A-2 Notes and (iii) reduce the Class A-1 Allocated Commitment (by transfer of the relevant amount of Interest Proceeds to the Revolving Reserve Account), and following such redemption, repayment and reduction in full, to redeem the Class B Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), in whole or in part, to the extent necessary to cause the Class C Coverage Tests to be met if recalculated following such redemption;

(M) to the payment on a *pro rata* basis of any Deferred Interest on the Class C Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);

(N) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class D Notes in respect of the Accrual Period ending on such Payment Date;

(O) in the event that either of the Class D Coverage Tests is not satisfied on the related Determination Date (other than the first Determination Date in the case of the Class D Interest Coverage Test) in accordance with the Pari Passu Provisions basis to (i) repay the Class A-1 Notes (the amount of Class A-1 Sterling Advances to be repaid to be calculated at the Current Spot Rate), (ii) redeem the Class A-2 Notes and (iii) reduce the Class A-1 Allocated Commitment (by transfer of the relevant amount of Interest Proceeds to the Revolving Reserve Account), and following such redemption, repayment and reduction in full, to redeem the Class B Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class C Notes, (on a *pro rata* basis) and, following such redemption, to redeem the Class D Notes (on a *pro rata* basis), in whole or in part, to the extent necessary to cause the Class D Coverage Tests to be met if recalculated following such redemption;

(P) to the payment on a *pro rata* basis of any Deferred Interest on the Class D Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);

(Q) to the payment on a *pro rata* and *pari passu* basis of the Interest Amounts due and payable on the Class E Notes in respect of the Accrual Period ending on such Payment Date;

(R) in the event that either of the Class E Coverage Tests is not satisfied on the related Determination Date (other than the first Determination Date in the case of the Class E Interest Coverage Test) in accordance with the Pari Passu Provisions to (i) repay the Class A-1 Notes (the amount of Class A-1 Sterling Advances to be repaid to be calculated at the Current Spot Rate), (ii) redeem the Class A-2 Notes and (iii) reduce the Class A-1 Allocated Commitment (by transfer of the relevant amount of Interest Proceeds to the Revolving Reserve Account), and following such redemption, repayment and reduction in full, to redeem the Class B Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class E Notes (on a *pro rata* basis),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) to the payment on a pro rata basis of any Deferred Interest on the Class E Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);

(T) on the Payment Date following the Effective Date and each Payment Date thereafter to the extent required, in the event of the occurrence of an Effective Date Rating Event which is continuing on the second Business Day prior to such Payment Date in accordance with the Pari Passu Provisions to (i) repay the Class A-1 Notes (the amount of Class A-1 Sterling Advances to be repaid to be calculated at the Current Spot Rate), (ii) redeem the Class A-2 Notes and (iii) reduce the Class A-1 Allocated Commitment (by transfer of the relevant amount of Interest Proceeds to the Revolving Reserve Account), and following such redemption, repayment and reduction in full, to redeem the Class B Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class E Notes (on a *pro rata* basis), in whole or in part, in each case until an Effective Date Rating Event is no longer continuing;

(U) during the Reinvestment Period, in the event that, on any Payment Date following the Effective Date and each Payment Date thereafter, after giving effect to the payment of all amounts payable in respect of paragraphs (A) to (T) (inclusive), immediately above, the Reinvestment Diversion Threshold Test has not been satisfied on the Determination Date relating to such Payment Date, to the payment to the Principal Account (a) for the acquisition of additional Collateral Debt Obligations and/or (b) in accordance with the Pari Passu Provisions to (i) repay the Class A-1 Notes (the amount of Class A-1 Sterling Advances to be repaid to be calculated at the Current Spot Rate), (ii) redeem the Class A-2 Notes and (iii) reduce the Class A-1 Allocated Commitment (by transfer of the relevant amount of Interest Proceeds to the Revolving Reserve Account), and following such redemption, repayment and reduction in full, to redeem the Class B Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class E Notes (on a *pro rata* basis), in whole or in part, in each case in an amount (such amount, the "**Required Diversion Amount**") equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment and (2) the amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) to (T) (inclusive) immediately above, would be sufficient to cause the Reinvestment Diversion Threshold to be satisfied if recalculated following such payment;

(V) to the payment of Trustee Fees and Expenses (if any) not paid by reason of the Senior Expenses Cap;

(W) to the payment on a *pro rata* basis of Administrative Expenses (if any) not paid by reason of the Senior Expenses Cap, in relation to each item thereof, on a *pari passu* basis;

(X) to the payment on a *pro rata* basis of any Defaulted Hedge Termination Payments due to any Hedge Counterparty;

(Y) to the payment to the Collateral Adviser of the Subordinated Collateral Advisory Fee due on such Payment Date and any unpaid Subordinated Collateral Advisory Fee not paid on any prior Payment Date except that the Collateral Adviser may, at its sole discretion, advise the Issuer to designate for reinvestment some or all of the amounts that would have been payable to the Collateral Adviser under this paragraph (Y) on any Payment Date in which case such amounts shall be (i) used to purchase Substitute Collateral Debt Obligations or (ii) deposited in the Principal Account pending reinvestment in Substitute Collateral Debt Obligations subject to the Collateral Adviser having notified the Collateral

Administrator in writing not later than one Business Day prior to the relevant Determination Date of any amounts to be so applied;

(Z) at the discretion of the Issuer (on the advice of the Collateral Adviser), save for upon the Payment Date on which the Subordinated Notes are to be redeemed and paid in full, to the payment into the Collateral Enhancement Account of up to a maximum aggregate amount (taking into account all payments to the Collateral Enhancement Account on any prior Payment Date) of €500,000;

(AA) during the Reinvestment Period, in the event that there is a Sterling Liability Excess (after giving effect to the above paragraphs), Euro denominated Interest Proceeds converted into Sterling at the then prevailing Spot Rate and Sterling denominated Interest Proceeds in an aggregate amount not exceeding such Sterling Liability Excess may be either paid into the Principal Account to be applied to the purchase of additional Sterling Collateral Debt Obligations or be applied in repayment of any Class A-1 Sterling Advances, at the option of the Issuer (acting on the advice of the Collateral Adviser);

(BB) to transfer to the Principal Account any Supplemental Reserve Amount specified by the Collateral Adviser in respect of such Payment Date; and

(CC) subject to the Incentive Collateral Advisory Fee IRR Threshold having been reached (after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date, including pursuant to paragraph (DD) below, Condition 3(c)(ii)(V) and Condition 3(c)(iii)), 20 per cent. of any remaining Interest Proceeds, to the payment to the Collateral Adviser as an Incentive Collateral Advisory Fee except that the Collateral Adviser may, at its sole discretion, advise the Issuer to designate for reinvestment some or all of the amounts that would have been payable to the Collateral Adviser under this paragraph (CC) on any Payment Date in which case such amounts shall be (i) used to purchase Substitute Collateral Debt Obligations or (ii) deposited in the Principal Account pending reinvestment in Substitute Collateral Debt Obligations subject to the Collateral Adviser having notified the Collateral Administrator in writing not later than one Business Day prior to the relevant Determination Date of any amounts to be so applied;

(DD) any remaining Interest Proceeds, to the payment of interest on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the

Principal Amount Outstanding of the Subordinated Notes and immediately prior to such redemption).

Save to the extent that amounts are specified as payable in accordance with the Pari Passu Provisions, for the purposes of this Condition 3(c)(i) (*Application of Interest Proceeds*), Interest Proceeds received in Euro shall be applied in paying liabilities denominated in Euro and Interest Proceeds received in Sterling shall be applied in paying liabilities denominated in Sterling. To the extent that there is a shortfall of either currency pursuant to any paragraph of the Interest Proceeds Priority of Payments, the Issuer (on the advice of the Collateral Adviser) will direct the Collateral Administrator to convert at the Current Spot Rate a sufficient amount of Sterling or Euro, as applicable, to the extent that there are excess Interest Proceeds in that currency following payment of the liabilities denominated in that currency pursuant to the same paragraph of the Interest Proceeds Priority of Payments in order to meet such shortfall. Any excess Interest Proceeds denominated in Sterling shall be converted into Euro at the Current Spot Rate and the resulting Euro amount will be applied in accordance with the provisions of this Condition 3(c)(i) (*Application of Interest Proceeds*).

(ii) ***Application of Principal Proceeds***

Subject as provided below, 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 Condition 3(c)(i) (*Application of Interest Proceeds*), but only to the extent not paid in full thereunder;

(B) to the payment of all Drawings which are due and payable under the Liquidity Facility, which shall be repayable pursuant to the terms thereof to the extent that there are sufficient Principal Proceeds available;

(C) to the payment of the amounts referred to in paragraph (J) of the Interest Proceeds Priority of Payments to the extent not paid in full thereunder;

(D) (1) on the Payment Date following the Effective Date and each Payment Date thereafter to the extent required, in the event of the occurrence of an Effective Date Rating Event which is continuing on the second Business Day prior to such Payment Date (to the extent that application of Interest Proceeds for this purpose is insufficient) in accordance with the Pari Passu Provisions to (i) repay the Class A-1 Notes (the amount of Class A-1 Sterling Advances to be repaid to be calculated at the Current Spot Rate), (ii) redeem the Class A-2 Notes and (iii) reduce the Class A-1 Allocated Commitment (by transfer of the relevant amount of Principal Proceeds to the Revolving Reserve

Account), and following such redemption, repayment and reduction in full, to redeem the Class B Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class E Notes (on a *pro rata* basis), in whole or in part, in each case until an Effective Date Rating Event is no longer continuing and (2) on any Special Redemption Date in payment of the applicable Special Redemption Amount in accordance with the Pari Passu Provisions to (i) repay the Class A-1 Notes (the amount of Class A-1 Sterling Advances to be repaid to be calculated at the Current Spot Rate), (ii) redeem the Class A-2 Notes and (iii) reduce the Class A-1 Allocated Commitment (by transfer of the relevant amount of Principal Proceeds to the Revolving Reserve Account), and following such redemption, repayment and reduction in full, to redeem the Class B Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis) and, following such redemption in full, to redeem the Class E Notes (on a *pro rata* basis), in whole or in part, in each case to the extent of such Special Redemption Amount;

(E) during the Reinvestment Period the Issuer (on the advice of the Collateral Adviser) may, and following the expiry of the Reinvestment Period, shall use Principal Proceeds (other than those permitted to be and actually designated for reinvestment in accordance with the terms of the Collateral Advisory Agreement), in redemption of the Class A Notes by application of the remaining Principal Proceeds as follows:

(a) in the event that the Class E Coverage Tests are not satisfied on the related Determination Date in accordance with the Pari Passu Provisions to (i) repay the Class A-1 Notes (the amount of Class A-1 Sterling Advances to be repaid to be calculated at the Current Spot Rate), (ii) redeem the Class A-2 Notes and (iii) reduce the Class A-1 Allocated Commitment (by transfer of the relevant amount of Interest Proceeds to the Revolving Reserve Account); and

(b) in the event that the Class E Coverage Tests are satisfied on the related Determination Date, the application of such proceeds *pro rata:*

(i) applying Sterling denominated Principal Proceeds to repay Class A-1 Sterling Advances and the reduction of the Class A-1 Allocated Commitments denominated in Sterling (by deposit of a commensurate amount in the Revolving Reserve Account) and, once all Class A-1

Sterling Advances have been repaid and the Class A-1 Allocated Commitments denominated in Sterling are reduced to zero, to convert any remaining Sterling Principal Proceeds into Euro (at the Current Spot Rate) to repay the Class A-1 Euro Advances and/or to reduce the Euro denominated Class A-1 Allocated Commitment (by transfer of the relevant amount of Principal Proceeds to the Revolving Reserve Account) and/or in redemption of the Class A-2 Notes;

(ii) applying Euro denominated Principal Proceeds to repay the Class A-1 Euro Advances and/or Class A-1 Sterling Advances (such Principal Proceeds being converted to Sterling at the then Current Spot Rate) and/or to reduce the Class A-1 Allocated Commitment (by transfer of the relevant amount of Principal Proceeds to the Revolving Reserve Account) (with any Class A-1 Allocated Commitment denominated in Sterling being converted into Euro at the then Current Spot Rate for such purpose) and/or the Class A-2 Notes and to simultaneously reduce the Class A-1 Commitment, provided that Euro denominated Principal Proceeds may only be used to repay the Class A-1 Sterling Advances and to reduce the Sterling denominated Class A-1 Allocated Commitment if the amount of such repayment and/or reduction is less than or equal to the difference between (i) the aggregate Class A-1 Sterling Advances plus the Sterling denominated Class A-1 Allocated Commitment (ii) the aggregate outstanding principal amount of Sterling Collateral Debt Obligations in the Portfolio which are not Asset Swap Obligations; and

(iii) if and to the extent that there is a shortfall of Sterling denominated Principal Proceeds to repay the Class A-1 Sterling Advances and/or to reduce the Class A-1 Allocated Commitment denominated in Sterling, once the Class A-1 Euro Advances and the Class A-2 Notes have been repaid in full and the Class A-1 Allocated Commitment has been reduced to zero, to apply excess Euro proceeds (converted into Sterling at the Current Spot Rate) in repayment of the Class A-1 Sterling Advances and the reduction of the Sterling denominated Class A-1 Allocated Commitment (by transfer of a commensurate amount in the Revolving Reserve Account);

(F) after the Reinvestment Period, all Principal Proceeds (other than those permitted to be and actually designated for reinvestment in accordance with the terms of the Collateral Advisory Agreement) in redemption in full on a *pro rata* and *pari passu* basis of the Class B Notes;

(G) to the payment on a sequential basis of the amounts referred to in paragraph (K) of Condition 3(c)(i) (*Application of Interest Proceeds*), but only to the extent not paid in full thereunder and provided that the Class A Notes and the Class B Notes have then been redeemed in full;

(H) in the event that either of the Class C Coverage Tests is not satisfied on the related Determination Date in accordance with the Pari Passu Provisions to (i) repay the Class A-1 Notes (the amount of Class A-1 Sterling Advances to be repaid to be calculated at the Current Spot Rate), (ii) redeem the Class A-2 Notes and (iii) reduce the Class A-1 Allocated Commitment (by transfer of the relevant amount of Principal Proceeds to the Revolving Reserve Account) and, following such redemption, repayment and reduction in full, to redeem the Class B Notes (on a *pro rata* basis), and, following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), in whole or in part, to the extent necessary to cause the Class C Coverage Tests to be met if recalculated following such redemption;

(I) to the payment of the amounts referred to in paragraph (M) of Condition 3(c)(i) (*Application of Interest Proceeds*), but only to the extent not paid in full thereunder and provided that the Class A Notes and the Class B Notes have then been redeemed in full;

(J) after the Reinvestment Period, in redemption in full of the Class C Notes;

(K) to the payment on a sequential basis of the amounts referred to in paragraph (N) of Condition 3(c)(i) (*Application of Interest Proceeds*), but only the extent that not paid in full thereunder and provided that the Class A Notes, the Class B Notes and the Class C Notes have then been redeemed in full;

(L) in the event that either of the Class D Coverage Tests is not satisfied on the related Determination Date in accordance with the Pari Passu Provisions to (i) repay the Class A-1 Notes (the amount of Class A-1 Sterling Advances to be repaid to be calculated at the Current Spot Rate), (ii) redeem the Class A-2 Notes and (iii) reduce the Class A-1 Allocated Commitment (by transfer of the relevant amount of Principal Proceeds to the Revolving Reserve Account) and, following such redemption, repayment and reduction in full, to redeem the Class B Notes (on a *pro rata* basis), and, following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), and, following such

redemption in full, to redeem the Class D Notes (on a *pro rata* basis), in whole or in part, to the extent necessary to cause the Class D Coverage Tests to be met if recalculated following such redemption;

(M) to the payment on a sequential basis of the amounts referred to in paragraph (P) of Condition 3(c)(i) (*Application of Interest Proceeds*), but only to the extent not paid in full thereunder and provided that the Class A Notes, the Class B Notes and the Class C Notes have then been redeemed in full;

(N) after the Reinvestment Period, in redemption in full of the Class D Notes;

(O) to the payment on a sequential basis of the amounts referred to in paragraph (Q) of Condition 3(c)(i) (*Application of Interest Proceeds*), but only to the extent not paid in full thereunder and provided that the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have then been redeemed in full;

(P) in the event that either of the Class E Coverage Tests is not satisfied on the related Determination Date in accordance with the Pari Passu Provisions to (i) repay the Class A-1 Notes (the amount of Class A-1 Sterling Advances to be repaid to be calculated at the Current Spot Rate), (ii) redeem the Class A-2 Notes and (iii) reduce the Class A-1 Allocated Commitment (by transfer of the relevant amount of Principal Proceeds to the Revolving Reserve Account) and, following such redemption, repayment and reduction in full, to redeem the Class B Notes (on a *pro rata* basis), and, following such redemption in full, to redeem the Class C Notes (on a *pro rata* basis), and, following such redemption in full, to redeem the Class D Notes (on a *pro rata* basis), and, following such redemption in full, to redeem the Class E Notes (on a *pro rata* basis), in whole or in part, to the extent necessary to cause the Class E Coverage Tests to be met if recalculated following such redemption;

(Q) to the payment on a sequential basis of the amounts referred to in paragraph (S) of Condition 3(c)(i) (*Application of Interest Proceeds*), but only to the extent not paid in full thereunder and provided that the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have then been redeemed in full;

(R) after the Reinvestment Period, in redemption in full of the Class E Notes;

(S) during the Reinvestment Period, either (a) in the purchase of Substitute Collateral Debt Obligations or (b) to transfer to the Principal Account pending reinvestment in Substitute Collateral Debt Obligations at a later date, in each case in accordance with the Reinvestment Criteria (in

each case, other than the Sale Proceeds of Defaulted Obligations required pursuant to the terms of the Collateral Advisory Agreement to be applied in redemption of the Notes in accordance with the Priorities of Payments, which Principal Proceeds shall be so applied);

(T) to the payment on a sequential basis of the amounts referred to in paragraphs (V) to (Y) (inclusive) and paragraph (BB) of Condition 3(c)(i) (*Application of Interest Proceeds*), but only to the extent not paid in full thereunder and provided that the Senior Notes have then been redeemed in full;

(U) subject to the Incentive Collateral Advisory Fee IRR Threshold having been reached (after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date, including pursuant to Condition 3(c)(i)(DD) (*Application of Interest Proceeds*) above, paragraph (V) hereof and Condition 3(c)(iii) (*Collateral Enhancement Obligation Proceeds Priority of Payments*) below) and provided that the Senior Notes have been redeemed in full, (i) 20 per cent. of any remaining Principal Proceeds, to the payment to the Collateral Adviser as an Incentive Collateral Advisory Fee or (ii) at the discretion of the Collateral Adviser, to waive payment of all or part of the Incentive Collateral Advisory Fee otherwise payable by the Issuer to the Collateral Adviser on such Payment Date pursuant to this paragraph (U) and to apply the amount so waived in accordance with the following paragraphs of this Condition 3(c)(ii) (*Application of Principal Proceeds*); and

(V) after the Reinvestment Period, to the payment on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption).

Save to the extent that amounts are specified as being payable in accordance with the Pari Passu Provisions, for the purposes of this Condition 3(c)(ii) (*Application of Principal Proceeds*), Principal Proceeds received in Euro shall be applied in paying liabilities denominated in Euro and Principal Proceeds received in Sterling shall be applied in paying liabilities denominated in Sterling. To the extent that there is a shortfall of either currency pursuant to any paragraph of the Principal Proceeds Priority of Payments, the Issuer (acting on the advice of the Collateral Adviser) shall direct the Collateral Administrator to convert at the Current Spot Rate a sufficient amount of Sterling or Euro, as applicable, to the extent that there are excess Principal Proceeds in that currency available following payment of liabilities denominated in that currency pursuant to the same paragraph of the Principal Proceeds Priority of Payments. Any

excess Principal Proceeds denominated in Sterling shall be converted into Euro at the Current Spot Rate and the resulting Euro amount will be applied in accordance with the provisions of this Condition 3(c)(ii) (*Application of Principal Proceeds*).

(iii) ***Collateral Enhancement Obligation Proceeds Priority of Payments***

Prior to the enforcement of the security over the Collateral, any Collateral Enhancement Obligation Proceeds received by the Issuer during a Due Period will, on the relevant Payment Date, at the option of the Issuer (acting on the advice of the Collateral Adviser) either (1) be paid to the Subordinated Noteholders on a *pro rata* basis (determined by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bears to the Principal Amount Outstanding of the Subordinated Notes and, upon redemption in full thereof, by reference to that proportion immediately prior to such redemption) until the Incentive Collateral Advisory Fee IRR Threshold is reached (after taking into account all prior distributions to Subordinated Noteholders and any distributions to be made to Subordinated Noteholders on such Payment Date, including pursuant to this Condition 3(c)(iii), Condition 3(c)(i)(DD) (*Application of Interest Proceeds*) and Condition 3(c)(ii)(V) (*Application of Principal Proceeds*) above), thereafter 20 per cent. of any remaining Collateral Enhancement Obligation Proceeds either (i) will be paid to the Collateral Adviser as an Incentive Collateral Advisory Fee; or (ii) at the discretion of the Collateral Adviser, acting on behalf of the Issuer, will be paid to the Subordinated Noteholders on a *pro rata* basis (determined as specified above), and 80 per cent of any remaining Collateral Enhancement Obligation Proceeds will be paid to the Subordinated Noteholders on a *pro rata* basis (determined as specified above); and/or (2) be retained in the Collateral Enhancement Account. Following enforcement of the security over the Collateral, any Collateral Enhancement Obligation Proceeds shall be distributed in accordance with paragraph (1) of this Condition 3(c)(iii) (*Collateral Enhancement Obligation Proceeds Priority of Payments*).

(d) ***Non-payment of Amounts***

Failure on the part of the Issuer to pay the Interest Amounts due and payable on any Class of Notes, any Class A-1 Euro Interest Amounts, any Class A-1 Sterling Interest Amounts, any Class A-1 Make Whole Amounts and any Class A-1 Commitment Fee in respect of the Class A-1 Notes and any interest on the Class A-2 Notes and any Class A-2 Commitment Fee in respect of the Class A-2 Notes, in each case pursuant to Condition 6 (*Interest*) and the Priorities 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 least five Business Days or, in the case of such non-payment resulting from an administrative error, such failure continues for a period of at least seven Business Days and (ii) (A) in the case of non-payment of interest due and payable on the Class C Notes, the Class A Notes and the Class B Notes have been redeemed in full; (B) in the case of non-payment of

interest due and payable on the Class D Notes, the Class A Notes, the Class B Notes and the Class C Notes have been redeemed in full and (C) in the case of non-payment of interest due and payable on the Class E Notes, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been redeemed in full, and save in each case 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 C Notes, the Class D Notes or the Class E Notes to Condition 6(c) (*Deferral of Interest*), in the event of non-payment of any amounts which are due and payable referred to in the Interest Proceeds Priority of Payments, of Condition 3(c)(i) (*Application of Interest Proceeds*) or Condition 3(c)(ii) (*Application of Principal Proceeds*) 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.

(e) ***Determination and Payment of Amounts***

The Collateral Administrator will, in consultation with the Collateral Adviser, on each Determination Date, calculate the amounts payable on the applicable Payment Date pursuant to the Priorities of Payments and (subject to approval of such calculation by the Collateral Adviser) 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 Proceeds 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 Proceeds Priority of Payments and the Principal Proceeds Priority of Payments which are payable on such Payment Date, to be transferred to the Payment Account in accordance with Condition 3(j) (*Payments to and from the Accounts*).

(f) ***De Minimis Amounts***

The Collateral Administrator may, in consultation with the Collateral Adviser, 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, 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 the Subordinated Notes is a whole amount, not involving any fraction of a Euro 0.01 or Sterling 0.01, as applicable or, at the discretion of the Collateral Administrator, part of a Euro or part of a Sterling, as applicable.

(g) ***Publication of Amounts***

The Principal Paying Agent will cause details of 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 Collateral Adviser, the Registrar and the Irish Stock Exchange by no later than 11.00 am (London time) on the second Business Day following the applicable Determination Date and the Principal Paying Agent 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 Collateral Adviser in accordance with the above but in no event later than (to the extent applicable) the second Business Day after the Payment Date.

(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) ***Accounts***

The Issuer shall, prior to the Closing Date, establish the following accounts with the Account Bank or (as the case may be) with the Custodian:

- the Principal Account;
- the Interest Account;
- the Unused Proceeds Account;
- the Payment Account;
- the Asset Swap Termination Account;
- the Asset Swap Account;
- the Interest Rate Hedge Termination Account;
- the Counterparty Downgrade Collateral Account;
- the Collateral Enhancement Account;
- the Revolving Reserve Account;

- the Synthetic Collateral Account;
- the Class A Collateralising Noteholder Account;
- the Custody Account;
- the Prefunded Commitment Account; and
- the Liquidity Payment Account

The Account Bank shall at all times be a financial institution satisfying the Rating Requirement applicable thereto, which is not resident in Luxembourg but which has the necessary regulatory capacity and licences to perform the services required by the Account Bank. In the event that the Account Bank at any time fails to satisfy the Rating Requirement, the Issuer shall use reasonable endeavours to procure that a replacement Account Bank acceptable to the Trustee is appointed in accordance with the provisions of the Collateral Administration and Agency Agreement which satisfies the Rating Requirement.

Notwithstanding Condition 3(c)(i) and 3(c)(ii), amounts standing to the credit of the Accounts (other than the Liquidity Payment Account, the Synthetic Collateral Account, the Counterparty Downgrade Collateral Account and the Payment Account) from time to time may be invested by the Issuer (on the advice of the Collateral Adviser) in Eligible Investments.

All interest accrued on any of the Accounts from time to time shall be paid into the Interest Account, 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 as, and 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 not denominated in a currency that the Account is denominated, the Issuer (acting on the advice of the Collateral Adviser) may convert such amounts into the currency of the Account at the Current Spot Rate of exchange as determined by the Calculation Agent at the direction of the Issuer (on the advice of the Collateral Adviser).

Notwithstanding any other provisions of this Condition 3(i) (*Accounts*), all amounts standing to the credit of each of the Accounts (other than (i) the Interest Account, (ii) all interest accrued on the Accounts, (iii) all amounts standing to the credit of the Asset Swap Account representing amounts that would constitute Interest Proceeds if denominated in Euro, (iv) the Collateral Enhancement Account, (v) the Payment Account, (vi) the Counterparty Downgrade Collateral Account, (vii) the Class A

Collateralising Noteholder Account and (viii) the Liquidity Payment Account) shall be transferred to the Payment Account and shall constitute Principal Proceeds on the 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 amounts not payable into the Principal Account as Principal Proceeds referred to in (i), (ii), (iii), (iv), (vi), (vii) or (viii) above, shall be transferred to the Payment Account as Interest Proceeds on the Business Day prior to any redemption of the Notes in full, save, in each case, to the extent (A) in the case of amounts standing to the credit of the Synthetic Collateral Account, such amounts are required to any Synthetic Counterparty, (B) in the case of amounts standing to the credit of the Prefunded Commitment Account, such amounts are required to be paid to the Liquidity Facility Provider and (C) in the case of amounts standing to the credit of the Class A Collateralising Noteholder Account, such amounts are required to be paid to the relevant Class A Noteholders.

(j) ***Payments to and from the Accounts***

(i) ***Principal Account***

The Principal Account shall consist of a Sterling denominated Account and Euro denominated Account. The Issuer will procure that the following Principal Proceeds denominated in Sterling are paid into the Principal Account denominated in Sterling and that the following Principal Proceeds denominated in Euro are paid in to the Principal Account denominated in Euro promptly upon receipt thereof:

(A) all principal payments received in respect of any Collateral Debt Obligation (save for any Asset Swap Obligations), including, without limitation:

(1) amounts received in respect of any maturity, scheduled amortisation, mandatory prepayment or mandatory sinking fund payment on a Collateral Debt Obligation;

(2) Unscheduled Principal Proceeds;

(3) recoveries on Defaulted Obligations to the extent not included in Sale Proceeds;

(4) any principal payment representing accreted interest received in respect of any Zero-Coupon Security;

(5) deferred interest received in respect of (a) any Mezzanine Loan (other than a Defaulted Deferring Mezzanine Loan) which the Collateral Adviser has designated at its discretion as Principal Proceeds and (b) any Defaulted Deferring Mezzanine Loan but excluding Defaulted Mezzanine Excess Amounts which shall be payable into the Interest Account unless such amounts have been designated for payment to the Principal Account by the

Collateral Adviser in accordance with the terms of the Collateral Advisory Agreement;

(6) all interest and other amounts received in respect of any Defaulted Obligation until all amounts received in respect of such Defaulted Obligation and deposited into the Principal Account equal the principal amount outstanding of such Defaulted Obligation; and

(7) any other principal payments with respect to Collateral Debt Obligations or Eligible Investments (to the extent not included in the Sale Proceeds),

but excluding any such payments received in respect of any Revolving Obligation or Delayed Drawdown Collateral Obligation, to the extent required to be paid into the Revolving Reserve Account;

(B) all interest and other amounts received in respect of any Mezzanine Loan for so long as it is a Defaulted Deferring Mezzanine Loan (other than Defaulted Mezzanine Excess Amounts) and amounts representing the element of deferred interest in any payments received in respect of any PIK Security;

(C) any Asset Swap Counterparty Principal Exchange Amount and Asset Swap Replacement Receipt received by the Issuer under any Asset Swap Transactions and for the avoidance of doubt excluding any Asset Swap Counterparty Termination Payments;

(D) all premiums (including prepayment premiums) receivable upon redemption of any Collateral Debt Obligation at maturity or otherwise or upon sale or exercise of any put or call option in respect thereof which is above the outstanding principal amount of any Collateral Debt Obligation;

(E) all fees and commissions (including administrative changes and penalty interest) received in connection with the purchase or sale of any Collateral Debt Obligations or Eligible Investments or work out or restructuring of any Defaulted Obligations or Collateral Debt Obligations;

(F) all Sale Proceeds received in respect of a Collateral Debt Obligation;

(G) all distributions and Sale Proceeds received in respect of Exchanged Equity Securities;

(H) all proceeds received during the related Due Period from any additional issuance of Notes pursuant to Condition 17 (*Additional Issuances*) that are not reinvested in Collateral Debt Obligations;

(I) all Purchased Accrued Interest unless such Purchased Accrued Interest was purchased with amounts standing to the credit of the Unused Proceeds Account or the Interest Account and such Purchased Accrued Interest has been credited to the Unused Proceeds Account or the Interest Account, as applicable;

(J) the Balance standing to the credit of the Asset Swap Termination Account in the circumstances described under Condition 3(j)(v) (*Asset Swap Termination Account*) below;

(K) amounts transferred to the Principal Account from any other Account as required below;

(L) all proceeds received from any additional issuance of the Notes after the Initial Investment Period that are not invested in Collateral Debt Obligations or required to be paid into the Interest Account;

(M) all principal payments received in respect of any Synthetic Collateral to the extent no longer subject to the security interest of the applicable Synthetic Counterparty;

(N) any other amounts received in respect of the Collateral which are not required to be paid into another Account;

(O) 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;

(P) all Class A-1 Advances made after the end of the Initial Investment Period and all Class A-1 Advances drawn in accordance with the Hedging Procedures;

(Q) any amounts received by the Issuer associated with the entry into, termination, settlement, exercise or sale of a Hedge Transaction as permitted under the Hedging Procedures and allocated by the Collateral Adviser to the Principal Account in accordance with and as permitted under the Hedging Procedures;

(R) all amounts payable into the Principal Account pursuant to paragraph (U) of Condition 3(c)(i) (*Application of Interest Proceeds*) upon the failure to satisfy the Reinvestment Diversion Threshold during the Reinvestment Period;

(S) all amounts denominated in or converted into Sterling which are payable into the Principal Account pursuant to paragraph (AA) of the Interest Proceeds Priority of Payments at the discretion of the Issuer (on the advice of the Collateral Adviser) upon the aggregate Class A-1 Sterling Advances exceeding the principal amount outstanding of the Revolver Hedged Collateral Debt Obligations;

(T) any Supplemental Reserve Amounts transferred to the Principal Account in accordance with Condition 3(c)(i) (*Application of Interest Proceeds*);

(U) any Currency Hedge Drawdowns, received by the Issuer, whether received from the Liquidity Facility Provider or transferred from the Prefunded Commitment Account;

(V) all amounts transferred from the Class A Collateralising Noteholder Account including amounts deposited by a Class A-1 Noteholder or a Class A-2 Noteholder which is a Defaulting Noteholder and all monies received, all dividends and distributions paid or payable thereon shall be applied to fund any Class A-1 Advances or Class A-2 Advances payable by such Defaulting Noteholder and shall be converted at the Current Spot Rate, if required, to the currency of the relevant Class A-1 Advance or Class A-2 Advance that such Defaulting Noteholder failed to fund; and

(W) all amounts required or permitted to be transferred to the Principal Account from any other Account.

Amounts in the nature of principal received in respect of any Unhedged Collateral Debt Obligation shall be converted into Euro at the Current Spot Rate and paid into the Principal Account in the same manner as Principal Proceeds denominated in Euro.

The Issuer 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 Principal Proceeds standing to the credit of the Principal Account are transferred 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 and (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 Issuer (on the advice of the Collateral Adviser) pursuant to the Collateral Advisory Agreement for a period beyond such Payment Date, provided that (i) if the Coverage Tests are not satisfied, Principal Proceeds from Defaulted Obligations may not be designated for reinvestment by the Issuer (on the advice of the Collateral Adviser) until after the following Payment Date and (ii) 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;

(2) at any time during the Reinvestment Period at the discretion of the Issuer (on the advice of the Collateral Adviser), in the acquisition of Collateral Debt Obligations (including any payments to an Asset Swap Counterparty in respect of the initial principal exchange amounts pursuant to an Asset Swap Transaction and/or the posting of Synthetic Collateral upon the acquisition of any Synthetic Security and amounts equal to the Unfunded Amounts of any Revolving Obligations or Delayed Drawdown Collateral Obligations which are required to be deposited in the Revolving Reserve Account) in an amount up to the amount deposited into the Principal Account during the related Due Period which is not required to be deposited in any other Account;

(3) 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;

(4) any amounts payable by the Issuer, associated with the entry into, termination, settlement, exercise or sale of a Currency Hedge Transaction relating to Principal Proceeds in accordance with and as permitted under the Hedging Procedures;

(5) during the Reinvestment Period, in the acquisition of Collateral Debt Obligations, in an amount up to the amount deposited into the Principal Account pursuant to paragraph (R) above;

(6) on the occurrence of an Effective Date Rating Event, 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;

(7) at any time, subject to receipt of Rating Agency Confirmation, in payment of the costs of entry into any Interest Rate Hedge Transaction to the extent not paid out of the Interest Rate Hedge Termination Account;

(8) during the Reinvestment Period, at the discretion of the Issuer (on the advice of the Collateral Adviser), to apply Class A-1 Sterling Advances in the acquisition of additional Sterling-denominated Collateral Debt Obligations and Class A-1 Euro Advances and Class A-2 Advances in the acquisition of additional Collateral Debt Obligations denominated in Qualifying Currencies (other than Sterling);

(9) on any Business Day, at the discretion of the Issuer (acting on the advice of the Collateral Adviser), in repayment of Class A-1 Advances

to the extent permitted or required pursuant to Condition 7(n) (*Repayment of Class A-1 Advances and Reduction of the Class A-1 Commitment*) or the Hedging Procedures or otherwise in accordance with the terms of the Class A-1 Note Purchase Agreement and the Collateral Advisory Agreement;

(10) Principal Proceeds received in respect of Revolver Hedged Collateral Debt Obligations at the discretion of the Issuer (on behalf of the Collateral Adviser), either (i) if the Class E Coverage Test is satisfied, to repay Class A-1 Sterling Advances or (ii) to reinvest in Sterling denominated Collateral Debt Obligations in accordance with the terms of and to the extent permitted under the Collateral Advisory Agreement;

(11) on the Special Redemption Date, at the discretion of the Issuer (on the advice of the Collateral Adviser), to the extent required, to the Payment Account for application as Principal Proceeds in accordance with the Priorities of Payments;

(12) following the occurrence of a Note Tax Event, at the option of either the Controlling Class or the Subordinated Noteholders, in each case acting by Extraordinary Resolution, or upon a redemption of the Notes at the option of the Subordinated Noteholders on or after the expiry of the Non-Call Period or following the occurrence of a Collateral Tax Event, in redemption of the Notes in accordance with the Priorities of Payments; and

(13) to the Revolving Reserve Account to the extent required to satisfy the Revolving Reserve Commitment Requirement.

(ii) ***Interest Account***

The Interest Account shall consist of a Sterling denominated Account and a Euro denominated Account. The Issuer will procure that the following Interest Proceeds denominated in Sterling are credited to the sub-account of the Interest Account denominated in Sterling and that the following Interest Proceeds denominated in Euro are credited to the sub-account of the Interest Account denominated in Euro promptly upon receipt thereof:

(A) save to the extent required to be paid into the Liquidity Payment Account, all cash payments of interest in respect of the Collateral Debt Obligations (save for any Asset Swap Obligations) and any Synthetic Collateral, including any deferred interest in respect of any Mezzanine Loan (other than a Defaulted Deferring Mezzanine Loan) which the Collateral Adviser has designated at its discretion as Interest Proceeds (other than any Purchased Accrued Interest), 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 interest received in respect of (x) any Mezzanine Loan for so long as it is a Defaulted Deferring Mezzanine Loan (other than Defaulted Mezzanine Excess Amounts which have not been designated by the Collateral Adviser at its discretion for payment into the Principal Account) and (y) Defaulted Obligations which are required to be deposited into the Principal Account;

(B) all interest accrued on the Interest Account from time to time and all interest accrued in respect of the Balances standing to the credit of the other Accounts (including interest on any Eligible Investments standing to the credit thereof) (to the extent applicable, converted at the Current Spot Rate of exchange as determined by the Calculation Agent at the discretion of the Issuer (on the advice of the Collateral Adviser) from time to time;

(C) 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 Debt Obligations and Eligible Investments as determined by the Issuer (on the advice of the Collateral Adviser) (other than fees and commissions received in connection with the purchase or sale of any Collateral Debt Obligations or Eligible Investments or work out or restructuring of any Defaulted Obligations or Collateral Debt Obligations which fees and commissions shall be payable into the Principal Account and shall constitute Principal Proceeds);

(D) all accrued interest included in the proceeds of sale of any other Collateral Debt Obligation that are designated by the Issuer (on the advice of the Collateral Adviser) as Interest Proceeds pursuant to the Collateral Advisory Agreement (provided that no such designation may be made in respect of (i) any Purchased Accrued Interest unless such Purchased Accrued Interest was purchased with amounts standing to the credit of the Interest Account or (ii) any interest received in respect of any Mezzanine Loan for so long as it is a Defaulted Deferring Mezzanine Loan (other than Defaulted Mezzanine Excess Amounts which have not been designated for payment to the Principal Account by the Collateral Adviser in its discretion in accordance with the terms of the Collateral Advisory Agreement or (iii) proceeds representing accrued interest received in respect of any Defaulted Obligation unless and until (x) the principal of such Defaulted Obligation has been repaid in full, and (y) any Purchased Accrued Interest in relation to such Defaulted Obligation has been paid);

(E) save to the extent required to be paid into the Liquidity Payment Account, all Scheduled Periodic Asset Swap Counterparty Payments received by the Issuer under an Asset Swap Transaction;

(F) all amounts representing the element of deferred interest in any payments received in respect of any Mezzanine Loan (a) which is not a Defaulted Deferring Mezzanine Loan which by its contractual terms provides for the deferral of interest, (b) which is not Purchase Accrued Interest and (c) which the Collateral Adviser has designated as Interest Proceeds;

(G) amounts transferred to the Interest Account from the Unused Proceeds Account in the circumstances described under Condition 3(j)(iii) (*Unused Proceeds Account*) below;

(H) all scheduled commitment fees received by the Issuer in respect of any Revolving 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 Obligation or a Delayed Drawdown Collateral Obligation in an account established pursuant to an ancillary facility;

(J) at the discretion of the Issuer following the Effective Date (on the advice of the Collateral Adviser acting within the mandate granted to it under the Collateral Advisory Agreement and subject to the Class E Par Value Test being satisfied), any amount in Sale Proceeds or Principal Proceeds of a Collateralised Debt Obligation to the extent that such amount represents a Trading Gain;

(K) amounts transferred to the Interest Account from the Asset Swap Account in the circumstances described in Condition 3(j)(vi) (*Asset Swap Account*);

(L) any Purchased Accrued Interest purchased with amounts standing to the credit of the Interest Account;

(M) all scheduled periodic payments to the Issuer under Hedge Transactions and any amounts receivable by the Issuer associated with entering into or settling a Hedge Transaction or with the sale or exercise of currency options as permitted under the Hedging Procedures and allocated by the Collateral Adviser to the Interest Account; and

(N) any Interest Payment Drawdowns received by the Issuer on or prior to the end of the Due Period, whether received from the Liquidity Facility Provider or transferred from the Prefunded Commitment Account, in accordance with the provisions of the Liquidity Facility Agreement.

Amounts in the nature of interest received in respect of any Unhedged Collateral Debt Obligation shall be converted into Euro at the Current Spot Rate

and paid into the Interest Account in the same manner as Interest Amounts denominated in Euro.

The Issuer 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, all Interest Proceeds 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) at any time, subject to insufficient amounts as determined by the Issuer (on the advice of the Collateral Adviser) being available in the Collateral Enhancement Account for the acquisition or exercise of any Collateral Enhancement Obligation at such time, amounts required by the Issuer (on the advice of the Collateral Adviser) for such purpose at such time, to be deposited into the Collateral Enhancement Account, provided that:

(x) each Coverage Test and Reinvestment Diversion Threshold is satisfied if recalculated following any such withdrawal; and

(y) the amount of funds withdrawn from the Interest Account or pursuant to paragraph (Z) of Condition 3(c)(i) (*Application of Interest Proceeds*) pursuant to this paragraph (2) for such purpose do not exceed €500,000 as a cumulative maximum aggregate total;

(3) at any time in accordance with the terms of, and to the extent permitted under, the Collateral Advisory Agreement, in the acquisition of Collateral Debt Obligations to the extent that any such acquisition costs represent accrued interest;

(4) 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 (B) of Condition 3(j)(vi) (*Asset Swap Account*) at such time;

(5) at any time, any amounts payable by the Issuer under any Interest Rate Hedge Transaction, save for any Interest Rate Hedge Issuer Termination Payments that are Defaulted Hedge Termination Payments;

(6) at any time, any amounts payable by the Issuer which are associated with entering into, terminating or settling or the sale or exercise of a

Currency Hedge Transaction relating to Interest Proceeds in accordance with the Hedging Procedures;

(7) at any time, Warehouse Accrued Interest may be paid to the Arranger pursuant to the Arranger Fees and Expenses Letter; and

(8) at any time, to the payment of Trustee Fees and Expenses and other Administrative Expenses, in an amount in any Due Period not to exceed the Senior Expenses Cap (minus such amount estimated by the Collateral Adviser as being payable on the next succeeding Payment Date in relation to any Trustee Fees and Expenses and Administration Expenses).

(iii) ***Unused Proceeds Account***

The Unused Proceeds Account shall consist of a Sterling denominated Account and a Euro denominated Account. The Issuer 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 on the Closing Date;

(B) all proceeds received during the Initial Investment Period from (i) any additional issuance of Notes that are not invested in Collateral Debt Obligations or paid into the Interest Account or (ii) any Class A-1 Advances or Class A-2 Advances (save for any Class A-1 Advance drawn down pursuant to the Hedging Procedures) drawn during the Initial Investment Period; and

(C) any Purchased Accrued Interest which was purchased with amounts standing to the credit of the Unused Proceeds Account and not credited to the Principal Account.

The Issuer 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 (or such later dates on which Notes are issued pursuant to the terms of Condition 17 (*Additional Issuances*), such amounts equal to the aggregate of:

(a) 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 Debt Obligations which the Issuer has agreed, on or prior to the Closing Date, to purchase;

(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 Debt Obligations on or prior to the Closing Date; and

(d) any amounts payable by the Issuer in respect of Hedge Transactions entered into in connection with Collateral Debt Obligations 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 Collateral Advisory Agreement, in the acquisition of Collateral Debt Obligations including any payments to an Asset Swap Counterparty in respect of initial principal exchange amounts for Asset Swap Obligations;

(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; and

(4) on the Effective Date, the Balance standing to the credit of the Unused Proceeds Account, to the Principal Account.

Prior to the end of the Initial Investment Period, each Class A-1 Advance and each Class A-2 Advance shall be credited to the Unused Proceeds Account and applied in the purchase of additional Collateral Debt Obligations as described under "*The Portfolio*". After the end of the Initial Investment Period, Class A-1 Advances shall be credited to the Principal Account.

(iv) ***Payment Account***

The Payment Account shall consist of a Sterling denominated Account and a Euro denominated Account. The Issuer will procure that, on the second Business Day prior to each Payment Date, all amounts standing to the credit of each of the Accounts which are required to be transferred from the other accounts to the Payment Account pursuant to Condition 3(i) (*Accounts*) and Condition 3(j) (*Payments to and from the Accounts*) are so transferred, together with all Interest Payment Drawdowns received by the Issuer under the Liquidity Facility after the end of a Due Period (in accordance with the terms of the Liquidity Facility Agreement), whether received from the Liquidity Facility Provider or transferred from the Prefunded Commitment Account, and any

amounts received by the Issuer in respect of the exercise and sale of any Currency Hedge Transaction and designated as Interest Proceeds by the Issuer (acting on the advice of the Collateral Adviser) in accordance with the provisions of the Hedging Procedures 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. 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 will procure that all Asset Swap Counterparty Termination Payments are paid into a segregated sub-account within the Asset Swap Termination Account which is opened and maintained in respect of the Asset Swap Obligation in respect of which such Asset Swap Counterparty Termination Payments were received 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 above) out of the Asset Swap Termination Account:

(A) at any time, any Asset Swap Replacement Payment payable to any Asset Swap Counterparty upon replacement of the Asset Swap Obligation to which the applicable sub-account relates, up to an amount equal to the Asset Swap Counterparty Termination Payment received by the Issuer in respect thereof;

(B) (1) in the event that the Collateral Adviser, acting on behalf of the Issuer, determines not to replace an Asset Swap Transaction that has terminated and Rating Agency Confirmation is received in respect of such determination; or

(2) to the extent that any Asset Swap Counterparty Termination Payment received by the Issuer exceeds any Asset Swap Replacement Payment payable upon entry into the Asset Swap Transaction replacing the original Asset Swap Transaction,

the Balance of the Asset Swap Counterparty Termination Payment standing to the credit of the Asset Swap Termination Account shall be transferred to the Principal Account.

(vi) ***Asset Swap Account***

The Issuer will procure that all amounts due to the Issuer in respect of each Asset Swap Obligation (including any payments from an Asset Swap Counterparty in respect of initial principal exchange amounts pursuant to 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 (B) below at such 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 sub-account of the Asset Swap Account:

(A) 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 Collateral Advisory Agreement, in the acquisition of Asset Swap Obligations;

(B) Scheduled Periodic Asset Swap Issuer Payments due to each Asset Swap Counterparty pursuant to each Asset Swap Transaction;

(C) Asset Swap Issuer Principal Exchange Amounts due to the Asset Swap Counterparty pursuant to each Asset Swap Transaction; and

(D) 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) to the Principal Account after conversion thereof into Euros at the Current Spot Rate, as determined by the Calculation Agent.

(vii) ***Counterparty Downgrade Collateral Account***

The Issuer will procure that all Counterparty Downgrade Collateral transferred pursuant to a Hedge Transaction 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 applicable Hedge Agreement or Hedge Transaction.

(viii) ***Collateral Enhancement Account***

The Issuer 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, any amounts withdrawn from the Interest Account pursuant to paragraph (2) of Condition 3(j)(ii) (*Interest Account*) for the purposes of the acquisition of, or in respect of any exercise of any option or warrant comprised in, one or more Collateral Enhancement Obligations; and

(C) on each Payment Date, all amounts of interest payable in respect of the Subordinated Notes which the Issuer (on the advice of the Collateral Adviser) determines at its discretion shall be applied in payment into the Collateral Enhancement Account pursuant to paragraph (Z) of Condition 3(c)(i) (*Application of Interest Proceeds*), subject to the limit specified in such paragraph.

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 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 Collateral Advisory Agreement;

(2) on the second Business Day prior to each Payment Date, at the discretion of the Issuer (acting on the advice of the Collateral Adviser), 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; and

(3) on the occurrence of an Effective Date Rating Event, 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.

(ix) ***Revolving Reserve Account***

The Revolving Reserve Account shall comprise sub-accounts denominated in each Qualifying Currency and amounts shall be paid into and out of each such account in accordance with the currency in which they are denominated.

The Issuer 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 Obligation or Delayed Drawdown Collateral Obligation, an amount 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 Obligations or Delayed Drawdown Collateral Obligations of such Base Currency (which Unfunded Amounts will be treated as part of the purchase price for the related Revolving Obligation or Delayed Drawdown Collateral Obligation) less (i) amounts posted as collateral for any Unfunded Amounts pursuant to paragraph (D)(1) below and which do not constitute Funded Amounts and (ii) in the case of any Revolving Obligation or Delayed Drawdown

Collateral Obligation whose Base Currency is Euro or Sterling only, the amount of the Class A-1 Allocated Commitment designated in respect of such Revolving Obligation or Delayed Drawdown Collateral Obligation (the "**Revolving Reserve Commitment Requirement**");

(B) all Principal Proceeds (other than Sale Proceeds) received by the Issuer in respect of any Revolving Obligation or Delayed Drawdown Collateral Obligation, if and to the extent that the amount of such Principal Proceeds may be re-borrowed under such Revolving Obligation or Delayed Drawdown Collateral Obligation following conversion thereof into the applicable Base Currency, if required, or pursuant to any Asset Swap Transaction entered into in respect of the applicable Revolving Obligation or Delayed Drawdown Collateral Obligation or otherwise by the Issuer (on the advice of the Collateral Adviser), save to the extent that the Revolving Reserve Commitment Requirement applicable to the currency of denomination of such Revolving Obligation or Delayed Drawdown Collateral Obligation would be satisfied without such deposit in which case such Principal Proceeds shall be paid into the Principal Account;

(C) all repayments of collateral to the Issuer originally paid by the Issuer pursuant to (1) below;

(D) all Class A-1 Advances in respect of Class A-1 Allocated Commitment requested by the Issuer in order to fund drawings under any Delayed Drawdown Collateral Obligation or Revolving Obligation; and

(E) any Interest Proceeds and Principal Proceeds required to be transferred to the Revolving Reserve Account pursuant to the Priorities of Payments (which transfer shall effect a commensurate reduction in the Class A-1 Allocated Commitment).

The Issuer shall procure payment of the following amounts (and shall ensure that no other amounts are paid) out of the applicable Revolving Reserve Account:

(1) all amounts required to fund any drawings under any Delayed Drawdown Collateral Obligation or Revolving 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 Obligation or Delayed Drawdown Collateral Obligation (subject to such security documentation as may be agreed between such lender and the Issuer (on the advice of the Collateral Adviser) or the Trustee), such amounts to be denominated in the Base Currency of such Revolving Obligation or Delayed Drawdown Collateral Obligation, and to the extent required, converted into the

currency in which it is to be drawn down or so deposited, by the Issuer on the advice of the Collateral Adviser;

(2) (x) at any time on the advice of the Collateral Adviser, the Issuer or (y) upon the sale (in whole or in part) of a Revolving 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 (a) the amount standing to the credit of the Revolving Reserve Account of a Base Currency and, in the case of a Revolving Obligation or a Delayed Drawdown Obligation whose Base Currency is Sterling or Euro only, the amount of the Class A-1 Allocated Commitment which is denominated in such Base Currency over (b) the sum of the Unfunded Amounts of all Revolving Obligations and Delayed Drawdown Collateral Obligations which have the same Base Currency after taking into account such sale or such reduction, cancellation or expiry of commitment (i) if such excess amount is denominated in Euro or Sterling to the Principal Account or (ii) if such excess is denominated in a Non-Euro Qualifying Currency other than Sterling, to the applicable Asset Swap Counterparty;

(3) all initial principal exchange amounts scheduled to be paid by the Issuer to an Asset Swap Counterparty under an Asset Swap Transaction on the scheduled date for payment thereof which relate to any Revolving Obligation or Delayed Drawdown Collateral Obligation;

(4) at the discretion of the Issuer (acting on the advice of the Collateral Adviser), in repayment of any Class A-1 Advance in accordance with the terms of the Class A-1 Note Purchase Agreement and the Collateral Advisory Agreement, subject to the Revolving Reserve Commitment Requirement being satisfied following such payment; and

(5) at the discretion of the Issuer (acting on the advice of the Collateral Adviser), to the Principal Account, to the extent that the Revolving Reserve Commitment Requirement would still be satisfied following such transfer.

(x) ***Synthetic Collateral Account***

The Issuer shall procure that sums and/or securities deposited 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 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 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;

(2) in payment of any amounts due and payable by the Issuer to the applicable Synthetic Counterparty under any Synthetic Security; and

(3) all interest accrued on any Synthetic Collateral to the Interest Account (other than amounts payable pursuant to paragraphs (1) and (2) above).

(xi) ***Class A Collateralising Noteholder Account***

The Issuer shall procure, in accordance with the terms of the Class A-1 Note Purchase Agreement and the Class A-2 Note Purchase Agreement, that if and for so long as a Class A Noteholder becomes a Defaulting Noteholder, save to the extent that such Class A Noteholder has complied with its obligations under the Class A-1 Note Purchase Agreement or, as the case may be, the Class A-2 Note Purchase Agreement or otherwise is no longer a Defaulting Noteholder, collateralise such Class A Noteholder's Class A-1 Commitment or, as the case may be, Class A-2 Commitment, by depositing Eligible Collateral equal to such Class A Noteholder's undrawn Class A-1 Commitment or, as the case may be, undrawn Class A-2 Commitment in the Class A Collateralising Noteholder Account.

The Issuer shall procure payment of the following amounts out of the Class A Collateralising Noteholder Account:

(i) the applicable Class A Noteholder's *pro rata* contribution towards any Class A-1 Advance or, as the case may be, Class A-2 Advance to the Principal Account;

(ii) on each Payment Date that the Class A-1 Commitment and/or Class A-2 Commitment is reduced (in whole or in part), an amount equal to the reduction of the Class A-1 Commitment or Class A-2 Commitment, as applicable, due to such redemption or reduction; and

(iii) following the occurrence of the Collateral Amount Termination Date (as defined in the Class A-1 Note Purchase Agreement or the Class A-2 Note Purchase Agreement, as applicable) in respect of a Class A Noteholder, all amounts standing to the credit of the Class A Collateralising Noteholder Account collateralising such Class A Noteholder's Class A-1 Commitment or, as the case may be, Class A-2 Commmitment, to such Class A Noteholder.

(xii) ***Interest Rate Hedge Termination Account***

The Issuer will 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:

(i) 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;

(ii) 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 Collateral Advisory Agreement; and

(iii) 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 (acting on the advice of the Collateral Adviser) 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.

(xiii) ***Prefunded Commitment Account***

The Issuer shall procure that (A) any Prefunded Commitment Utilisations received in accordance with the terms of the Liquidity Facility and (B) for so long as the Prefunded Commitment has not been fully repaid to the Liquidity Facility Provider in accordance with the terms of the Liquidity Facility, any

amounts which are to be applied in the repayment of any Liquidity Drawing from the Liquidity Payment Account are paid into the Prefunded Commitment Account.

The Issuer shall 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 Prefunded Commitment Account as provided below:

(i) in the case of any Interest Payment Drawdowns drawn by the Issuer in accordance with the terms of the Liquidity Facility, in payment of such amount to the Interest Account or Payment Account, as applicable;

(ii) in the case of any Currency Drawdowns drawn by the Issuer in accordance with the terms of the Liquidity Facility, in payment of such amount to the Principal Account;

(iii) all payments of in respect of interest and commitment fees relating to the Prefunded Commitment to the Liquidity Facility Provider in accordance with the terms of the Liquidity Facility Agreement;

(iv) on each Payment Date that the Available Commitment is reduced (in whole or in part), an amount equal to the reduction of the Available Commitment;

(v) on the date the Prefunded Commitment (or part thereof) is required to be repaid by the Issuer to the Liquidity Facility Provider pursuant to the terms of the Liquidity Facility Agreement, to payment of the Liquidity Facility Provider of the Balance of the Prefunded Commitment Account.

(xiv) ***Liquidity Payment Account***

The Issuer shall procure that all amounts described in paragraphs (A) and (E) of Condition 3(j)(ii) (*Interest Account*) shall be 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 Interest Payment Drawdowns outstanding and any Liquidity Facility Interest Amounts accrued thereon required to be paid under the Liquidity Facility Agreement from time to time.

The Issuer shall procure repayment of Interest Payment Drawdowns and payment of Liquidity Facility Interest Amounts accrued thereon out of the Liquidity Payment Account, which amounts shall be paid directly to the Liquidity Facility Provider save for where the Issuer has made a Prefunded Commitment Utilisation and the Issuer is not required at the relevant time, pursuant to the terms of the Liquidity Facility, to repay such Prefunded Commitment, in which case, such amounts shall be paid to the Prefunded Commitment Account, provided that there is no occurrence of an Event of

Default outstanding at the relevant time, and shall ensure that payment of no other amount is made out of the Liquidity Payment Account.

4. **Security**

(a) ***Security***

Pursuant to the Trust Deed, the obligations of the Issuer under the Notes of each Class, the Trust Deed, the Collateral Administration and Agency Agreement and the Collateral Advisory Agreement (together with the obligations owed by the Issuer to the other Secured Parties) are secured in favour of the Trustee for the benefit of the Secured Parties by:

(i) an assignment by way of first fixed security of all the Issuer's present and future rights, title and interest (and all entitlements or other benefits relating thereto) in respect of all Senior Secured Loans, Second Lien Loans, Mezzanine Loans, High Yield Bonds, Synthetic Securities, Exchanged Equity Securities, Collateral Enhancement Obligations, Eligible Investments standing to the credit of each of the Accounts (other than the Prefunded Commitment Account, Synthetic Collateral Account, Counterparty Downgrade Collateral Account and the Class A Collateralising Noteholder Account) and any other investments, in each case held by 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 present and future rights, title and interest (and all entitlements or other benefits relating thereto) in respect of all Senior Secured Loans, Second Lien Loans, Mezzanine Loans, High Yield Bonds, Synthetic Securities, Exchanged Equity Securities, Collateral Enhancement Obligations, Eligible Investments standing to the credit of each of the Accounts (other than the Prefunded Commitment Account, Synthetic Collateral Account, Counterparty Downgrade Collateral Account and the Class A Collateralising Noteholder Account) and any other investments, in each case held by the Issuer (where such assets are securities or contractual rights not assigned by way of security pursuant to paragraph (i) above and which are capable of being the subject of a first fixed charge and first priority security interest), 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 present and future rights of the Issuer in respect of each of the Accounts (other than the Prefunded Commitment Account, Synthetic Collateral Account, Counterparty Downgrade Collateral Account and the Class A Collateralising Noteholder Account) and all moneys from time to time standing to the credit of such Accounts and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof;

(iv) a first fixed charge over all present and future rights of the Issuer in respect of each of the Non-Euro Obligation Accounts and all moneys from time to time standing to the credit of the Non-Euro Obligation Accounts 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 (where the applicable assets are securities) or an assignment by way of security (where the applicable rights are contractual obligations) over, all present and future 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 any security interest thereover granted in favour of the Trustee for the benefit 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 present and future rights of the Issuer in respect of any 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 Hedge Counterparty to require repayment or redelivery of any such Counterparty Downgrade Collateral pursuant to the terms of the applicable Hedge Agreement and to any security interest thereover granted in favour of the Trustee for the

benefit of such Hedge Counterparty pursuant to the applicable Hedge Transaction;

(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 Noteholder standing to the credit of the Class A 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 Collateralising Noteholder Account and all moneys from time to time standing to the credit of the Class A Collateralising Noteholder Account and the debts represented thereby, subject, in each case, to the rights of the relevant Class A Noteholder to require repayment or redelivery of any such collateral pursuant to the terms of Class A-1 Note Purchase Agreement or, as the case may be, Class A-2 Note Purchase Agreement;

(viii) an assignment by way of security of all the Issuer's present and future rights against the Custodian under the Collateral Administration and Agency Agreement (to the extent it relates to the Custody Account) 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;

(ix) an assignment by way of security of all the Issuer's present and future rights under each Hedge Agreement and each Hedge Transaction entered into thereunder (including the Issuer's rights under any guarantee or credit support annex entered into pursuant to any 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);

(x) an assignment by way of security of all the Issuer's present and future rights under the Collateral Advisory Agreement;

(xi) a first fixed charge over all moneys held from time to time by the Principal Paying Agent and any other Agent for payment of principal, interest or other amounts on the Notes (if any);

(xii) an assignment by way of security of all the Issuer's present and future rights under the Liquidity Facility Agreement, Collateral Administration and Agency Agreement;

(xiii) an assignment by way of security of all the Issuer's present and future rights under the Collateral Acquisition Agreements;

(xiv) an assignment by way of security of all the Issuer's present and future rights under the Class A-1 Note Purchase Agreement;

(xv) an assignment by way of security of all the Issuer's present and future rights under the Class A-2 Note Purchase Agreement; and

(xvi) a floating charge over the whole of the Issuer's undertaking and assets to the extent that such undertaking and assets are not subject to any other security created pursuant to the Trust Deed.

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 a Collateralised Credit Default Swap entered into with such Synthetic Counterparty; and/or

(2) by way of a first priority security interest to a Hedge Counterparty over the Counterparty Downgrade Collateral transferred by such Hedge Counterparty to the Counterparty Downgrade Collateral Account as security for the Issuer's obligations to repay or redeem such Counterparty Downgrade Collateral or otherwise make payments due to the Hedge Counterparty pursuant to the terms of the applicable Hedge Agreement (subject to such security documentation as may be agreed between such Hedge Counterparty, the Issuer (on the advice of the Collateral Adviser) and the Trustee);

(3) by way of a first priority security interest to a Class A-1 Noteholder or a Class A-2 Noteholder over any amounts deposited by such Class A-1 Noteholder or Class A-2 Noteholder into the Class A Collateralising Noteholder Account as security for the Issuer's obligations to repay or redeem the Class A-1 Notes or the Class A-2 Notes and to repay amounts standing to the credit of the relevant Class A Collateralising Noteholder Account pursuant to the terms thereof (subject to such security documentation as may be agreed between the Issuer and the Trustee);

(4) by way of first priority security interest over amounts representing all or part of the Unfunded Amount of any Revolving 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 Obligation or Delayed Drawdown Collateral Obligation, subject to the terms of Condition 3(j)(ix) (*Revolving Reserve Account*) (including Rating Agency Confirmation); and/or

(5) (to the extent required) 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 liability of the related Obligor to such Selling Institution,

The Issuer shall also secure its obligations in respect of the Liquidity Facility Agreement to the extent amounts deposited in the Prefunded Commitment Account are repayable to the Liquidity Facility Provider, in favour of the Trustee for the benefit of firstly, the Liquidity Facility Provider and thereafter, to other Secured Parties in accordance with the Priorities of Payments, a first fixed charge over all present and future rights of the Issuer in respect of the Prefunded Commitment Account and all moneys from time to time standing to the credit of the Prefunded Commitment Account and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof.

All deeds, documents, assignments, instruments, bonds, notes, negotiable instruments, papers and any other instruments comprising, evidencing, representing and/or transferring the Portfolio and capable of being held by the Custodian 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. In the event that the ratings of the Custodian are downgraded to below the Rating Requirement or withdrawn, the Issuer shall use reasonable endeavours to procure that a replacement Custodian with the Rating Requirement and who is acceptable to the Trustee is appointed in accordance with the provisions of the Collateral Administration and 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, 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 advice given in relation to the Portfolio by the Collateral Adviser 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 Trust Deed 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.

(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 constituted by the Trust Deed shall be applied in accordance with the Priorities of Payments set out in Condition 3(c) (*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 proceeds available at such time to make such payments in accordance with the Priorities of Payments. If the net proceeds of realisation of the security constituted by the Trust Deed, 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 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 of the Issuer will not be available for payment of such shortfall which shall be borne by the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Subordinated Noteholders, 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 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 (nor any other Person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, winding-up or liquidation proceedings 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 and none of Noteholders of any Class, the Trustee or the other Secured Parties (nor any other Person acting on behalf of any of them) shall be entitled to attach or otherwise seize any assets of the Issuer.

None of the Trustee, the Directors, the Arranger, the Collateral Adviser, the Collateral Administrator, the Principal Paying Agent, the Liquidity Facility Provider, the Class A Note Agent, the Registrar or the Custodian 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) ***Acquisition and Sale of Portfolio***

The Collateral Adviser is required to advise the Issuer on the selection and management of the Portfolio and to advise the Issuer to act in specific circumstances in relation to the Portfolio pursuant to the terms of, and subject to the parameters set out in, the Collateral Advisory Agreement and subject to the overall supervision and control of the Issuer. The duties of the Collateral Adviser with respect to the Portfolio include (amongst others) providing advice as regards:

(i) the purchase of Collateral Debt Obligations on or prior to the Closing Date and during the Initial Investment Period;

(ii) the investment of amounts standing to the credit of the Accounts in Eligible Investments;

(iii) the sale of certain of the Collateral Debt Obligations and the reinvestment of Principal Proceeds received in Substitute Collateral Debt Obligations in accordance with the criteria set out in the Collateral Advisory Agreement; and

(iv) the management of the currency hedging strategy in respect of the Portfolio.

The Collateral Adviser is required to monitor the Collateral Debt Obligations with a view to seeking to determine whether any Collateral Debt Obligation has converted into, or been exchanged for an Exchanged Equity Security or become a Credit Improved Obligation, a Defaulted Obligation or a Credit Impaired Obligation, provided that, if it fails to do so, it will not have any liability to the Issuer except by reason of acts or omissions constituting wilful misconduct, negligence or bad faith in the performance of its obligations or any breach of the Collateral Advisory Agreement. No Noteholder shall have any recourse against any of the Issuer, the Collateral Adviser, the Collateral Administrator, the Custodian, the Principal Paying Agent, the Class A Note Agent, the Registrar or the Trustee for any loss suffered as a result of such failure.

Under the Collateral Advisory Agreement, the holders of the Subordinated Notes and the Controlling Class have certain rights in respect of the removal of the Collateral Adviser and appointment of a replacement Collateral Adviser.

(e) ***Exercise of Rights in Respect of the Portfolio***

Pursuant to the Collateral Advisory Agreement, prior to enforcement of the security over the Collateral, the Collateral Adviser shall advise the Issuer, subject always to the Collateral Administrator's approval or rejection of, and the Issuer's right to reject such advice, in relation to the exercise of all rights and remedies of the Issuer in its capacity as a holder of, or Person beneficially entitled to, the Portfolio. The Collateral Administrator may, if directed by the Issuer, 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 give (or advise the Issuer 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 obligations forming part of the Portfolio.

(f) ***Information Regarding the Collateral***

The Issuer (on the advice of the Collateral Adviser) shall procure that a copy of each Monthly Report and any Payment Date Report is made available within two Business Days of publication, to each Noteholder of each Class and any Credit Support Provider as made available on the secured website of the Collateral Administrator, together with a Subordinated Noteholder Report to any Subordinated Noteholder and that copies of each such Report are made available to the Trustee and any appointee, the Initial Purchaser, the Collateral Adviser and each Rating Agency within two Business Days of publication thereof. In addition, for so long as it is providing credit support in relation to any class of Notes, each Credit Support Provider notified to the Collateral Administrator in accordance with the Trust Deed shall be entitled to receive each

Subordinated Monthly Report. The Issuer shall inform the Noteholders of the occurrence of the Effective Date.

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 to the Trustee on behalf of the holders of the Notes that, for so long as any Note remains Outstanding, the Issuer 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 Collateral Administration and Agency Agreement;

(D) under the Collateral Advisory Agreement;

(E) under the Collateral Acquisition Agreements;

(F) under the Hedge Agreements;

(G) under the Liquidity Facility Agreement;

(H) under the Class A-1 Note Purchase Agreement; and

(I) under the Class A-2 Note Purchase Agreement;

(ii) comply with its obligations under the Notes, the Trust Deed (including these Conditions), the Collateral Administration and Agency Agreement, the Collateral Advisory Agreement and each other Transaction Document to which it is a party;

(iii) allow the Trustee and any Person appointed by the Trustee, to whom the Issuer shall have no reasonable objection, access to the books of account of the Issuer at all reasonable times during normal business hours and shall send to any such Person on request or, if so stipulated, at specified intervals, copies thereof and other supporting documents relating thereto as such Person may specify;

(iv) at all times maintain its tax residence outside the United Kingdom and the United States and will not establish a branch, agency, permanent establishment (other than the appointment of the Collateral Adviser and the Collateral Administrator pursuant to the Collateral Advisory Agreement and the process agent pursuant to the process agent appointment letter) or place of business or register as a company in the United Kingdom or the United States;

(v) do all such things as are necessary to maintain its corporate existence;

(vi) keep proper books of accounts;

(vii) pay its debts generally as they fall due;

(viii) use its best endeavours to obtain and maintain the listing on the Irish Stock Exchange of the outstanding Notes of each Class. If, however, it is unable to do so, having used such endeavours, or if the maintenance of such listings are 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 reasonable endeavours promptly to obtain and thereafter to maintain a listing for such Notes on such other stock exchange(s) as it may (with the prior approval of the Trustee) decide or failing such decision as the Trustee may reasonably determine;

(ix) supply such information to the Rating Agencies as they may reasonably request;

(x) at all times use all reasonable efforts to minimise taxes and any other costs arising in connection with its activities;

(xi) subject to Condition 7(h) (*Redemption following Note Tax Event*), ensure that its "centre of main interests" (as that term is referred to in article 3(1) of Council Regulation (EC) No. 1346/2000 on Insolvency Proceedings, as amended) and its tax residence is and remains at all times in Luxembourg; and

(xii) not cause the Issuer to be engaged, or be deemed to be engaged, in a trade or business in the United States or otherwise subject the Issuer to U.S. federal income tax on a net income basis.

(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:

(i) sell, factor, discount, transfer, assign, lend or otherwise dispose of any of its right, title or interest in or to the Collateral, other than in accordance with the Collateral Advisory 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, or these Conditions or in respect of the Synthetic Collateral;

(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, or these Conditions or in respect of Synthetic Securities;

(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 Collateral Administration and Agency Agreement, the Collateral Advisory Agreement and each other Transaction Document to which it is a party, as applicable; or

(D) performing any act incidental to or necessary in connection with any of the above;

(iv) amend any term or condition of the Notes of any Class (save in accordance with these Conditions of the Notes and the Trust Deed);

(v) agree to any amendment to any provision of, or grant any waiver or consent under the Trust Deed, the Collateral Administration, the Liquidity Facility Agreement and Agency Agreement, the Collateral Advisory Agreement, or any other Transaction Document to which it is a party;

(vi) incur any indebtedness for borrowed money, other than in respect of:

(A) the Notes (including the issuance of additional Notes pursuant to Condition 17 (*Additional Issuances*)) or any document entered into in connection with the Notes or the sale thereof; or

(B) pursuant to the Class A-1 Note Purchase Agreement and the Class A-2 Note Purchase Agreement; or

(C) as otherwise permitted pursuant to the Trust Deed and the Liquidity Facility Agreement;

(vii) materially amend its constitutional documents;

(viii) have any subsidiaries or establish any offices, branches or other "establishments" (as that term is used in article 2(h) of Council Regulation (EC) No. 1346/2000 on Insolvency Proceedings, as amended) anywhere in the world except as permitted by the Transaction Documents and subject to Rating Agency Confirmation;

(ix) have any employees (for the avoidance of doubt the Directors of the Issuer do not constitute employees);

(x) enter into any reconstruction, amalgamation, merger or consolidation;

(xi) 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 Conditions and except for dividends payable to the Foundation;

(xii) further issue any shares nor redeem or purchase any of its issued share capital, nor declare or pay any dividends;

(xiii) 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 below) unless such contract or agreement contains "limited recourse" provisions and such Person agrees that, prior to the date that is one year 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;

(xiv) otherwise than as contemplated in the Transaction Documents, release from or terminate the appointment of the Trustee under the Trust Deed, the Custodian or the Account Bank under the Collateral Administration and Agency Agreement, the Collateral Adviser or the Collateral Administrator under the Collateral Advisory 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, in each case, from any executory obligation thereunder; or

(xv) enter into any lease in respect of, or own, premises.

6. ***Interest***

(a) ***Accrual of interest***

(i) ***Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes and Subordinated Notes***

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 Notes, the relevant Class A-1 Advance Date or, as the case may be, the relevant Class A-2 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-1 Advance Date or Class A-2 Advance Date, as the case may be, to (but excluding) the Payment Date falling on or about 21 September 2007) in arrear on each Payment Date.

(ii) ***Subordinated Notes***

Payments will be made on the Subordinated Notes to the extent funds are available in accordance with paragraph (DD) of Condition 3(c)(i) (*Application of Interest Proceeds*), paragraph (V) of Condition 3(c)(ii) (*Application of Principal Proceeds)* and Condition 3(c)(iii) (*Collateral Enhancement Obligation Proceeds Priority of Payments*) on each Payment Date.

(b) ***Cessation of Interest Accrual***

(i) ***Class A Notes, Class B Notes, Class C Notes, Class D Notes and the Class E Notes***

Each Class A-1 Advance will cease to bear interest from the due date for repayment of such Class A-1 Advance and each Class A-2 Note, Class B Note, Class C Note, Class D Note and Class E Note will cease to bear interest from the due date for redemption unless, in each case, payment of principal is improperly withheld or refused. In such event, each Class of Note shall continue to bear interest in accordance with this Condition 6 (*Interest*) (both before and after judgment) until whichever is the earlier of (A) 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 (B) the day following 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 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, 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 or 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, the Class D Notes or the Class E Notes in full on any Payment Date, 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 C Notes, the Class D Notes or the Class E Notes, for so long as any of the Class A Notes or the Class B 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) (*Deferred Interest*) otherwise be due and payable in respect of any of such Classes of Notes on any Payment Date (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 C Notes, the Class D Notes and the Class E Notes, as applicable, and thereafter will accrue interest at the rate of interest applicable to that Class of Notes, and the failure to pay such Deferred Interest to the holders of the Class C Notes, the Class D Notes and the Class E Notes, as applicable, will not be an Event of Default until the Maturity Date, provided always however that if the relevant Class is the then Controlling Class, Deferred Interest shall not be added to the principal amount of such Class and failure to pay any Interest Amount due and payable thereon within five Business Days of the Payment Date in full 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 respective Maturity Date unless payment of principal is improperly withheld or unless default is otherwise made with respect to such payments of principal. Deferred Interest added to the principal amount of any Note pursuant to this Condition 6(c) (*Deferral of Interest*) shall not be included in the Principal Amount Outstanding of such Note for purposes of determining voting rights in respect thereof or the applicable quorum at any meetings of Noteholders.

(ii) ***Non-payment of Interest***

Following redemption in full of the Class A Notes (including repayment in full of the Class A-1 Advances), 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***

Class C Notes, Class D Notes and Class E Notes

Deferred Interest in respect of any Class C Note, Class D Note or Class E Note shall only become payable by the Issuer in accordance with, the Priorities of Payments in each place specified therein 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. An amount equal to any such Deferred Interest so paid shall be subtracted from the principal amount of the Class C Notes and/or the Class D Notes and/or the Class E Note, as applicable. For as long as the Class C Notes, the Class D Notes or the Class E Notes are listed on the Irish Stock Exchange, amounts of Deferred Interest shall

be notified to the Irish Stock Exchange as described in Condition 6(q) (*Publication of Rates of Interest, Interest Amounts and Deferred Interest*) below.

(e) ***Interest on the Notes (other than the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes)***

(i) ***Floating Rate of Interest***

The rate of interest from time to time in respect of the Class A-2 Notes after the Class A-2 Consolidation Date (the "**Class A-2 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**") (each, a "**Floating Rate of Interest**") will be determined by the Calculation Agent on the following basis:

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 six months Euro deposits (or (a) in the case of the initial Accrual Period, the offered rate for nine month Euro deposits as at 11.00 am (London time); and (b) in the case of the Accrual Period immediately prior to the Maturity Date or Redemption Date of the Notes, a linear interpolation of Euro deposits for such period as shall be appropriate) on the Interest Determination Date in question. Such offered rate will be that which appears on the display designated as page 248 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying EURIBOR rates).. The Class A-2 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 (as defined in this Condition below) and the rate which so appears, all as determined by the Calculation Agent.

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 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 three months (or (a) in the case of the initial Accrual Period, the offered rate for nine month Euro deposits as at 11.00 am (London time); and (b) in the case of the Accrual Period immediately prior to the Maturity Date or Redemption Date of the

Notes, a linear interpolation of Euro deposits for such period as shall be appropriate) on the Interest Determination Date in question. The Class A-2 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 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.

If on any Interest Determination Date one only or none of the Reference Banks provides such quotation, the Class A-2 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-2 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, in each case in effect as at the immediately preceding Accrual Period.

Where:

"**Applicable Margin**" means:

(i) in the case of the Class A-2 Notes: 0.25 per cent. per annum (the "**Class A-2 Margin**");

(ii) in the case of the Class B Notes: 0.4 per cent. per annum (the "**Class B Margin**");

(iii) in the case of the Class C Notes: 0.65 per cent. per annum (the "**Class C Margin**");

(iv) in the case of the Class D Notes: 1.6 per cent. per annum (the "**Class D Margin**"); and

(v) in the case of the Class E Notes: 4 per cent. per annum (the "**Class E Margin**").

(ii) ***Determination of Floating Rate of Interest and Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after 11.00 am (London time) on each Interest Determination Date, but in no event later than the second Business Day after such date, determine the Class A-2 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 calculate the interest amount payable in respect of each of the Class A-2 Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Subordinated

Notes for the relevant Accrual Period. The amount of interest (the "**Interest Amount**") payable in respect of each Note shall be calculated by applying the Class A-2 Floating Rate of Interest in the case of the Class A-2 Notes, the Class B Floating Rate of Interest in the case of the Class B Notes, the Class C Floating Rate of Interest in the case of the Class C Notes, the Class D Floating Rate of Interest in the case of the Class D Notes and the Class E Floating Rate of Interest in the case of the Class E Notes, respectively, to the Principal Amount Outstanding of such Note, 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) and multiplying the product thereof by a percentage equal to the applicable Authorised Integral Amount divided by the aggregate original principal amount of such Class of Notes on the Closing Date.

(f) ***Interest on the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes***

Interest on Class A-1 Euro Advances

The rate of interest on each Class A-1 Euro Advance for each Class A-1 Euro Interest Period is the percentage rate per annum which is the aggregate of:

(i) 0.3 per cent.; and

(ii) Applicable EURIBOR.

For the purposes of the above, "**Applicable EURIBOR**" means:

(iii) 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-1 Euro Advance Date); or

(iv) in respect of the first Class A-1 Euro Interest Period and any Class A-1 Euro Advances made on the Closing Date, nine month EURIBOR; or

(v) in respect of the Class A-1 Euro Interest Period immediately prior to the Maturity Date or Redemption Date of the Class A-1 Notes, a linear interpolation of EURIBOR for such period as shall be appropriate; or

(vi) in relation to any Class A-1 Euro Advance or part thereof which is outstanding for less than a full Interest 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.

Interest on Class A-1 Euro Advances will be computed on the basis of a 360-day year and the actual number of days elapsed from (and including) the later of (i) the immediately preceding Payment Date and (ii) the relevant Class A-1 Advance Date to (but excluding) the date which is the earlier of (x) the immediately succeeding Payment Date and (y) the date of repayment of the relevant principal amount of such Class A-1 Euro Advance.

Interest on Class A-1 Sterling Advances

The rate of interest on each Class A-1 Sterling Advance for each Class A-1 Sterling Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(i) 0.3 per cent.; and

(ii) Applicable LIBOR.

For the purposes of the above, "**Applicable LIBOR**" means:

(i) six month LIBOR, calculated as set out in Condition 6(g) (*Calculation of Sterling LIBOR*) below; or

(ii) in respect of the first Class A-1 Sterling Interest Period and any Class A-1 Sterling Advances made on the Closing Date, nine month LIBOR; or

(iii) in respect of the Class A-1 Sterling Interest Period immediately prior to the Maturity Date or Redemption Date of the Class A-1 Notes, a linear interpolation of LIBOR for such period as shall be appropriate; or

(iv) in relation to any Class A-1 Sterling Advance or part thereof which is outstanding for less than a full Interest Period, a linear interpolation of two LIBOR 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 "**Sterling 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 Sterling Calculation Period.

Interest on Class A-2 Advances up to the Class A-2 Consolidation Date

The rate of interest on each Class A-2 Advance for each Class A-2 Interest Period up to the Class A-2 Consolidation Date is the Class A-2 Floating Rate of Interest.

Interest on Class A-2 Advances up to the Class A-2 Consolidation Date will be computed on the basis of a 360-day year and the actual number of days elapsed from (and including) the later of (i) the immediately preceding Payment Date and (ii) the relevant Class A-2 Advance Date to (but excluding) the date which is the earlier of (x) the immediately succeeding Payment Date and (y) the date of repayment of the relevant principal amount of such Class A-2 Advance.

Each Class A-2 Advance in respect of the Class A-2 Notes bears interest from (and including) the relevant Class A-2 Advance Date and such interest will accrue until the last day of each Class A-2 Interest Period and shall be payable in arrear on the immediately succeeding Payment Date. Payment will be made subject to and in accordance with the Priorities of Payments on a basis that is *pari passu* with payments of interest on the Class A-1 Notes.

(g) ***Calculation of Sterling LIBOR***

(1) On the first day of each Interest Period, the Class A Note Agent will determine the Applicable LIBOR at 11.00 am (London time) on that day. Such rate will be determined by reference to the display designated as page 3750 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying LIBOR rates).

(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 Class A Note Agent. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Class A Note Agent will request each of four major banks in London (the "**Sterling Reference Banks**") to provide the Class A Note Agent with its offered quotation to prime banks in the London interbank market for Applicable LIBOR as at 11.00 am (London time) on that date. The rate of interest on the Class A-1 Notes for such Class A-1 Sterling Interest Period shall be the aggregate of 0.3 per cent. per annum 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 Class A Note Agent.

(3) If on any date for the calculation of interest on the Class A-1 Notes, one only or none of the Sterling Reference Banks above provides such quotation, the rate of interest on the Class A-1 Sterling Notes for such Class A-1 Sterling Interest Period shall be the rate of interest in effect as at the immediately preceding Class A-1 Sterling Interest Period.

Interest on the principal amount of Class A-1 Sterling Advances will be computed on the basis of a 365-day year and the actual number of days elapsed from (and including) the later of (i) the immediately preceding Payment Date and (ii) the relevant Class A-1 Advance Date to (but excluding) the date which is the earlier of (x) the immediately succeeding Payment Date or (y) the date of repayment of the relevant principal amount of such Class A-1 Sterling Advance.

Each Class A-1 Advance in respect of the Class A-1 Notes bears interest from (and including) the relevant Class A-1 Advance Date and such interest will accrue until the last day of each Class A-1 Euro Interest Period (for Class A-1 Euro Advances) or of each Class A-1 Sterling Interest Period (for Class A-1 Sterling Advances) and shall be payable in arrear on the immediately succeeding Payment Date. Payment will be made subject to and in accordance with the Priorities of Payments on a basis that is *pari passu* with payments of interest on the Class A-2 Notes.

(h) ***Class A Interest Periods***

Each Class A-1 Interest Period for a Class A-1 Advance shall start on the Class A-1 Advance Date and shall not extend beyond the Maturity Date.

Each Class A-2 Interest Period for a Class A-2 Advance shall start on the Class A-2 Advance Date and shall not extend beyond the Maturity Date.

(i) ***Non-Business Days***

If a Class A-1 Interest Period or Class A-2 Interest Period would otherwise end on a day which is not a Business Day, that Class A-1 Interest Period or Class A-2 interest period, as the case may be, will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

(j) ***Payment of interest on Class A-1 Advances***

Subject as provided below, on the last day of each Class A-1 Euro Interest Period the Issuer shall pay accrued interest on the Class A-1 Euro Advance to which that Class A-1 Euro Interest Period relates.

Subject as provided below, on the last day of each Class A-1 Sterling Interest Period the Issuer shall pay accrued interest on the Class A-1 Sterling Advance to which that Class A-1 Sterling Interest Period relates.

If any Class A-1 Interest 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.

(k) ***Notification of Rates of Interest***

The Class A Note Agent shall promptly notify the Issuer and the Class A-1 Noteholders and the Class A-2 Noteholders of the determination of the Class A-1 Euro Interest Amount, the Class A-1 Sterling Interest Amount, the Applicable LIBOR and Applicable EURIBOR used in determining such amount under this Condition 6 and interest payable on the Class A-2 Notes.

(l) ***Reference Banks and Calculation Agent***

The Issuer will procure that, so long as any Class A-2 Note, Class B Note, Class C Note, Class D Note or Class E Note remains Outstanding:

(1) a Calculation Agent shall be appointed and maintained for the purposes of determining the interest rate and interest amount payable in respect of each Class A-2 Note, Class B Note, Class C Note, Class D Note and Class E Note; and

(2) in the event that the Class A-2 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 (ii) of Condition 6(e)(i) (*Floating Rate of Interest*), that the number of Reference Banks required pursuant to such paragraph (ii) 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 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.

(m) ***Reference Banks and Class A Note Agent***

The Issuer will procure that, so long as any Class A-1 Note or Class A-2 Note remains Outstanding:

(1) a Class A 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-1 Advance and (prior to the Class A-2 Consolidation Date) Class A-2 Advance, as the case may be; and

(2) in the event that the rate of interest on any Class A-1 Advance is to be calculated by reference to Sterling Reference Banks pursuant to paragraph (2) of Condition 6(g) (*Calculation of Sterling LIBOR*), that the number of Sterling Reference Banks required pursuant to such paragraph (2) are appointed.

If the Class A Note Agent is unable or unwilling to continue to act as the Class A Note Agent for the purpose of calculating the Class A-1 Euro Interest Amount, the Class A-1 Sterling Interest Amount, interest payable on the Class A-2 Notes, the Class A-1 Commitment Fee, the Class A-2 Commitment Fee hereunder or fails duly to establish the rate of interest or the Class A-1 Euro Interest Amount, the Class A-1 Sterling Interest Amount, interest payable on the Class A-2 Notes, the Class A-1 Commitment Fee or the Class A-2 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 Note Agent may not resign its duties without a successor having been so appointed.

(n) ***Class A-1 Commitment Fee***

The Class A-1 Noteholders will receive the Class A-1 Commitment Fee which will be payable *pro rata* to the Class A-1 Noteholders in Euro in arrear on each Payment Date prior to the Commitment Termination Date (save that the Class A-1 Commitment Fee will continue to be payable in respect of any Class A-1 Allocated Commitment after the expiry of the Reinvestment Period) pursuant to the Priorities of Payments.

(o) ***Class A-2 Commitment Fee***

The Class A-2 Noteholders will receive the Class A-2 Commitment Fee which will be payable *pro rata* to the Class A-2 Noteholders in Euro in arrear on each Payment Date prior to the Commitment Termination Date pursuant to the Priorities of Payments.

(p) ***Interest Proceeds in respect of Subordinated Notes***

The Calculation Agent, in consultation with the Collateral Administrator, will on each Determination Date calculate the interest payable to the extent of available funds, on each Payment Date, in respect of an original principal amount of Subordinated Notes equal to the Authorised Integral Amount applicable thereto, which shall be equal to the product of the amount of Interest Proceeds to be applied on the Subordinated Notes on the applicable Payment Date pursuant to paragraph (DD) of Condition 3(c)(i) (*Application of Interest Proceeds*), paragraph (V) of Condition 3(c)(ii) (*Application of Principal Proceeds*) and Condition 3(c)(iii) (*Collateral Enhancement Obligation Proceeds Priority of Payments*) and a fraction equal to the amount of such Authorised Integral Amount, as applicable, divided by the aggregate original principal amount of the Subordinated Notes.

(q) ***Publication of Floating Rates of Interest, Interest Amounts and Deferred Interest***

The Calculation Agent will cause the Class A-2 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 or 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 Issuer, the Registrar, the Principal Paying Agent, the Transfer Agents, the Trustee and the Collateral Adviser, the other Agents, for so long as any 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 Principal Paying Agent 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 Principal Paying Agent but in no event later than the third Business Day after such notification.

The Class A Note Agent will cause the rate of interest on each Class A-1 Advance, each Class A-2 Advance and the amount of interest payable in respect of each during such Accrual Period to be notified to the Registrar, the Principal Paying Agent, the Transfer Agents, the Trustee and the Collateral Adviser, for so long as any 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 Principal Paying Agent shall cause each such rate, amount and date to be notified to the Class A Noteholders in accordance with Condition 16 (*Notices*) as soon as possible following notification to the Principal Paying Agent but in no event later than the third Business Day after such notification. If any Class A Notes become due and payable under Condition 10 (*Events of Default*), interest shall nevertheless continue to be calculated as previously by the Class A Note Agent in accordance with this Condition but no publication of the applicable Interest Amounts shall be made unless the Trustee so determines.

The Interest Amounts in respect of each Class of Notes or the Payment Date in respect of any Class of Notes, so published, may subsequently be amended (or appropriate alternative arrangements made with the prior consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Accrual Period or a reduction or increase in the amount of Interest Proceeds and/or Principal Proceeds. 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.

(r) ***Determination or Calculation by Trustee***

If the Calculation Agent does not at any time for any reason so calculate the Class A-2 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 or the Class E Floating Rate of Interest, for an Accrual Period, or the Class A Note Agent does not at any time for any reason so calculate the rate of interest on any Class A-1 Advance or (prior to the Class A-2 Consolidation Date) Class A-2 Advance, the Trustee (or a Person appointed by it at the cost of the Issuer for the purpose) shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent or the Class A-1 Note 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(r) (*Determination or Calculation by Trustee*).

(s) ***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 the Sterling Reference Banks (or any of them), the Calculation Agent, the Class A-1 Note Agent or the Trustee, will (in the absence of manifest error) be binding on the Issuer, the Reference Banks, the Sterling Reference Banks, the Calculation Agent, the Class A-1 Note 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 Sterling Reference Banks, the Calculation Agent, the Class A-1 Note Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 6(s) (*Notifications, etc. to be Final*).

7. ***Redemption***

(a) ***Final Redemption***

Save to the extent previously redeemed or 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) (*Final Redemption*), subject to Condition 3(c)(ii) (*Application of Principal Proceeds*), the Senior Notes will be redeemed at their applicable Redemption Prices and the Subordinated Notes will 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 paragraph (V) (i) of Condition 3(c)(ii) (*Application of Principal Proceeds*). Notes may not be redeemed or cancelled other than in accordance with this Condition 7 (*Redemption*) and Clause 5 (*Cancellation of Certificates and Records*) of the Trust Deed.

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 Subordinated Noteholders***

(i) ***Redemption at the Option of the Subordinated Noteholders***

Subject to the provisions of Condition 7(b)(ii) (*Terms and Conditions of Redemption at the Option of the Subordinated Noteholders*), the Notes of each Class shall be redeemable by the Issuer, in whole but not in part, at the 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) on any Payment Date falling on or after the occurrence of a Collateral Tax Event,

in each case by the Subordinated Noteholders acting by Extraordinary Resolution (as evidenced by duly completed Redemption Notices), in each case, in accordance with the procedures described in paragraph (ii) below and subject to the establishment of a reasonable reserve as determined by the Issuer (acting on the advice of the Collateral Adviser) and the Collateral Administrator for all administrative and other fees and expenses payable in such circumstances

pursuant to the Priorities of Payments. 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*) and to Moody's and S&P. The Issuer shall have no liability to any Person in connection with the establishment of any reserve made by the Issuer pursuant to this Condition 7(b)(i) (*Redemption at the Option of the Subordinated Noteholders*).

Upon any redemption of the Notes pursuant to this Condition, the Class A-1 Commitment and the Class A-2 Commitment shall be reduced to zero on the applicable Redemption Date.

(ii) ***Terms and Conditions of Redemption at the Option of the Subordinated Noteholders***

Following receipt of notice from the Issuer or, as the case may be, of confirmation from the Principal Paying Agent of receipt of a direction from the requisite percentage of Subordinated Noteholders 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 Condition 7(b) (*Redemption at the Option of the Subordinated Noteholders*) above unless not less than seven nor more than fifteen Business Days before the scheduled Redemption Date two Authorised Officers of the Issuer shall have certified to the Trustee (which shall be entitled to rely on such certificate without further enquiry and/or liability) in a form satisfactory to the Trustee that the Expected Net Proceeds from (i)(A) 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) which (or whose guarantor under such obligations) has a short-term senior unsecured credit rating from each of Moody's and S&P, respectively, of "P-1" and "A-1+" (or, if no rating is available from Moody's or S&P, as the case may be, has a long-term senior unsecured credit rating from Moody's of at least "Aa2" and, as the case may be, S&P of "AA", or if neither such rating is available from such Rating Agency, in respect of which Rating Agency Confirmation has been received) and/or (B) (subject in each case to Rating Agency Confirmation from Moody's) one or more funds or other investment vehicles established for the purpose of acquiring assets similar to the Portfolio, in each case with settlement dates on or prior to two Business Days immediately preceding the scheduled Redemption Date 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 prior to the scheduled Redemption Date, will equal or exceed the applicable Redemption Threshold Amount.

Notwithstanding the precedent paragraph, the Notes shall not be optionally redeemed pursuant to Condition 7(b) (*Redemption at the Option of the Subordinated Noteholders*) above unless the immediately available funds held by or on behalf of the Issuer, not later than two Business Days immediately prior to the scheduled Redemption Date, will at least equal 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 Debt 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; and

(2) otherwise:

(x) the Market Value thereof if such Collateral Debt Obligation is to be sold on the Business Day of the certification of any such Expected Net Proceeds; or otherwise

(y) 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 Debt Obligation.

For purposes of this determination, the "**Market Value**" of the Collateral Debt Obligations shall be the Collateral Adviser's estimate thereof (expressed as a Euro amount) based upon its reasonable commercial judgment;

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

(C) amounts scheduled to be received under any Hedge Transaction prior to the Redemption Date.

Collateral Type	**Number of Business Days between Certification and Expected Sale**		
	1 to 2	3 to 5	6 to 15
Loans (other than loans with Market Value of less than 90% of the Principal Balance thereof)	93%	92%	88%
Loans with a Market Value of less than 90% of the Principal Balance thereof	80%	73%	60%

The Collateral Adviser, any of its Affiliates or any account on which the Collateral Adviser or any of its Affiliates advise will be permitted to purchase Collateral Debt Obligations in the Portfolio where the Subordinated Noteholders exercise their right of early redemption pursuant to this Condition 7(b)(ii) (*Terms and Conditions of Redemption at the Option of the Subordinated Noteholders*).

(iii) ***Mechanics of Redemption***

Following calculation by the Collateral Administrator of the applicable Redemption Price, the Collateral Administrator shall make such other calculations as it is required to make pursuant to the Collateral Advisory Agreement and shall notify the Issuer, the Trustee, the Collateral Adviser and the Principal Paying Agent, whereupon the Principal Paying Agent 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 7(b)(iii) (*Mechanics of Redemption*) shall be effected by delivery to the Principal Paying Agent by the requisite amount of Subordinated Noteholders of the Notes 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 Subordinated Note so delivered may be withdrawn without the prior consent of the Issuer. The Principal Paying Agent shall on the expiration of the 20 Business Day period provide a summary of the Redemption Notices received by such date to each of the Issuer, the Trustee, the Collateral Administrator, the Irish Paying Agent, the Transfer Agent and the Collateral Adviser.

The Collateral Adviser shall notify the Issuer, the Trustee, the Collateral Administrator, the Irish Paying Agent, the Transfer Agent and the Principal Paying Agent, whereupon the Principal Paying Agent shall notify the Noteholders, upon satisfaction of any of the conditions set out in paragraph (ii) above and the Collateral Adviser shall arrange for liquidation and/or realisation of the Portfolio on behalf of the Issuer in accordance with the Collateral Advisory 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 Subordinated Noteholders*) in the Payment Account on or before the Business Day prior to the applicable Redemption Date. Principal Proceeds and Interest Proceeds received in connection with such redemption shall be payable in accordance with Condition 3(c) (*Priorities of Payments*) applied as if the Reinvestment Period had expired.

The Collateral Administrator shall copy each Redemption Notice received by it to each of the Irish Paying Agent, the Transfer Agent, the Registrar, the Collateral Adviser and the Trustee.

(c) ***Redemption upon Breach of Coverage Tests***

(i) *Class A Notes and Class B Notes*

If either of the Class A/B Coverage Tests is not met on any Determination Date or, in the case of the Class A/B Interest Coverage Test, on or following the Determination Date relating to the second Payment Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class A Notes (and the Class A-1 Commitments and the Class A-2 Commitments will be simultaneously and permanently reduced as described herein) and the Class B Notes, in accordance with the Priorities of Payments on the related Payment Date in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts) in each case until each such Class A/B Coverage Test is satisfied if recalculated following such redemption.

(ii) *Class C Notes*

If either of the Class C Coverage Tests is not met on any Determination Date or, in the case of the Class C Interest Coverage Test, on or following the Determination Date relating to the second Payment Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class A Notes (and the Class A-1 Commitments and Class A-2 Commitments will be simultaneously and permanently reduced as described herein), the Class B Notes and the Class C Notes, in accordance with the Priorities of Payments on the related Payment Date until each such Coverage Test is satisfied if recalculated following such redemption in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts).

(iii) *Class D Notes*

If either of the Class D Coverage Tests is not met on any Determination Date or, in the case of the Class D Interest Coverage Test, on or following the Determination Date relating to the second Payment Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class A Notes (and the Class A-1 Commitments and the Class A-2 Commitments will be simultaneously and permanently reduced as described herein), the Class B Notes, the Class C Notes and the Class D Notes, in accordance with the Priorities of Payments, on the related Payment Date until each such Coverage Test is satisfied if recalculated following such redemption in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts).

(iv) *Class E Notes*

If either of the Class E Coverage Tests is not met on any Determination Date or in the case of the Class E Interest Coverage Test, on or following the Determination Date relating to the second Payment Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Class A Notes (and the Class A-1 Commitments and the Class A-2 Commitments will be simultaneously and permanently reduced as described herein), the Class B

Notes, the Class C Notes, the Class D Notes and the Class E Notes, in accordance with the Priorities of Payments on the related Payment Date until each such Coverage Test is satisfied if recalculated following such redemption in accordance with and subject to the Priorities of Payments (including payment of all prior ranking amounts).

(d) ***Special Redemption***

Principal payments on the Notes may be made by the Issuer (on the advice of the Collateral Adviser) in accordance with the Principal Proceeds Priority of Payments if, at any time during the Reinvestment Period, the Issuer (acting on the advice of the Collateral Adviser) notifies the Trustee, the Principal Paying Agent and the Collateral Administrator that it has been unable, for a period of 120 consecutive days, to identify additional Collateral Debt Obligations that are deemed appropriate by the Issuer (acting on the advice of the Collateral Adviser) and which meet the Eligibility Criteria or, to the extent applicable, the Reinvestment Criteria, in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Principal Account that are to be invested in additional Collateral Debt Obligations (a "**Special Redemption**"). On the first Payment Date following the Due Period in which such notice is given (a "**Special Redemption Date**"), the funds in the Principal Account representing Principal Proceeds which cannot be reinvested in additional Collateral Debt Obligations or Substitute Collateral Debt Obligations (the "**Special Redemption Amount**") will be applied in accordance with paragraph (B) of the Principal Proceeds Priority of Payments. Notice of payments pursuant to this Condition 7(d) (*Special Redemption*) shall be given in accordance with Condition 16 (*Notices*) not less than 20 Business Days prior to the applicable Special Redemption Date to each Noteholder affected thereby and to the Rating Agencies. For the avoidance of doubt, the exercise of a Special Redemption shall be at the sole and absolute discretion of the Issuer (acting on the advice of the Collateral Adviser) and the Collateral Adviser shall be under no obligation to, or have any responsibility for, any Noteholder or any other Person for the exercise or non-exercise (as applicable) of such Special Redemption.

(e) ***Redemption on Breach of Reinvestment Diversion Threshold***

If during the Reinvestment Period, the Reinvestment Diversion Threshold is not satisfied on the related Determination Date, an amount equal to the Required Diversion Amount will be applied in accordance with the Priorities of Payments (1) to purchase Collateral Debt Obligations and/or (2) to redeem the Notes, on a sequential basis in accordance with the Priorities of Payments with the options referred to in (1) and/or (2) above being selected by the Issuer (acting on the advice of the Collateral Adviser).

(f) ***Redemption upon Effective Date Rating Event***

In the event that as at the twentieth Business Day prior to the Payment Date following the Effective Date and thereafter as at each Payment Date (to the extent required), an Effective Date Rating Event has occurred and is continuing, the Senior Notes shall be redeemed on a sequential basis in accordance with the Priorities of Payments on such

Payment Date and thereafter on each Payment Date (to the extent required) out of Interest Proceeds and thereafter out of Principal Proceeds subject to the Priorities of Payments, in each case, until redeemed in full or, if earlier, until an Effective Date Rating Event is no longer continuing.

(g) ***Redemption Following Expiry of the Reinvestment Period***

Following expiry of the Reinvestment Period, the Issuer shall, on each Payment Date occurring thereafter, apply Principal Proceeds transferred to the Payment Account immediately prior to the related Payment Date in redemption of the Notes at their applicable Redemption Prices in accordance with the Priorities of Payments.

(h) ***Redemption following Note Tax Event***

Upon the occurrence of a Note Tax Event, the Issuer shall, subject to and in accordance with the terms of the Trust Deed, use all reasonable efforts to change the territory in which it is resident for tax purposes to another jurisdiction which, at the time of such change, would not give rise to a Note Tax Event. Upon the earlier of (a) the date upon which the Issuer notifies (or procures the notification of) the Noteholders that it is not able to effect such change of residence and (b) the date which is 90 days from the date upon which the Issuer first becomes aware of such Note Tax Event (provided that such 90 day period shall be extended by a further 90 days in the event that during the former period the Issuer has notified (or procured the notification of) the Noteholders that, based on advice received by it, it expects that it shall have changed its place of residence by the end of the latter 90 day period), the Controlling Class or the Subordinated Noteholders, in each case acting by Extraordinary Resolution may elect that the Notes of each Class are redeemed, in whole but not in part, on any Payment Date thereafter, at their respective Redemption Prices in accordance with the Priorities of Payments applied as if the Reinvestment Period had expired, in which case the Issuer shall so redeem the Notes on such terms, provided that such redemption of the Notes, whether pursuant to the exercise of such option by the Controlling Class or the Subordinated Noteholders, shall take place in accordance with the procedures and conditions set out in Condition 7(b) (*Redemption at the Option of the Subordinated Noteholders*).

Upon any redemption of the Notes pursuant to this Condition, the Class A-1 Commitment and the Class A-2 Commitment shall be reduced to zero on the applicable Redemption Date.

(i) ***Redemption***

All Notes in respect of which any notice of redemption is given shall be redeemed on the Redemption Date at their applicable Redemption Prices and to the extent specified in such notice and in accordance with the requirements of this Condition 7(i) (*Redemption*).

(j) ***Other Provisions relating to the Redemption of Subordinated Notes***

Notwithstanding any other provision of the Conditions of the Notes or the Trust Deed, all references herein and therein to any 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 a minimum of €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.

(k) ***Cancellation***

All Notes redeemed in full by the Issuer (other than Class A-1 Notes during the Reinvestment Period) will be cancelled and may not be reissued or resold.

(l) ***Notice of Redemption***

The Issuer shall procure that notice of any redemption in accordance with this Condition 7 (*Redemption*) is given to the Noteholders in accordance with Condition 16 (*Notices*) and promptly in writing to the Rating Agencies.

(m) ***Purchase***

The Issuer may not purchase any Notes.

(n) ***Repayment of Class A-1 Advances and Reduction of the Class A-1 Commitment***

Class A-1 Advances will be repaid and the Class A-1 Commitment reduced on each Payment Date in accordance with the Priorities of Payments and the provisions of the Class A-1 Note Purchase Agreement and may, in addition, be repaid on any Business Day at the option of the Issuer (on the advice of the Collateral Adviser) subject to compliance with the conditions specified in the remainder of this Condition 7(n) (*Repayment of Class A-1 Advances and Reduction of the Class A-1 Commitment*).

To the extent specified pursuant to such Conditions, the available proceeds for redemption of Class A Notes (up to a maximum amount equal to the sum of the Principal Amount Outstanding of the Class A-2 Notes, the Class A-2 Drawn Amount and the Class A-1 Allocated Commitment) (the "**Class A Redemption Amount**") will be applied to the repayment of the Principal Amount Outstanding of the Class A-2 Notes, the Class A-1 Drawn Amount and the reduction of the Class A-1 Allocated Commitment (by depositing a commensurate amount in the Revolving Reserve Account) pursuant to the Priorities of Payments.

The amount to be applied in the repayment of the Class A-1 Drawn Amount will be equal to the Class A Redemption Amount times a fraction whose numerator is the Class A-1 Drawn Amount and whose denominator is the sum of the Principal Amount Outstanding of the Class A-2 Notes, the Class A-1 Drawn Amount and the Class A-1

Allocated Commitment (with the Class A-1 Allocated Commitment in respect of Sterling denominated Revolving Obligations or Delayed Drawdown Collateral Obligations converted into Euro at the Current Spot Rate), each before the reductions in connection with the repayment.

Principal in respect of any Class A-1 Advance may be prepaid on any Business Day (other than a Payment Date, on which dates Class A-1 Notes shall be repaid in accordance with the Priorities of Payments), provided that the Class E Coverage Tests are satisfied (save where the Class A-1 Notes are to be redeemed in full, in which event principal shall be repaid in accordance with the Priorities of Payments).

If the Class E Coverage Tests are not in compliance, Class A-1 Advances may only be repaid *pro rata* with the redemption of the Class A-2 Notes and the reduction of the Class A-1 Allocated Commitment until the date which is the earlier of (i) the date on which the Class A-2 Notes are redeemed in full and the Class A-1 Notes are repaid in full and the Class A-1 Allocated Commitment is reduced to zero; and (ii) the Class E Coverage Tests are once again in compliance. To the extent that any such breached Class E Coverage Test is cured, any remaining proceeds may be applied by the Issuer (on the advice of the Collateral Adviser) towards the repayment of any Class A-1 Advances.

If a Class A-1 Advance is prepaid on a Business Day other than a Payment Date, the Issuer shall pay to the Class A Note Agent (for disbursement to the Class A-1 Noteholders in proportion to their respective entitlements thereto) the Class A-1 Make Whole Amount.

Upon any redemption of the Notes pursuant to Condition 7(b) (*Redemption at the Option of the Subordinated Noteholders*) or Condition 7(h) (*Redemption following Note Tax Event*), the Class A-1 Commitments shall be reduced to zero on the applicable Redemption Date.

In the event of any redemption of the Notes pursuant to Condition 7(c) (*Redemption upon Breach of Coverage Tests*), Condition 7(d) (*Special Redemption*) or Condition 7(f) (*Redemption upon Effective Date Rating Event*), the Aggregate Class A-1 Commitment shall be reduced to an aggregate amount equal to the Class A-1 Drawn Amount and the Class A-1 Allocated Commitment with effect on and from the applicable Redemption Date and with the Class A-1 Commitment of each Class A-1 Noteholder being proportionately reduced.

On the last day of the Reinvestment Period, the Aggregate Class A-1 Commitment shall be reduced to an amount equal to the Class A-1 Drawn Amount and the Class A-1 Allocated Commitment on the last day of the Reinvestment Period with effect on and from such date. Accordingly the Class A-1 Commitment of each Class A-1 Noteholder shall be proportionately cancelled on the last day of the Reinvestment Period in an amount equal to such Class A-1 Noteholder's proportionate share of the amount by which the Aggregate Class A-1 Commitment was reduced pursuant to and in accordance with the immediately preceding sentence. Any Class A-1 Advances

subsequently repaid thereafter shall also proportionately cancel the Class A-1 Commitments of each Class A-1 Noteholder and shall not be available to be redrawn by the Issuer. Any draw on any Class A-1 Allocated Commitment shall increase the Class A-1 Drawn Amount and reduce the Class A-1 Allocated Commitment by the same amount.

(o) ***Redemptions Sequential***

All redemptions of Notes shall be made on a sequential basis in accordance with the Priorities of Payments (subject to Condition 7(n) (*Repayment of Class A-1 Advances and Reduction of the Class A-1 Commitment*) and provided that Class A-1 and Class A-2 Notes will (save as aforesaid) be paid *pari passu* and *pro rata*.

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 Paying Agent by Euro cheque or, in the case of payments on any Class A-1 Sterling Advances, Sterling 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 or, in the case of payments on any Class A-1 Sterling Advances, Sterling 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 Paying 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 or, in the case of payments on any Class A-1 Sterling Advances, Sterling account, maintained by the payee with a bank in Western Europe.

All payments in respect of the Class A-1 Notes and (prior to the Class A-2 Consolidation Date) Class A-2 Notes shall be made in accordance with the Class A-1 Note Purchase Agreement and the Class A-2 Note Purchase Agreement, respectively, 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 Noteholder 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 will 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 paying agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive, in each case, as approved by the Trustee and shall procure that it shall at all times maintain a Custodian, Account Bank, Collateral Adviser and Collateral Administrator. Notice of any change in any Agent or their specified offices or in the Collateral Adviser or Collateral Administrator will promptly be given to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*).

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 Luxembourg, or any other jurisdiction, or any political sub-division 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 is not and shall not be under any obligation 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 Date in respect of the Notes of any Class become obliged by law 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 prior consent of the Trustee and save as provided below) shall use all 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 Issuer and/or the Trustee of Rating Agency Confirmation in relation to such change.

Notwithstanding the above, if any taxes referred to in this Condition 9 (*Taxation*) arise:

(a) due to the connection of any Noteholder with the jurisdiction imposing, levying, collecting, withholding or assessing the tax 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 which is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or any arrangement entered into between the Member States and certain 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 Notes (or in respect of the Class A-1 Notes, any Class A-1 Euro Interest Amounts, any Class A-1 Sterling Interest Amounts, any Class A-1 Commitment Fees or any Class A-1 Make Whole Amounts and in respect of the Class A-2 Notes, any Class A-2 Commitment Fees) (if any) (including any unpaid interest due and payable

thereon) or any Class B Notes 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 A Notes, the Class B Notes and 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 in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the Issuer fails to pay any interest in respect of any Class E Note (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 any Class A-1 Commitment Fees, Class A-2 Commitment Fees or Class A-1 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, such failure to pay continues for a period of at least seven Business Days);

(ii) ***Non-payment of principal***

The Issuer fails to pay any principal when the same becomes due and payable on any Note on any Redemption Date and provided that any such failure to pay continues for a period of at least five Business Days (or, if such failure to pay results from an administrative error, such failure to pay continues for a period of at least seven 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 in accordance with the Priorities of Payments, which failure continues for a period of five Business Days (or, if such failure to pay results from an administrative error, such failure to pay continues for a period of at least seven Business Days);

(iv) ***Class A Par Value Ratio***

On any Measurement Date after the Initial Investment Period, the Class A Par Value Ratio is less than 101 per cent;

(v) ***Breach of Other Obligations***

The Issuer does not perform or comply with any other of its covenants, warranties or other agreements of the Issuer under the Notes, the Trust Deed, the Collateral Administration and Agency Agreement, the Collateral Advisory Agreement, Liquidity Facility Agreement, the Class A-1 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) (*Events of Default*) 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, Collateral Advisory Agreement, the Class A-1 Note Purchase Agreement or any other Transaction Document or in any certificate or other writing delivered pursuant thereto or in connection therewith was untrue in any material respect when the same shall have been made, and the continuation of such default, breach or failure for a period of 30 days (or 15 days, in the case of any default, breach or failure of any 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 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, except for any such default, breach or failure which has not had and is not expected by the Trustee to have a material adverse effect on the Controlling Class;

(vi) ***Insolvency Proceedings***

Proceedings (including, without limitation, in relation to the Issuer, any bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) are initiated against the Issuer under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws (together, "**Insolvency Law**"), or a receiver, trustee, administrator, custodian, conservator, liquidator or other similar official (including, without limitation, in relation to the Issuer, any receiver (*curateur*), liquidator (*liquidateur*), auditor (*commissaire*), verifier (*expert-vérificateur*), *juge délégué* or *juge commissaire*) (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 and in any of the foregoing cases, except in relation to the appointment of a Receiver, is not discharged within 30 days; or the Issuer is, or initiates or consents to judicial proceedings relating to itself under 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, the Class A-1 Note Purchase Agreement or the Class A-2 Note Purchase Agreement;

(viii) ***Investment Company Act***

The Issuer or the pool of Collateral becomes required to register as an "Investment Company" under the Investment Company Act; and

(b) ***Acceleration***

(i) If an Event of Default occurs and is continuing, the Trustee may, at its discretion and shall, at the request of the Controlling Class acting by Extraordinary Resolution (subject to the Trustee being indemnified and/or secured 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 the Notes are to be immediately due and payable.

(ii) Upon any such notice being given to the Issuer in accordance with Condition 10(b)(i) (*Acceleration*) and automatically upon the occurrence of an Event of Default pursuant to Condition 10(a)(vi) (*Insolvency Proceedings*), all of the Notes shall immediately become due and repayable at their applicable Redemption Prices, provided that such notice shall not have any effect and the Notes shall not become due and repayable until the conditions set out in Condition 11(b) (*Enforcement*) have been satisfied.

(c) ***Curing of Default***

At any time after a notice of acceleration of the Maturity Date of the Notes has been made following the occurrence of an Event of Default and prior to enforcement of the security pursuant to Condition 11 (*Enforcement*), the Trustee may, subject to receipt of consent from the Controlling Class, and shall, if requested by the Controlling Class, in each case, acting by Ordinary Resolution (subject, in each case, to the Trustee being indemnified and/or secured 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 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 but including the Class A-1 Commitment Fee, Class A-2 Commitment Fee and any Class A-1 Make Whole Amount;

(B) all due but unpaid taxes owing by the Issuer, as certified by two Authorised Officers of the Issuer to the Trustee;

(C) all due but unpaid Administrative Expenses and Trustee Fees and Expenses; and

(D) all amounts due and payable under any Hedge Transaction or the Liquidity Facility Agreement; 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-1 Commitment Fee, A-2 Commitment Fees or Class A-1 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, as subsequently requested to accelerate the Notes in accordance with paragraph (b)(i) above, or 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 10 by any Class of Noteholders, other than the Controlling Class as provided in Condition 10(b) (*Acceleration*).

(e) ***Notification and Confirmation of No Default***

The Issuer shall promptly notify the Trustee, the Collateral Adviser, the Noteholders, the Rating Agencies and each Asset Swap Counterparty 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 that no Event of Default has occurred and that no condition, event or act has occurred 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 fulfilment of any similar condition could constitute an Event of Default 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) below, the security constituted under the Trust Deed over the Collateral shall become enforceable upon an acceleration of the Maturity Date 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, at its discretion and shall if so directed by the Controlling Class acting by Ordinary Resolution (and subject to being indemnified and/or secured to its satisfaction), 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 actions together, "**Enforcement Actions**"), 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(e) (*Entitlement of the Trustee and Conflicts of Interest*)) to the effect of such action on individual Noteholders of such Class or any other Secured Party provided however that:

(i) no such Enforcement Actions may be taken by the Trustee unless:

(A) it determines that the anticipated proceeds realised from such Enforcement Actions (after deducting any reasonably anticipated expenses incurred in connection therewith) would be sufficient to discharge in full all amounts due and payable in respect of all Classes of Notes other than the Subordinated Notes (including, without limitation, Deferred Interest on the Class C Notes, the Class D Notes and the Class E Notes) and all amounts payable in priority thereto pursuant to the Priorities of Payments (such determination being an "**Enforcement Threshold Determination**") and such determination shall be subject to approval of the Collateral Adviser and the Controlling Class, acting by Ordinary Resolution; or

(B) consent to the taking of Enforcement Action is received from the Controlling Class acting by an Ordinary Resolution of such Class;

(ii) the Trustee shall not be bound to institute any such proceedings or take any such other action unless it is directed by the Controlling Class acting by Ordinary Resolution at such time and, in each case, the Trustee is indemnified and/or secured 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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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 directions of the Subordinated Notes acting by Extraordinary Resolution; and

(iii) the Trustee shall determine the aggregate proceeds that can be realised pursuant to any Enforcement Actions in accordance with paragraph (i) above by reference to the provisions set out in the definition of "Expected Net Proceeds" in Condition 7(b)(ii) (*Terms and Conditions of Redemption at the Option of the Subordinated Noteholders*) for the purpose of determining the proceeds realisable from liquidation of the Portfolio. The Trustee may rely conclusively on the opinion of an independent investment banking firm of national reputation or such other Person in making such determination (and the costs of such firm shall be an Administrative Expense).

The Trustee shall notify the Noteholders, the Issuer, the Agents, the Collateral Adviser and the Rating Agencies in the event that it makes an Enforcement Threshold Determination at any time or takes any Enforcement Action at any time (such notice an "**Enforcement Notice**"). The net proceeds of enforcement of the security over the Collateral shall be credited to the Payment Account or such other account as the Trustee may direct and shall be distributed in accordance with the Priorities of Payments applied as if the Reinvestment Period had expired.

(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 any 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 after having received notice of such failure and such failure or neglect continues for at least 30 days following receipt of such notice by the Trustee. 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 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, respecting the seniority of the Class of Notes, 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, and available to pay, to such Noteholder in respect of such Notes pursuant to the Priorities of Payments out 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 (and 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 (*Meetings of Noteholders, Modification, Waiver and Substitution*) are descriptive of the detailed provisions of the Trust Deed.

(b) ***Decisions and Meetings of Noteholders***

(i) ***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-1 Noteholders and (prior to the Class A-2 Consolidation Date) the Class A-2 Noteholders, votes shall be determined by reference to the Class A-1 Commitment or, as the case may be, Class A-2 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" in paragraph (iii) below. Meetings of the Noteholders may be convened by the Issuer or the Trustee and shall be convened by the Issuer or the Trustee upon request by one or more Noteholders holding not less than 10 per cent. in principal amount of the Notes Outstanding of a particular 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 and not the holders of any other Notes as set forth in the tables below.

The provisions of articles 86 to 94-8 of the Luxembourg act of 10 August 1915, on commercial companies, as amended, shall not apply in respect of the Notes.

(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

Type of Resolution	**Any meeting other than a meeting adjourned for want of quorum**	**Meeting previously adjourned for want of quorum**
Extraordinary Resolution of all Noteholders (or a certain Class or Classes only)	One or more Persons holding or representing not less than 50 per cent. of the aggregate of the Principal Amount Outstanding of each Class or Classes only, if applicable)	One or more Persons holding or representing any Notes (or of the relevant Class or Classes only, if applicable) regardless of the aggregate Principal Amount Outstanding of each Class of Notes so held or represented
Ordinary Resolution of all Noteholders (or a certain Class or Classes only)	One or more Persons holding or representing not less than 10 per cent. of the aggregate of the Principal Amount Outstanding of each Class of Notes (or the relevant Class or Classes only, if applicable)	One or more Persons holding or representing any Notes (or of the relevant Class or Classes only, if applicable) regardless of the aggregate Principal Amount Outstanding of each Class of Notes so held or represented

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) in the event that 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 Notes held or represented by any Person or Persons entitled to vote in favour of such Resolution represents of the aggregate Principal Amount Outstanding of all applicable 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 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 Notes entitled to vote in respect of such Written Resolution.

Minimum Percentage Voting Requirements

Type of Resolution	**Per cent.**
Extraordinary Resolution of all Noteholders (or of a certain Class or Classes only)	At least $66^2/_3$ per cent. of the aggregate of the Principal Amount Outstanding of the Notes (or of a certain Class or Classes only)
Ordinary Resolution of all Noteholders (or of a certain Class or Classes only)	More than 50 per cent. of the aggregate of the Principal Amount Outstanding of Notes (or of a certain Class or Classes only)

(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) ***Relationship Between Classes***

In relation to each Class of Notes:

(i) no Extraordinary Resolution relating to those matters specified in Condition 14(b)(vi) (*Extraordinary Resolution*) that is passed by the holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other

Classes of Notes (to the extent that there are outstanding Notes in each such other Classes);

(ii) no Extraordinary Resolution or Ordinary Resolution to approve any matter (other than relating to those matters specified in Condition 14(b)(vi) (*Extraordinary Resolution*)) shall be effective unless it is sanctioned by an Extraordinary Resolution or an Ordinary Resolution, as applicable, of the holders of each of the other Classes of Notes ranking senior to such Class (to the extent that there are outstanding Notes ranking senior to such Class) unless the Trustee considers that none of the holders of each of the other Classes of Notes ranking senior to such Class would be materially prejudiced by the absence of such sanction; and

(iii) any resolution passed at a meeting of Noteholders of one or more Classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such Class or Classes, whether or not present at such meeting and whether or not voting and, except in the case of a meeting relating to those matters specified in Condition 14(b)(vi) (*Extraordinary Resolution*), any resolution passed at a meeting of the holders of the Controlling Class duly convened and held as aforesaid shall also be binding upon the holders of all the other Classes of Notes.

(vi) ***Extraordinary Resolution***

Any Resolution to sanction any of the following items will be required to be passed by an Extraordinary Resolution which, in the case of any modifications to the Collateral Advisory Agreement (other than as contemplated in Condition 14(c) (*Modification and Waiver*)) shall be an Extraordinary Resolution of the Controlling Class:

(A) the exchange or substitution for the Notes of a Class, or the conversion of the Notes of a Class into, shares, bonds or other obligations or securities of the Issuer or any other entity;

(B) the amendment to any date fixed for payment of principal or of interest on the Notes of any Class;

(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) the adjustment of the outstanding principal amount of the Notes Outstanding of the relevant Class;

(E) a change in the currency of payment of the Notes of a Class;

(F) any change in the Priorities of Payments of any payment items (including modification of interest or principal payable on the Notes) in the Priorities of Payments;

(G) 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;

(H) any modification of any Transaction Document having a material adverse effect on the security over the Collateral constituted by the Trust Deed;

(I) any item requiring approval by Extraordinary Resolution pursuant to these Conditions or any Transaction Document; and

(J) any modification of this Condition 14(b) (*Decisions and Meetings of Noteholders*),

provided that if any of the matters set out in paragraphs (A) to (J) (inclusive) above affect:

(a) the amendment to any date fixed for payment of principal or of interest on the Class A-1 Notes;

(b) the modification of the timing and/or determination of the amount of interest or other amounts payable in respect of the Class A-1 Notes from time to time, including the Class A-1 Commitment Fee, Class A-2 Commitment Fee and Class A-1 Make Whole Amount;

(c) a change in the currency of payment of the Class A-1 Notes, or any other amounts payable under the Priorities of Payments in respect of the Class A-1 Notes; or

(d) any change in the Priorities of Payments or in the calculation or determination of any amounts payable thereunder in respect of the Class A-1 Notes which materially affects the holders of the Class A-1 Notes,

then, in addition to such Extraordinary Resolution, the written consent of the holders of the Class A Notes acting by Extraordinary Resolution (such consent not to be unreasonably withheld) and Rating Agency Confirmation shall also be required.

(c) ***Modification and Waiver***

The Trust Deed and the Collateral Advisory Agreement both provide that, without the consent of the Noteholders, the Issuer may amend, modify, supplement and/or waive

the relevant provisions of the Trust Deed and/or the Collateral Advisory 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, for any of the following purposes:

(i) to add to the covenants of the Issuer for the benefit of the Noteholders or to surrender any right or power in the Trust Deed or the Collateral Advisory 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 or any other Transaction Document to which it is party 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 make such changes as shall be necessary or advisable in order for the Notes of each Class to be (or to remain) listed on the Irish Stock Exchange or any other exchange;

(vi) save as contemplated in paragraph (d) (*Substitution*) below, to take any action advisable to prevent the Issuer from becoming subject to withholding or other taxes, fees or assessments;

(vii) to take any action advisable to prevent the Issuer from being subject to German trade tax or corporations tax;

(viii) to take any action advisable to prevent the Issuer from being treated as resident in the UK for UK tax purposes or as trading in the UK for UK tax purposes or as subject to UK value added tax in respect of any Collateral Advisory 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 enter into any additional agreements not expressly prohibited by the Trust Deed or the Collateral Advisory Agreement (as applicable);

(xi) to amend any of the Collateral Quality Tests and/or the Portfolio Profile Tests and/or the Bivariate Risk Table, subject to receipt of Rating Agency Confirmation and the consent of the Controlling Class acting by Ordinary Resolution;

(xii) to make any other modification of any of the provisions of these Conditions, the Trust Deed, the Collateral Advisory Agreement or any other Transaction Document which, in the opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest error; and

(xiii) to make any other modification, and/or give any waiver or authorisation of any breach or proposed breach, of any of the provisions of these Conditions, the Trust Deed or any other Transaction Document which in the opinion of the Trustee is 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 Controlling 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 Controlling Class.

Any such modification, authorisation or waiver shall be binding on all Noteholders and shall be notified to each Rating Agency and to the Noteholders as soon as practicable in accordance with Condition 16 (*Notices*).

Under no circumstances shall the Trustee be required to give such consent on less than 21 days' notice and, save as provided at Condition 14(c)(xi) (*Modification and Waiver*) above, the Trustee shall be entitled to obtain such advice in connection with giving such consent as it sees fit (and to be indemnified and/or secured in respect of all of its costs and expenses in obtaining such advice) but, subject to the foregoing, shall not be entitled to withhold its consent or subject consent to the direction or approval of any Noteholders, (other than in the case of (xi) above which shall require the consent of the Controlling Class acting by Ordinary Resolution) where the proposed amendment, modification, supplement or waiver falls within paragraph (i) to (xiii) above and does not impose additional obligations on the Trustee. For the avoidance of doubt, the foregoing shall not oblige the Trustee to consent where such proposed amendment, modification, supplement or waiver (other than one falling within paragraph (xi)) would in the Trustee's sole determination be materially prejudicial to the interests of the Noteholders of any Class.

(d) ***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

(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. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, but subject to receipt by the Issuer and/or the Trustee of Rating Agency Confirmation (subject to receipt of such information and/or opinions as the Rating Agency may require), 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 of any Class. Any substitution agreed by the Trustee pursuant to this Condition 14(d) (*Substitution*) shall be binding on the Noteholders, and shall be notified to the Noteholders as soon as practicable in accordance with Condition 16 (*Notices*).

For the purposes of this Condition 14(d) (*Substitution*), it is expressly agreed that by subscribing to, acquiring or otherwise purchasing the Notes, the Noteholders are expressly deemed to have consented to the substitution of the Issuer by any other company and to the release of the Issuer from any and all obligations in respect of the Notes and are expressly deemed to have accepted such substitution and the consequences thereof.

The Trustee may, subject to the satisfaction of certain conditions, including receipt by the Issuer and/or the Trustee of Rating Agency Confirmation, agree to a change in the place of residence of the Issuer for taxation purposes without the consent of the Noteholders of any Class, 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 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 any Notes are listed on the Irish Stock Exchange any material amendments or modifications to the Conditions of the Notes, the 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.

(e) ***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 14(e) (*Entitlement of the Trustee and Conflicts of Interest*)), 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 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class

E Notes and the Subordinated Notes, the interests of the holders of the Controlling Class will prevail. If the holders of the Controlling 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 Noteholders over the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders, (ii) the Class B Noteholders over the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders, (iii) the Class C Noteholders over the Class D Noteholders, the Class E Noteholders and the Subordinated Noteholders, (iv) the Class D Noteholders over the Class E Noteholders and the Subordinated Noteholders and (v) the Class E Noteholders over the Subordinated Noteholders. In the event that the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the Controlling Class (or another Class given priority as described in this paragraph), each representing less than the majority by principal amount of the Controlling Class (or other Class given priority as described in this paragraph), 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 Controlling 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.

So long as any Note is Outstanding, the Trustee shall not be required to consider the interests of any other Secured Party or, at any time, any other Person.

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 and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer or any other party to any Transaction Document and any entity related to the Issuer or any other party to any Transaction Document without accounting for any profit. The Trustee is exempted from any liability in respect of any loss or theft of the Collateral 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 or any Agent of any of its duties under the Collateral Administration and Agency Agreement or for the performance by the Collateral Adviser of any of its duties under the Collateral Advisory Agreement, for the performance by the Collateral Administrator of its duties under the Collateral Advisory Agreement or for the performance by any other Person appointed by the Issuer in relation to the Notes or any other party to any Transaction Document. The Trustee shall not have any responsibility for the

administration, management or operation of the Collateral including the request by the Collateral Adviser 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 Extraordinary Resolution of the Controlling 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 the life of the Prospectus) 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 dispatch thereof to the Noteholders or on the date of delivery in the case of electronic transmission.

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. A copy of any such notice shall also be delivered to the Initial Purchaser regardless of whether it is a Noteholder at such time.

Any holder of any Class A Note may elect to acquire bond insurance, a surety bond, a credit default swap or similar credit enhancement supporting the payment of principal and/or interest on such Class A Note on terms and conditions acceptable to such Noteholder and at the sole expense of such holder. Such holder may elect to deliver notice to the Trustee, the Issuer, the Class A Note Agent and the Collateral Administrator in substantially the form set forth in the Trust Deed specifying the name and contact information of the insurer, surety, credit protection seller or enhancer of such Class A Note and, on such election, all notices will also be delivered to any such Credit Support Provider.

17. **Additional Issuances**

(a) The Issuer may from time to time, by written notice to the Trustee at least 30 days prior to the proposed date of issue and subject to the written approval of Class A Noteholders representing at least 50 per cent. of the Principal Amount Outstanding of the Class A Notes, create and issue further Notes having the same terms and conditions as existing Classes of Notes (subject as provided below) and which shall be consolidated and form a single series with the Outstanding Notes of such Class (unless otherwise provided), and will use the proceeds of sale thereof to purchase additional Collateral Debt Obligations and, if applicable, enter into additional Hedge Transactions in connection with the Issuer's issuance of, and making payments on, the Notes and ownership of and disposition of the Collateral Debt Obligations, provided that the two Authorised

Officers of the Issuer confirm in writing to the Trustee that the following conditions are met:

(i) such additional issuances (when aggregated) may not exceed 33 per cent. of the original principal amounts of each applicable Class of Notes;

(ii) such additional Notes must be issued for a cash sale price and the net proceeds invested in Collateral Debt Obligations or, pending such investment during the Initial Investment Period deposited in the Unused Proceeds Account or, thereafter, deposited in the Principal Account and, in each case, invested in Eligible Investments;

(iii) such additional Notes must be of each Class of Notes and issued in a proportionate amount among the Classes so that the respective proportions of aggregate principal amount of the Classes of Notes existing immediately prior to such additional issuance remain unchanged following such additional issuance (save with respect to Subordinated Notes as described in paragraph (b) below);

(iv) the terms (other than the date of issuance, the issue price and the date from which interest will accrue) of such Notes must be identical to the terms of the previously issued Notes of the applicable Class of Notes;

(v) none of the ratings on each Class must at such time be no lower than the original ratings assigned on the Closing Date;

(vi) the Issuer must receive Rating Agency Confirmation in respect of such additional issuances;

(vii) if any further Class A Notes are to be issued, the holders of the Class A Notes shall have been notified in writing 30 days prior to such issuance and shall have been afforded the opportunity to purchase additional Class A Notes in an amount not to exceed the percentage of the Class A Notes each such holder held immediately prior to the issuance of such Class A Notes and on the same terms offered to investors generally;

(viii) (so long as the existing Notes of the Class of Notes to be issued are listed on the Irish Stock Exchange) the additional Notes of such class to be issued are in accordance with the requirements of the Irish Stock Exchange and are listed on the Irish Stock Exchange (for so long as the rules of the Irish Stock Exchange so requires);

(ix) such additional issuances are in accordance with all applicable laws including, without limitation, the securities and banking laws and regulations of Luxembourg and the provisions of the tax agreement obtained on behalf of the Issuer from the Luxembourg tax authorities;

(x) any issuance of additional Notes shall be accomplished in a manner that will allow the Issuer to provide the information described in United States Treasury Regulation Section 1.1275-3(b)(l) to the holders of such additional Notes;

(xi) such additional issuance will not result in the Issuer becoming subject to U.S. federal income taxation with respect to its net income;

(xii) such additional issuance would not cause Noteholders of the Notes previously issued to be deemed to have sold or exchanged such Notes under Section 1001 of the United States Internal Revenue Code of 1968, as amended (the "**Code**");

(xiii) any such additional Notes shall be accorded the same tax characterization for U.S. federal income tax purposes as the corresponding original Notes; and

(xiv) in the case of additional Notes any such additional Notes will be part of the same issue as the corresponding original Notes, respectively, for purposes of Sections 1271 through 1275 of the Code and the regulations promulgated thereunder.

(b) In addition to the requirements in (a) above (including, without limitation, the approval of the Controlling Class, acting by Ordinary Resolution), the Issuer may issue and sell additional Subordinated Notes (without issuing Notes of any other Class) provided that:

(i) the subordination terms of such Subordinated Notes are identical to the terms of the previously issued Subordinated Notes;

(ii) the scheduled maturity date of such Subordinated Notes is not prior to the Maturity Date of the previously issued Subordinated Notes;

(iii) the terms (other than the date of issuance, the issue price and the date from which interest will accrue) of such Subordinated Notes must be identical to the terms of the previously issued Subordinated Notes;

(iv) such additional Subordinated Notes are issued for a cash sales price (the net proceeds to be (i) invested in Collateral Debt Obligations or Eligible Investments or (ii) paid into the Interest Account and used to make payments on any Payment Date in accordance with the Priorities of Payments or, pending such investment or payment, deposited in the Unused Proceeds Account and invested in Eligible Investments;

(v) the Issuer must receive Rating Agency Confirmation in respect of such additional issuance; and

(vi) such additional issuance is in accordance with all applicable laws including, without limitation, the securities and banking laws and regulations of Luxembourg and the provisions of the tax agreement obtained on behalf of the Issuer from the Luxembourg tax authorities.

In order to give effect to a further issuance in accordance with this Condition 17 (*Additional Issuances*), the Issuer may make such changes to these Conditions and the Transaction Documents which are necessary in order to give effect to the additional issuance (including increasing the Target Par Amount) as agreed with the Trustee, subject to Rating Agency Confirmation and subject to the written approval of Class A Noteholders representing at least 50 per cent. of the Principal Amount Outstanding of the Class A Notes, and the Issuer shall comply with such other requirements as the Trustee may reasonably request.

References in these Conditions to the "Notes" include (unless the context requires otherwise) any other notes issued pursuant to this Condition 17 (*Additional Issuances*) and forming a single series with the Notes. Any further securities forming a single series with Notes constituted by the Trust Deed or any deed supplemental to it shall, and any other securities shall subject to the aforementioned Conditions, be constituted by a deed supplemental to the Trust Deed.

18. **Third Party Rights**

No Person shall have any right to enforce any term or condition of the Note under the Contracts (Rights of Third Parties) Act 1999.

19. **Governing Law**

(a) ***Governing Law***

The Trust Deed, these Conditions 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 exclusive 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 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 together with amounts drawn under the Class A-1 Notes on the Closing Date after payment of fees and expenses payable on or about the Closing Date (including estimated expenses of approximately €6,532.40 relating to the listing and admission of the Notes on the Irish Stock Exchange) is expected to be approximately €106,500,000 (which amount does not include the additional proceeds available to the Issuer after the Closing Date by way of additional advances under the Class A Notes). Approximately 20 per cent. of the estimated net proceeds will be used by the Issuer for repayment of amounts borrowed by the Issuer (together with any interest thereon) in order to finance the acquisition of warehoused Collateral Debt Obligations purchased by the Issuer prior to 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 €186,000,000 will be available to the Issuer after the Closing Date by way of additional advances under the Class A-1 Notes and the Class A-2 Notes.

FORM OF THE NOTES

References below to Notes and to the Global Certificates and the Definitive Certificates representing such Notes are to each respective Class of Notes, except as otherwise indicated.

Initial Issue of Notes

The Regulation S Notes of each Class (other than the Class A-1 Notes and, prior to the Class A-2 Consolidation Date, the Class A-2 Notes) will be represented on issue by a Regulation S Global Certificate deposited with, and registered in the name of, ABN AMRO GSTS NOMINEES LIMITED as nominee for ABN AMRO Bank N.V. (London Branch) as common depositary for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Regulation S Global Certificate may be held at any time only through Euroclear or Clearstream, Luxembourg. See "*Book-Entry Clearance Procedures*". Beneficial interests in a Regulation S Global Certificate may not be held by a U.S. Person or Person in the United States 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 is outside the United States, and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest only (a) to a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (b) to a QIB that is a QP in accordance with Rule 144A who takes delivery in the form of an interest in a Rule 144A Global Certificate. See "*Transfer Restrictions*".

The Rule 144A Notes of each Class (other than the Class A-1 Notes) will be represented on issue by a Rule 144A Global Certificate deposited with a custodian for, and registered in the name of a nominee of, DTC. Beneficial interests in a Rule 144A Global Certificate may only be held through DTC at any time. See "*Book-Entry Clearance Procedures*". By acquisition of a beneficial interest in a Rule 144A Global Certificate, the purchaser thereof will be deemed to represent, amongst other things, that it is a QP and a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest (a) to a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S who takes delivery in the form of an interest in a Regulation S Global Certificate, or (b) to a QIB that is a QP in accordance with Rule 144A and in accordance with the procedures and restrictions contained in the Trust Deed. See "*Transfer Restrictions*".

Beneficial interests in Global Certificates will be subject to certain restrictions on transfer set forth therein and in the Trust Deed and the Notes will bear the applicable legends regarding the restrictions set forth under "*Transfer Restrictions*". In the case of each Class of Notes a beneficial interest in a Regulation S Global Certificate may be transferred to a Person who takes delivery in the form of an interest in a Rule 144A Global Certificate in denominations greater than or equal to the minimum denominations applicable to interests in such Rule 144A Global Certificate only upon receipt by the Trustee of a written certification (in the form provided in the Trust Deed) to the effect that the transferee is a QIB that is a QP and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Certificates may be transferred to a Person who takes delivery in the form of an interest in a Regulation S Global Certificate only upon receipt by the Trustee of a written certification (in the form provided in the Trust Deed)

from the transferor to the effect that the transfer is being made to a non-U.S. Person outside the United States and in accordance with Regulation S.

Any beneficial interest in a Regulation S Global Certificate that is transferred to a Person who takes delivery in the form of an interest in a Rule 144A Global Certificate will, upon transfer, cease to be an interest in such Regulation S Global Certificate and become an interest in the Rule 144A Global Certificate, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Rule 144A Global Certificate for as long as it remains such an interest. Any beneficial interest in a Rule 144A Global Certificate that is transferred to a Person who takes delivery in the form of an interest in a Regulation S Global Certificate will, upon transfer, cease to be an interest in a Rule 144A Global Certificate and become an interest in the Regulation S Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Regulation S Global Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of certificated Notes. The Notes are not issuable in bearer form.

Certificated Class A Notes

The Class A-1 Notes initially sold or transferred in the United States or to U.S. Persons will be issued in the form of definitive physical certificates in fully registered form only (each, a "**Rule 144A Certificated Class A-1 Note**"). Prior to the Class A-2 Consolidation Date, the Class A-2 Notes initially sold or transferred in the United States or to U.S. Persons will be issued in the form of definitive physical certificates in fully registered form only (each, a "**Rule 144A Certificated Class A-2 Note**" and, together with the Rule 144A Certificated Class A-1 Note, the "**Rule 144A Certificated Class A Notes**"). The Rule 144A Certificated Class A Notes will be offered in the United States and to U.S. Persons only to Persons who are both (i) Qualified Institutional Buyers and (ii) QPs. Transfers of Rule 144A Certificated Class A-1 Notes may only 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*".

The Class A-1 Notes initially sold outside the United States to Persons who are not U.S. Persons in offshore transactions in reliance on Regulation S under the Securities Act will be issued in the form of definitive physical certificates in fully registered form only (each a "**Regulation S Certificated Class A-1 Note**"). Prior to the Class A-2 Consolidation Date, the Class A-2 Notes initially sold outside the United States to Persons who are not U.S. Persons in offshore transactions in reliance on Regulation S under the Securities Act will be issued in the form of definitive physical certificates in fully registered form only (each a "**Regulation S Certificated Class A-2 Note**" and, together with the Regulation S Certificated Class A-1 Note, the "**Regulation S Certificated Class A Notes**"). Transfers of Regulation S Certificated Class A Notes 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*".

The Rule 144A Certificated Class A Notes and the Regulation S Certificated A Notes are herein referred to as the "**Certificated Class A Notes**".

Subject to the restrictions on transfer set forth in the Trust Deed and the Certificated Class A Notes, Noteholders of the Certificated Class A Notes may transfer or exchange such Class A Notes in whole or in part (in an aggregate principal amount equal to any authorised denomination) by surrendering such Class A 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 Certificated Class A Notes 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 10 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 Certificated Class A Note for a like aggregate principal amount of Class A Notes as may be requested. The presentation for transfer of any Certificated Class A Notes will not be valid unless made at the specified office of the Transfer Agent by the registered Noteholder in Person or by a duly authorised attorney in fact. The Noteholder of a Certificated Class A Note will not be required to bear the costs and expenses of effecting any transfer or registration of transfer, except that the relevant Noteholder 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-1 Note, advances thereunder may be drawn in Sterling or Euro. In respect of a Class A-1 Sterling Advance, repayments thereon will be made in Sterling, and interest thereon will be calculated by reference to LIBOR plus the Applicable Margin. In respect of a Class A-1 Euro Advance, repayments thereon will be made in Euro, and interest thereon will be calculated by reference to EURIBOR plus the Applicable Margin.

Exchange of Class A-2 Notes on Class A-2 Consolidation Date

On the Class A-2 Consolidation Date, the Class A-2 Notes will be exchanged for interests in a Regulation S Global Certificate and/or a Rule 144A Global Certificate. On the Closing Date and up to the Class A-2 Consolidation Date, the Regulation S Global Certificate and Rule 144A Global Certificate representing the Class A-2 Notes will be endorsed with a principal amount of zero. On the Class A-2 Consolidation Date, the Definitive Certificates representing the Class A-2 Notes will be exchanged for interests in the relevant Global Certificates and the Registrar will endorse the relevant Global Certificates with the Principal Amount Outstanding of the Class A-2 Notes.

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 Terms and Conditions of the Notes 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 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 of such Notes provided that such notice is also made to the Company Announcements Office of the Irish Stock Exchange for the life of the Prospectus. A copy of any such notice to Noteholders shall also be delivered to the Initial Purchaser regardless of whether it is a Noteholder at such time.

- ***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 10 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 one Person 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 Terms and Conditions of the Notes 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' option in Condition 7(b) (*Redemption at the Option of the Subordinated Noteholders*) may be exercised by the holder of any Global Certificate representing Subordinated Notes giving notice to the Registrar of the principal amount of Subordinated Notes 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 Subordinated Noteholders*). The Subordinated Noteholders and Controlling Class option in

Condition 7(h) (*Redemption following Note Tax Event*) may be exercised by the holder of any Global Certificate representing Subordinated Notes or the Notes of the Controlling Class giving notice to the Registrar of the principal amount of Subordinated Notes or Notes of the Controlling Class in respect of which the option is exercised and presenting such Certificate for endorsement of exercise within the time limits specified in Condition 7(h) (*Redemption following Note Tax Event*).

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, DTC 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), announces its intention to permanently cease business or does in fact do so or, in the case of DTC, ceases to be a clearing agency registered under the United States Securities Exchange Act of 1934, as amended.

The Registrar will not register the transfer of, or exchange of interests in, a Global Certificate for Definitive Certificates during the period from (but excluding) the Record Date to (and including) 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 any Transfer Agent is located.

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 for completion, authentication and dispatch to the relevant Noteholders. A Person having an interest in a Global Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Certificates and (b) in the case of the Rule 144A Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A.

Definitive Certificates issued in exchange for a beneficial interest in the Rule 144A Global Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*" below.

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 Class A Note 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*" below the Issuer will deliver only Definitive Certificates that bear such legend. The holder of a Certificated Class A Note may transfer such Note, in whole or in part, by surrendering it at the specified office of the Class A Note Agent, together with the completed form of transfer thereon. The Class A Note Agent shall annotate any new Certificated Class A Note issued upon transfer to indicate the Drawn Amount of the Class A Advances.

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, Clearstream, Luxembourg or DTC (together, 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 Arranger or any Agent party to the Collateral Administration and 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.

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 depositary 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 ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

DTC

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities

brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Investors may hold their interests in a Rule 144A Global Certificate directly through DTC if they are participants ("**Direct Participants**") in the DTC system, or indirectly through organisations which are Direct Participants in such system ("**Indirect Participants**" and together with Direct Participants, "**Participants**").

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes (including, without limitation, the presentation of Global Certificates for exchange as described under "*Form of the Notes - Exchange for Definitive Certificates*" above) only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the relevant Rule 144A Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described under "*Form of the Notes - Exchange for Definitive Certificates*" above, DTC will surrender the relevant Rule 144A Global Certificates in exchange for individual Definitive Certificates (which will bear the legend applicable to transfers pursuant to Rule 144A).

Book-Entry Ownership

Euroclear and Clearstream, Luxembourg

Each Regulation S Global Certificate will have an ISIN and a Common Code and will be registered in the name of ABN AMRO GSTS NOMINEES LIMITED as nominee for ABN AMRO Bank N.V. (London Branch) as common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

DTC

Each Rule 144A Global Certificate will have a CUSIP number and will be deposited with LaSalle Bank National Association as custodian (the "**DTC Custodian**") for and registered in the name of a nominee of DTC. The DTC Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

Relationship of Participants with Clearing Systems

Each of the Persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC (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, Clearstream, Luxembourg or DTC. The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Certificate, the common depositary 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 on 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.

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 System 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.

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.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement

("**SDFS**") system in same-day funds, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in a Rule 144A Global Certificate to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in a Regulation S Global Certificate (subject to the certification procedures provided in the Trust Deed), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the Rule 144A Global Certificate will instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of DTC and evidenced by the Rule 144A Global Certificate of the relevant Class and (ii) increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Certificate. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the Rule 144A Global Certificate (subject to the certification procedures provided in the Trust Deed), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7.45 p.m., Brussels or Luxembourg time, one Business Day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the Rule 144A Global Certificate who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Certificate and (ii) increase the amount of Notes registered in the name of the nominee of DTC and evidenced by the Rule 144A Global Certificate.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are

under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee or any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the Closing Date thereof, which could be more than three Business Days following the date of pricing. Under Rule 15c6-1 of the U.S. Securities and Exchange Commission under the Exchange Act, trades in the United States secondary market generally are required to settle within three Business Days ("**T+3**"), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding Business Days until three days prior to the relevant Closing Date will be required, by virtue of the fact the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant Closing Date should consult their own adviser.

Currency of Payments in respect of the Rule 144A Notes

Subject to the following paragraph, while interests in the Rule 144A Notes are held by a nominee for DTC, all payments in respect of such Rule 144A Notes will be made in U.S. Dollars. As determined by the Exchange Agent under the terms of the Agency Agreement, the amount of U.S. Dollars payable in respect of any particular payment under the Rule 144A Notes will be equal to the amount of Euros otherwise payable exchanged into U.S. Dollars at the Euro/U.S. Dollar rate of exchange prevailing on the day which is one Business Day prior to the relevant payment date, less any costs incurred by the Exchange Agent for such conversion (to be shared pro rata among the holders of the Rule 144A Notes accepting U.S. Dollar payments in proportion to their respective holdings), all as set out in more detail in the Agency Agreement.

Notwithstanding the above, the holder of an interest through DTC in a Rule 144A Note may make application to DTC to have a payment or payments under such Rule 144A Notes made in Euro by notifying the DTC participant through which its book-entry interest in the Rule 144A Global Certificate is held on or prior to the record date of (a) such investor's election to receive payment in Euro, and (b) wire transfer instructions to an account entitled to receive the relevant payment. Such DTC participant must notify DTC of such election and wire transfer instructions on or prior to the third New York Business Day after the record date for any payment of interest and on or prior to the twelfth New York Business Day prior to the payment of principal. DTC will notify the Registrar of such election and wire transfer instructions on or prior to the fifth New York Business Day after the record date for any payment of interest and on or prior to the tenth New York Business Day prior to the payment of principal. If complete instructions are received by the DTC participant and forwarded by the DTC participant to DTC and by DTC to the Registrar on or prior to such date, such investor will receive payments in Euro, otherwise only U.S. Dollar payments will be made by the Principal Paying Agent. All costs of such

payment by wire transfer will be borne by holders of book-entry interests receiving such payments by deduction from such payments.

In this paragraph "**New York Business Day**" means any day on which commercial banks and foreign exchange markets settle payments in New York City.

RATINGS OF THE NOTES

General

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-1 Notes: "AAA" from S&P and "Aaa" from Moody's; the Class A-2 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: "BBB-" from S&P and "Baa3" from Moody's; and the Class E Notes: "BB-" from S&P and "Ba3" from Moody's. The Subordinated Notes being offered hereby will not be rated.

The ratings assigned by S&P to the Class A-1 Notes, the Class A-2 Notes and the Class B Notes address the timely payment of interest and the ultimate payment of principal. The ratings assigned by S&P to the Class C Notes, the Class D Notes and the Class E Notes address the ultimate payment of principal and interest.

The ratings assigned by Moody's to the Senior Notes address the expected loss posed to investors by the legal final maturity.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the applicable rating agency.

S&P Ratings

S&P will rate the Senior 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 Debt 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 prior to the end 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 Collateral Adviser on or before the Closing Date. The CDO Monitor calculates the cumulative default rate of a pool of Collateral Debt 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 maturity of each of the Collateral Debt 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 maturity, 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**") 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 Debt 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 Collateral Adviser, the Collateral Administrator, the Trustee or the Arranger 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 Senior Notes will be established under various assumptions and scenario analyses. There can be no assurance that actual defaults on the Collateral Debt 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.

Moody's Ratings

The ratings assigned to the Senior Notes by Moody's are based upon its assessment of the probability that the Collateral Debt 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 Senior Notes (which is achieved through the subordination of the Subordinated Notes and, in the case of the Class A Notes, subordination of the other Classes of Notes, in the case of the Class B Notes, subordination of the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes, in the case of the Class C Notes, subordination of the Class D Notes, the Class E Notes and the Subordinated Notes, in the case of the Class D Notes, subordination of the Class E Notes and the Subordinated Notes and in the case of the Class E Notes, subordination of the Subordinated Notes) and the diversification requirements that the Collateral Debt Obligations are required to satisfy.

Moody's Ratings address the expected loss posed to investors by the legal final maturity on the legal final maturity date.

Moody's analysis of the likelihood that each Collateral Debt Obligation will default is 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. There can be no

assurance that the actual default rates on the Collateral Debt Obligations held by the Issuer will not exceed the rates assumed by Moody's in its analysis.

In addition to these quantitative tests, Moody's Ratings take into account qualitative features of a transaction, including the experience of the Collateral Adviser, the legal structure and the risks associated with such structure and other factors that they deem relevant.

THE ISSUER

General

eleX Alpha S.A. (the "**Issuer**") was incorporated on 21 September 2006 under Luxembourg law as a *société anonyme* (a public limited liability company) for an unlimited duration and is registered with the Luxembourg trade and companies register under number B.119681.

The registered office of the Issuer, and business address of all of the directors, is 7, Val Sainte Croix, L-1371 Luxembourg and its phone number is +352 22 11 90.

Corporate Purpose of the Issuer

The corporate objects of the Issuer are to enter into, perform and serve as a vehicle for, any securitisation transactions as permitted under the Securitisation Act 2004. To that effect, the Issuer may, among other things, acquire or assume, directly or through another entity or vehicle, the risks relating to claims, receivables and/or other goods or assets (including securities and loans of any kind), either movable or immovable, tangible or intangible and/or risks relating to liabilities or commitments assumed by third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities of any kind whose value or return is linked to these risks.

The Issuer may assume or acquire these risks by acquiring, by any means, claims, receivables and/or other goods or assets (including securities and loans of any kind), by guaranteeing the liabilities or commitments or by binding itself in any other way.

Subject however to the Securitisation Act 2004, the Issuer may proceed to (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes or parts or units issued by Luxembourg or foreign mutual funds or similar undertakings) and agreements or contracts relating thereto, (iii) the acquisition of loans or assumption of risks in relation to loans or similar instruments and contracts and (iv) the ownership, administration, development and management of a portfolio (including, among other things, the assets referred to in (i), (ii) and (iii) above). The Issuer may borrow in any form. It may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity including under one or more issue programmes.

In accordance with, and to the extent permitted by, the Securitisation Act 2004, the Issuer may also give guarantees and grant security over its assets in order to secure the obligations it has assumed for the securitisation of these assets or for the benefit of investors (including their trustee or representative, if any) and/or any issuing entity participating in a securitisation transaction of the Issuer. The Issuer may not pledge, transfer, encumber or otherwise create security over some or all of its assets, unless permitted by the Securitisation Act 2004.

The Issuer may enter into, execute and deliver and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending and similar transactions. Without prejudice to

the generality of the previous sentence, the Issuer may also generally employ any techniques and instruments relating to investments for the purpose of their efficient management, including, but not limited to, techniques and instruments designed to protect it against credit, currency exchange, interest rate risks and other risks.

The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The corporate objects shall include any transaction or agreement which is entered into by the Issuer, provided it is not inconsistent with the foregoing enumerated objects.

In general, the Issuer may take any controlling and supervisory measures and carry out any operation or transaction which it considers necessary or useful in the accomplishment and development of its corporate objects, to the largest extent permitted under the Securitisation Act 2004.

In accordance with the Securitisation Act 2004, the Board is entitled to create one or more compartments representing the assets of the Issuer attributable to a specific issue by the Issuer of securities and corresponding each to a separate part of the Issuer's estate.

Business Activity

The Issuer has been established as a special purpose entity for the purpose of issuing the Notes and as such has no prior operating experience and 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 Transaction Documents and the other documents and agreements entered into in connection with the issue of the Notes and the purchase of the Portfolio.

Management

Interconsult will provide management, corporate and administrative services to the Issuer. The Issuer may terminate the appointment of Interconsult by giving not less than 14 days' written notice. Interconsult may retire from its management obligations by giving at least two months' notice in writing to the Issuer.

Interconsult has undertaken not to resign unless suitable replacement managing directors have been contracted.

Directors' Experience

Alexis Kamarowsky: He is a German lawyer. He is the managing director of Luxembourg International Consulting S.A. and a director of Structured Finance Management (Luxembourg) S.A. Prior to this, he was managing director of Berliner Bank International S.A., Luxembourg. Previously, he held senior positions with Continental Bank S.A., Brussels (Vice President, Head of Distribution and Securities Trading (Benelux)) and General Foods Corporation, New York, Brussels, and Madrid.

Federigo Cannizzaro di Belmontino: He is an Italian lawyer. He is the deputy managing director of Luxembourg International Consulting S.A. and a director of Structured Finance Management (Luxembourg) S.A.

Jean-Marc Debaty: He is a Luxembourg certified public accountant and the controller at Luxembourg International Consulting S.A.

Capital and Shares

The Issuer's issued share capital is €31,000, which is fully paid up and divided into 62 shares with a nominal value of €500 each.

Capitalisation

The capitalisation of the Issuer as at the date of this Prospectus, adjusted for the issue of the Notes and assuming that the Class A-1 Notes and the Class A-2 Notes have been fully funded, is as follows:

Share Capital	
Issued and fully paid 62 ordinary registered shares of €500 each	€31,000

Subsidiaries

As at the date of this Prospectus the Issuer has no subsidiaries.

Administrative Expenses of the Issuer

The Issuer is expected to incur certain Administrative Expenses (as defined in Condition 1 (*Definitions*) of the Terms and Conditions of the Notes).

Financial Statements

The auditors of the Issuer are Deloitte SA ("**Deloitte Luxembourg**") of 560 rue de Neudorf, L-2220 Luxembourg, Grand Duchy of Luxembourg, members of the Institut des Réviseurs d'Entreprises.

DESCRIPTION OF THE COLLATERAL ADVISER

The information appearing in this section has been prepared by the Collateral Adviser and has not been independently verified by the Issuer, the Arranger or any other party. None of the Issuer, the Arranger or any other party other than the Collateral Adviser assumes any responsibility for the accuracy or completeness of such information.

General

The Collateral Adviser will advise the Issuer with respect to the Collateral under an agreement to be entered into between the Issuer and the Collateral Adviser (the "**Collateral Advisory Agreement**"). In accordance with the Collateral Quality Tests and the Coverage Tests and other requirements set forth in the Collateral Advisory Agreement, the Collateral Adviser will advise the Issuer in respect of the selection and management of the Portfolio of Collateral Debt Obligations, Eligible Investments, Exchanged Equity Securities and Collateral Enhancement Obligations. Pursuant to the terms of the Collateral Advisory Agreement, the Collateral Adviser will monitor the Portfolio and any Hedge Agreement and advise the Issuer on the composition and characteristics of the Portfolio, and with respect to any disposition or tender of Collateral Debt Obligations and the application of the proceeds thereof. The Collateral Adviser will also advise the Issuer on the acquisition of Eligible Investments and Collateral Enhancement Obligations, entering into Hedge Agreements and the investment of retained funds in Eligible Investments. The collateral advice of the Collateral Adviser on behalf of the Issuer will be subject to certain restrictions contained in the Collateral Advisory Agreement. See "*Description of the Collateral Advisory Agreement*".

Please see "*Risk Factors – Collateral Adviser*" and "*Risk Factors - Certain Conflicts of Interest*" for important information regarding the Collateral Adviser and certain potential and actual conflicts of interest arising from both the overall activities of the Collateral Adviser and its Affiliates and the various roles such entities are or may be performing in connection with the activities of the Issuer.

DWS Finanz-Service GmbH ("**DWSFS**") will act as Collateral Adviser and will be assisted in the performance of such functions by certain of its Affiliates.

DWSFS is part of DWS/DeAM (as defined below) one of the largest mutual fund managers in Germany. DWSFS is a German limited liability company and a wholly owned subsidiary of DWS Holding & Service GmbH, formerly known as Deutsche Asset Management Europe GmbH (together with DWSFS and DWS (as defined below) "**DWS/DeAM**"), which in turn is indirectly owned by Deutsche Bank AG. The German mutual fund management company of DWS/DeAM, DWS Investment GmbH ("**DWS**"), was established in 1956. DWSFS itself was established in 1997. DWSFS' principal office is located at Mainzer Landstrasse 178–190, 60327 Frankfurt am Main, Germany.

Summaries of the backgrounds and experience of DWS/DeAM personnel are included below. However, such Persons may not necessarily continue to be employed by the Collateral Adviser or DWS/DeAM during the entire term of the Collateral Advisory Agreement or if so employed may not continue to act in connection with the performance by the Collateral Adviser of its obligations under the Collateral Advisory Agreement.

Jürgen Nott – Managing Director, Global Head of CDOs and Head of Alternative Products, Europe

Mr Nott joined DWS in 1999 to start the CDO Business for which he has been globally responsible. Mr Nott has more than 10 years experience in asset management. He joined Deutsche Bank in 1988 managing high net-worth individuals' equity and fixed income portfolios. Prior work experience includes trading foreign fixed income at Commerzbank in Frankfurt and private banking at Sparkasse Ulm. Mr Nott holds a Diplom Wirtschaftsmathematiker (Business Mathematics) from the Universität Ulm and a Diplom Bankfachwirt from Bankakademie.

James T. Anderson - Managing Director, Global Head of High Yield Strategies, New York

Mr Anderson is a Managing Director of DeAM and Global Head of its High Yield Strategies (HYS) group. HYS encompasses DeAM's activities involving below investment grade corporate debt issuers, including the High Yield Bond and Syndicated Loan markets. Mr Anderson has over 25 years experience in the corporate and leveraged credit markets. He began his finance career with the United States banking subsidiary of NatWest Group in 1980. After two years in the distressed credit workout department he joined the leveraged finance group, where he worked from 1984-1989, becoming manager of the unit. In 1989 he was named Senior Vice President and Chief Credit Officer of NatWest Bank USA, a position he held until 1992. Mr. Anderson worked for NatWest Group in London from 1992-1995, serving as Regional Managing Director for NatWest's commercial banking business in the south east of England. He returned to New York in 1995 when FleetBoston acquired NatWest's United States operations. In 1996 he was named Managing Director in acquisition finance, responsible for developing and managing FleetBoston's relationships with private equity sponsor groups. He has also had responsibility for overseeing FleetBoston's portfolio of collateralized debt obligation investments, totalling over $1.5 billion of exposure to over 30 CDO managers. He was the founding executive of Flagship Capital Management ("**Flagship**") in 2000. Flagship became an Affiliate of the Bank of America Corporation through the combination of Fleet Boston Financial and Bank of America in 2004. As of January 2005 Flagship served as collateral manager or sub-adviser for six CLOs with assets of approximately $2 billion. Mr Anderson joined DeAM in February 2006 and established DeAM's Syndicated Loan Group at that time. He assumed his broader HYS responsibilities in August 2006. Mr Anderson holds a B.A. in Economics from Dartmouth College.

Michael Straka – Director, Head of CLO Europe, Frankfurt

Mr Straka established and manages the European CLO platform at DeAM. Prior to his current position, Mr Straka focused for three years on discretionary portfolio management in Deutsche Bank AG, followed by a position as an Executive Assistant to the Group Board Member Dr. von Heydebreck. In 2004, Mr Straka joined DWS heading the Business Development and Business Management Department. During that time, Mr Straka set up the Asset Management business in Russia, was involved in numerous corporate transactions for Asset Management and was responsible for formulating DWS business strategy. Mr Straka holds a Diplom Kaufmann (business administration) from University of Stuttgart.

Ralf-Botho Grupe – Director, Head of Portfolio Management, Frankfurt

Mr Grupe is Head of Portfolio Management for the European CLO business. Prior to joining DeAM, Mr Grupe spent the last 10 years at HSH Nordbank (and its predecessor LB Kiel). Mr Grupe founded the Leveraged Loan business for HSH Nordbank and was the Head of this Business for the last six years, of which for 2½ years he managed the team from London. Prior to that he held leading positions on LB Kiel's international and German corporate relationship business. Prior to HSH-Nordbank, Mr Grupe worked for approximately 10 years as corporate relationship officer at Commerzbank. Mr Grupe holds a MBA from Justus-Liebig University of Giessen.

Julia Klein – Vice President, Credit Analyst Leveraged Loans, Frankfurt

Ms Klein has six years of experience in European leveraged buy-outs. Previously, she worked at CIBC World Markets in London and HVB Group in Munich with a focus on lead arranging and underwriting senior and mezzanine debt facilities for financial sponsor driven leveraged buy-outs. Ms Klein is responsible for sourcing, analyzing and transacting new senior debt and mezzanine investment opportunities as well as ongoing monitoring of individual portfolio assets. Ms Klein holds a J.D. from Ludwig-Maximilians-University Munich and a LL.M. from Boston University.

Alexander Horn - Vice President, Credit Analyst Leveraged Loans, Frankfurt

Mr Horn has over 12 years experience in the corporate and leveraged loan market. Prior to joining DeAM, Mr Horn worked in senior positions in the leveraged finance teams of The Bank of Tokyo-Mitsubishi UFJ Ltd. in London and HSH Nordbank AG London Branch. During his four years at HSH Nordbank AG and its predecessor, Landesbank Kiel, Mr Horn was significantly involved in setting up the bank's international leveraged finance business. Prior work experience includes various positions in the Corporate Banking and Corporate Credit Division of Landesbank Berlin and Bankgesellschaft Berlin AG. Mr Horn holds a degree as Diplom-Sparkassenbetriebswirt from the Savings Bank Academy in Bonn, Germany.

Hubert Allemani - Vice President, Credit Analyst Leveraged Loans, London

Mr Allemani has over 10 years experience in the corporate and leveraged loan markets. In his previous position at ERSTE Bank in London he worked as a senior analyst in their LBO team for over six years. Prior to that he worked in corporate finance of ABN AMRO in Monaco and held various positions in two law firms in Washington D.C. and at Union des Assurances de Paris (now AXA) in Paris. Mr Allemani holds an Masters Degree in Banking and Finance from Centre de Formation de la Profession Bancaire (CFPB), Paris, a BSc Hons Degree in European Business of Coventry University and a Degree in Financial Management and Accounting of Montpellier University.

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.

Introduction

Pursuant to the Collateral Advisory Agreement, the Collateral Adviser is required to advise the Issuer in specific circumstances in relation to the Portfolio 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 Collateral Adviser.

Acquisition of Collateral Debt Obligations

The Collateral Adviser may, on any Business Day during the Initial Investment Period, the Reinvestment Period and thereafter, recommend to the Issuer (copied to the Collateral Administrator) that the Issuer acquire Senior Secured Loans, Second Lien Loans, Mezzanine Loans, High Yield Bonds and Synthetic Securities. The Issuer anticipates that, by the Closing Date, it will have committed to purchase Collateral Debt Obligations, the Aggregate Principal Balance of which equals approximately 60 per cent. of the "**Target Par Amount**" (this being approximately €290,000,000 and representing the Aggregate Principal Balance of Collateral Debt Obligations purchased or committed to be purchased by the Issuer by the Effective Date). The proceeds of issue of the Notes remaining after payment of (a) the acquisition costs for the Collateral Debt Obligations acquired by the Issuer on or prior to the Closing Date, including repayment of amounts borrowed by the Issuer (together with any interest thereon) in order to finance such Collateral Debt Obligations prior to the Closing Date, and (b) certain fees, costs and expenses incurred in connection with the issue of the Notes and anticipated to be payable by the Issuer following completion of the issue of the Notes including those associated with the initial Hedge Transactions will be deposited in the Unused Proceeds Account on the Closing Date. An amount from the proceeds of the Notes will also be used to pay any fees, costs and expenses incurred by the Issuer in connection with the issue of the Notes. Class A-1 Advances and Class A-2 Advances received by the Issuer during the Initial Investment Period shall also be deposited in the Unused Proceeds Account. The Collateral Adviser shall use all commercially reasonable efforts to advise the Issuer to purchase Collateral Debt Obligations out of the Balance standing to the credit of the Unused Proceeds Account during the Initial Investment Period.

The Issuer does not expect the Portfolio, and the Portfolio is not required to satisfy the Collateral Quality Tests, Portfolio Profile Tests and the Coverage Tests prior to the Effective Date.

The Collateral Adviser may declare that the Initial Investment Period has ended and the Effective Date has occurred prior to the expiry of six months from the Closing Date, provided that the Effective Date Determination Requirements have been satisfied.

On the Effective Date, the Balance standing to the credit of the Unused Proceeds Account will be transferred to the Principal Account.

Within 30 Business Days after the Effective Date, the Collateral Adviser shall advise the Issuer to procure that the independent certified public accountants appointed by the Issuer in accordance with the Collateral Advisory Agreement shall issue a report confirming details of the sum of the Aggregate Principal Balances of the Collateral Debt 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 Debt Obligations, copies of which shall be forwarded to the Issuer, the Trustee, the Collateral Adviser, the Collateral Administrator and the Rating Agencies (provided that, for the purposes of determining the Aggregate Principal Balance as provided above, the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be the lower of its S&P Collateral Value and its Moody's Collateral Value).

The Collateral Adviser (acting on behalf of the Issuer) shall promptly, following receipt of such report, certify that the Portfolio Profile Tests, the Collateral Quality Tests and the Coverage Tests are satisfied and request that each of the Rating Agencies confirm its Initial Ratings of the Senior Notes. In the event that (i) the Initial Ratings of the Senior Notes are reduced or withdrawn or (ii) either of the Rating Agencies notifies the Collateral Adviser on behalf of the Issuer that such Rating Agency intends to reduce or withdraw its Initial Ratings of the Senior Notes or (iii) the Effective Date Determination Requirements are not satisfied, an Effective Date Rating Event shall have occurred. In the event that 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, the Senior Notes shall be redeemed on a sequential basis in accordance with the Priorities of Payments until such time as the Effective Date Rating Event is no longer continuing, pursuant to Condition 7(f) (*Redemption upon Effective Date Rating Event*). The Collateral Adviser shall notify the Ratings Agencies upon the discontinuance of an Effective Date Rating Event.

If an Effective Date Rating Event occurs and is continuing, the Collateral Adviser (acting on behalf of the Issuer) shall prepare and present to the Rating Agencies a plan (a "**Rating Confirmation Plan**") setting forth the timing and manner of acquisition of additional Collateral Debt Obligations and/or any other intended action which will cause confirmation or reinstatement of the Initial Ratings.

Eligibility Criteria

Each Collateral Debt Obligation must, at the time of the Issuer entering into a binding commitment to acquire such obligation, satisfy the following "**Eligibility Criteria**":

(a) it is a Senior Secured Loan, a Second Lien Loan, a Mezzanine Loan or a High Yield Bond (in each case to be acquired by Assignment or as a Participation or a Synthetic Security);

(b) it is either (i) denominated in Euro and is not convertible into or payable in any other currency or (ii) it is denominated in Sterling, U.S. Dollars, Swedish Krona, Danish Krone, Swiss Francs or any other currency (other than Euro) in respect of which Rating

Agency Confirmation has been received and the Issuer either (unless such Non-Euro Obligation is a Revolver Hedged Collateral Debt Obligation) (a) if the Non-Euro Obligation was acquired on the Primary Market and (after the Effective Date only) provided the Class E Par Value Ratio is greater than 107.4 per cent. immediately before and after such acquisition, within six months of the settlement date of acquisition thereof or (b) otherwise, no later than the settlement date of the acquisition thereof, enters into an Asset Swap Transaction 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 Collateral Advisory Agreement (as described below under "*Non-Euro Obligations*" below);

(c) it is not a Defaulted Obligation or a Credit Impaired Obligation or a Current Pay Obligation or a Collateral Debt Obligation which in the Collateral Adviser's judgment has a significant risk of declining in credit quality and becoming a Defaulted Obligation;

(d) save for a Revolving Obligation, a Delayed Drawdown Collateral Obligation or a Synthetic Security in the form of a swap transaction, it is not an obligation pursuant to which future advances may be required to be made by the Issuer other than those (i) which may arise at the option of the Issuer, (ii) which are payable to the agent bank in relation to the performance of its duties under a Senior Secured Loan, a Second Lien Loan or a Mezzanine Loan or (iii) which are fully collateralised (for example, a Collateralised Credit Default Swap);

(e) it (i) has been assigned or otherwise has an S&P Rating of at least "B-" and (ii) it has a Moody's Rating of at least "B3" and (iii) it is not on negative watch for downgrade and (iv) it does not have a "p", "q", "pi", "r" or "t" subscript unless S&P otherwise consents in writing;

(f) it is an obligation that pays interest no less frequently than annually other than in the case of a Zero-Coupon Security;

(g) its Stated Maturity falls prior to the Stated Maturity of the Notes;

(h) it is an obligation in respect of which the Obligor is incorporated in and has its principal place of business in a Qualifying Country, as determined by the Collateral Adviser;

(i) it is not an obligation of an Obligor (i) incorporated in or (ii) having its principal place of business or significant operations in any Emerging Market Country;

(j) it is capable of being sold, assigned or participated to the Issuer and is capable of being sold or assigned by the Issuer without any breach of applicable selling restrictions or of any contractual provisions;

(k) it (A) is not a non-Euro denominated Revolving Obligation or non-Euro denominated Delayed Drawdown Collateral Obligation or (B) does not require the Issuer to make one or more future advances or other extensions of credit in more than one currency, unless Rating Agency Confirmation has been received in respect of such acquisition, save, in

the case of (A) above, where the Base Currency of such Revolving Obligation or Delayed Drawdown Collateral Obligation is denominated in Sterling and an amount equal to all future Undrawn Amounts of such Sterling denominated Revolving Obligation or Sterling denominated Delayed Drawdown Collateral Obligation has been allocated to the Class A-1 Allocated Commitment (denominated in Sterling) or drawn in Sterling and deposited into the Revolving Reserve Account;

(l) it is an obligation the purchase price of which (excluding accrued interest) in respect of which is not less than 85 per cent. of its principal amount;

(m) in the case of any Synthetic Security which is an Uncollateralised CLN issued by a corporate entity, such corporate entity has a short-term senior unsecured rating of "P-1" by Moody's and "A-1+" by S&P;

(n) it has not been called for, and is not subject to a pending, redemption;

(o) it is not the subject of an offer of exchange, conversion or tender by its issuer, for cash, securities or any other type of consideration (other than for an obligation which is an eligible Collateral Debt Obligation meeting the Reinvestment Criteria);

(p) it is capable of being sold, assigned or participated to the Issuer, together with any associated security, in accordance with the provisions of the relevant Collateral Debt Obligation without any breach of applicable selling restrictions or of any legal or contractual provisions or regulatory requirements and the Issuer does not require any authorisations, consents, approvals or filings (other than such as have been obtained or effected) as a result of or in connection with any such sale, assignment or participation under any applicable law);

(q) it is an obligation in respect of which, following acquisition thereof by the Issuer by the selected method of transfer (i) payments will not be subject to withholding tax imposed by any jurisdiction including where the non-imposition of withholding tax is pursuant to the operation of an applicable tax treaty and procedural formalities necessary for such withholding tax not to apply have not yet been completed or (ii) where payments are subject to withholding tax, the Obligor is required to make "gross-up" payments to the Issuer that cover the full amount of any such withholding on an after-tax basis;

(r) it is not an obligation in respect of which interest payments are scheduled to decrease (although interest 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 or 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);

(s) 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;

(t) it is not a lease;

(u) it is not a Bridge Loan;

(v) it is not a DIP Loan;

(w) its acquisition by the Issuer will not result in the imposition of stamp duty or stamp duty reserve tax or any similar tax payable by the Issuer except to the extent that such stamp duty or stamp duty reserve tax is taken into account in the purchase price of such Collateral Debt Obligation, unless Rating Agency Confirmation is received in respect of such acquisition;

(x) it is not a security whose repayment is subject to substantial non-credit related risk as determined by the Collateral Adviser or to the non-occurrence of certain catastrophes or which is a catastrophe bond;

(y) it must at least the majority consent of all lenders thereunder for any change in the principal repayment profile or interest applicable on such obligation (for the avoidance of doubt, excluding any changes originally envisaged in the loan documentation) and, for the avoidance of doubt, this paragraph (y) shall not be applicable to High Yield Bonds;

(z) upon acquisition, both (i) the Collateral Debt Obligation is capable of being, and will be, the subject of a first fixed charge or first priority security interest in favour of the Trustee for the benefit of the Secured Parties pursuant to the Trust Deed (or any deed or document supplemental thereto) and (ii) (subject to (i) above) the Issuer (or the Collateral Adviser on behalf of the Issuer) has notified the Trustee in the event that any Collateral Debt Obligation that is a bond is not held through Euroclear and has taken such action as the Trustee may require to effect such security interest;

(aa) 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; or (iii) with respect to participations which are subject to limited recourse provisions similar to those set out in the Trust Deed; or (iv) which are owed to the agent bank in relation to the performance of its duties under a syndicated Senior Secured Loan, Second Lien Loan, Mezzanine Loan or High Yield Bond; or (v) which may arise as a result of an undertaking to participate in a financial restructuring of a Senior Secured Loan, Second Lien Loan, Mezzanine Loan or High Yield Bond where such undertaking is contingent upon the redemption in full of such Senior Secured Loan, Second Lien Loan, Mezzanine Loan or High Yield Bond on or before the time by which the Issuer is obliged to enter into the restructured Senior Secured Loan, Second Lien Loan, Mezzanine Loan or High Yield Bond, where the restructured Senior Secured Loan, Second Lien Loan, Mezzanine Loan or High Yield Bond satisfies the Eligibility Criteria and where the Issuer has no liability to make any payment in relation to such financial restructuring;

(bb) it is not a Structured Finance Security;

(cc) it is not a PIK Security, save to the extent delivered to the Issuer in respect of a Defaulted Obligation or received by the Issuer as a result of restructuring of the terms of a Collateral Debt Obligation in effect as of the later of the Closing Date and the date of issuance thereof; and

(dd) it is not a Project Finance Loan,

provided that in the case of a Synthetic Security, the Synthetic Security itself shall not be required to satisfy paragraphs (a), (e), (h), (i), (t), (u), (v), (bb) and (dd) which must instead be satisfied by the relevant Reference Obligation.

The subsequent failure of any Collateral Debt Obligation to satisfy any of the Eligibility Criteria (other than paragraph (b) thereof, in which case the Collateral Adviser shall have 10 Business Days or six months, in the case of item (a) of paragraph (b) thereof, in which to satisfy the requirements in paragraph (b)) shall not prevent any obligation which would otherwise be a Collateral Debt Obligation from being a Collateral Debt Obligation so long as such obligation satisfied the Eligibility Criteria when the Issuer or the Collateral Adviser on behalf of the Issuer entered into a binding agreement to purchase such obligation.

Management of the Portfolio

Overview

The Issuer (on the advice of the Collateral Adviser) is permitted, in certain circumstances and, subject to certain requirements, to sell Collateral Debt Obligations and Exchanged Equity Securities and to reinvest the Sale Proceeds (other than accrued interest on such Collateral Debt Obligations included in Interest Proceeds by the Collateral Adviser) thereof in Substitute Collateral Debt 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 of the extent to which such criteria are not so satisfied, following a request by the Collateral Adviser, which request shall specify all necessary details of the Collateral Debt Obligation or Exchanged Equity Security to be sold and the proposed Substitute Collateral Debt Obligation to be purchased.

Upon the Collateral Adviser advising the Issuer in respect of a sale or reinvestment, the Collateral Administrator (on behalf of the Issuer) shall determine and shall provide confirmation of whether or not certain of the criteria which are required to be satisfied in connection with any such sale or reinvestment are satisfied and, if any such criteria are not satisfied, the Issuer shall reject the advice of the Collateral Adviser in respect of each sale or reinvestment. Any such advice provided by the Collateral Adviser shall specify all necessary details of the Collateral Debt Obligation or Exchanged Equity Security to be sold and the proposed Substitute Collateral Debt Obligation to be purchased.

The Collateral Adviser will determine and recommend to the Issuer (copied to the Collateral Administrator) that the Issuer purchase Collateral Debt Obligations (including all Substitute Collateral Debt Obligations) which comply with the Eligibility Criteria and will monitor the performance of the Collateral Debt Obligations on an ongoing basis to the extent practicable using sources of information reasonably available to it.

Subject to (among certain other conditions, as described below) no Event of Default having occurred which is continuing, the Collateral Adviser may recommend to the Issuer (copied to

the Collateral Administrator) that the Issuer sell any Defaulted Obligation, Exchanged Equity Security, Credit Impaired Obligation or Credit Improved Obligation at any time.

In addition to any sales under the preceding paragraph, subject to (among certain other conditions, as described below) no Event of Default having occurred which is continuing, the Collateral Adviser may at any time during the Reinvestment Period, recommend to the Issuer (copied to the Collateral Administrator) that the Issuer sell any Collateral Debt Obligations provided that all such sales under this paragraph do not exceed 20 per cent. in any annual period of the Aggregate Collateral Balance of the Collateral Debt Obligations at the beginning of that period.

Mechanics of Sale and Purchase

The Collateral Adviser shall send to the Issuer (with a copy to the Collateral Administrator) in writing (which may include email) a written notice (an "**Advice/Notification**") which shall specify the details of any Collateral Debt Obligation which the Collateral Adviser recommends the Issuer sell and any Substitute Collateral Debt Obligation which the Collateral Adviser recommends the Issuer should purchase. The Collateral Adviser shall represent to the Issuer and the Collateral Administrator in each such Advice/Notification that all relevant criteria which are required to be satisfied in connection with any such sale or reinvestment are satisfied. Upon receipt of a duly completed Advice/Notification the Collateral Administrator shall, provided that it has received sufficient information from the Collateral Adviser to enable it to do so, within one Business Day determine and notify the Issuer and the Collateral Adviser whether the relevant criteria which are required to be satisfied in connection with any such sale or reinvestment are satisfied or, if any such criteria is not satisfied, specify the reasons and the extent to which such criteria are not so satisfied. The Issuer may then accept or reject the advice. Any advice provided by the Collateral Adviser to the Issuer in respect of the acquisition, sale or reinvestment of Collateral Debt Securities or Exchange Equity Securities is subject to the Issuer's right to reject such advice at any time.

Sale of Collateral Debt Obligations

Terms and Conditions applicable to the Sale of Credit Impaired Obligations

Credit Impaired Obligations may be sold at any time by the Issuer (acting on the advice of the Collateral Adviser) subject to:

(a) to the Collateral Adviser's knowledge, no Event of Default having occurred which is continuing;

(b) the Collateral Adviser believing, in its reasonable business judgment, that such security constitutes a Credit Impaired Obligation;

(c) during the Reinvestment Period, the Collateral Adviser using all commercially reasonable efforts to advise the Issuer to reinvest such Sale Proceeds within 90 days of receipt of such Sale Proceeds; and

(d) following the expiry of the Reinvestment Period, the Collateral Adviser using all commercially reasonable efforts to advise the Issuer to purchase Substitute Collateral

Debt Obligations out of the Sale Proceeds of such Credit Impaired Obligations within 90 days of receipt of such Sale Proceeds when the Sale Proceeds are to be used for reinvestment in accordance with "*Following the Expiry of the Reinvestment Period*" below.

Terms and Conditions applicable to the Sale of Credit Improved Obligations

Credit Improved Obligations may be sold at any time by the Issuer (acting on the advice of the Collateral Adviser) subject to:

(a) to the Collateral Adviser's knowledge, no Event of Default having occurred which is continuing;

(b) the Collateral Adviser believing, in its reasonable business judgment, that such security constitutes a Credit Improved Obligation;

(c) prior to the end of the Reinvestment Period only:

(i) the Collateral Adviser believing, in its reasonable business judgment, that the Sale Proceeds thereof may be reinvested in one or more Substitute Collateral Debt Obligations within 20 Business Days of receipt of such Sale Proceeds;

(ii) the Collateral Adviser believing, in its reasonable business judgment, that after giving effect to such sale and reinvestment of the Sale Proceeds thereof, the Reinvestment Criteria will be met; and

(iii) the Collateral Adviser using all commercially reasonable efforts to reinvest such Sale Proceeds within 90 days of receipt of such Sale Proceeds; and

(d) following the expiry of the Reinvestment Period, the Market Value (excluding accrued interest) of such Credit Improved Obligation being greater than the principal amount thereof.

Terms and Conditions applicable to the Sale of Defaulted Obligations

Defaulted Obligations may be sold at any time by the Issuer (acting on the advice of the Collateral Adviser) subject to:

(a) to the Collateral Adviser's knowledge, no Event of Default having occurred which is continuing;

(b) the Collateral Adviser believing, in its reasonable business judgment, that such security constitutes a Defaulted Obligation; and

(c) during the Reinvestment Period only, the Collateral Adviser using all commercially reasonable efforts to advise the Issuer to purchase Substitute Collateral Debt Obligations out of the Sale Proceeds of such Defaulted Obligation within 90 days of receipt of such Sale Proceeds.

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 Debt Obligations specified in the Collateral Advisory Agreement and shall be deemed to have been sold upon receipt of the termination payments payable under the related 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 Issuer (acting on the advice of the Collateral Adviser) subject to, the Collateral Adviser'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 Collateral Adviser shall be required to use its reasonable efforts to advise the Issuer to sell any Exchanged Equity Security which constitutes Margin Stock as soon as practicable upon its receipt or upon its becoming Margin Stock.

Discretionary Sales during the Reinvestment Period

During the Reinvestment Period, the Issuer (acting on the advice of the Collateral Adviser) may dispose of any Collateral Debt Obligation (other than a Credit Improved Obligation, a Credit Impaired Obligation or a Defaulted Obligation each of which may only be sold in the circumstances provided above) and reinvest the Sale Proceeds thereof in one or more Substitute Collateral Debt Obligations subject to:

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

(b) the Initial Ratings assigned by Moody's to the Class A Notes or the Class B Notes not having been reduced by one or more rating sub-categories or withdrawn and the Initial Ratings assigned to any of the other Senior Notes by Moody's not having been reduced by two or more rating sub-categories or withdrawn, provided that this condition may be disapplied by the Controlling Class acting by Ordinary Resolution;

(c) the Collateral Adviser believing, in its reasonable business judgment, that:

  (i) the Sale Proceeds thereof may be reinvested in one or more Substitute Collateral Debt Obligations within 20 Business Days of receipt of such Sale Proceeds; and

  (ii) after giving effect to such sale and purchase, the Reinvestment Criteria will be met;

(d) the Collateral Administrator confirming that the aggregate of the Principal Balances of Collateral Debt Obligations (other than Credit Improved Obligations, Credit Impaired Obligations or Defaulted Obligations) sold during the period from (and including) the Effective Date to (but excluding) the second Payment Date following the Effective Date or, thereafter, during each successive rolling twelve-month period from (and including) the 20th day of each month after the Effective Date to (but excluding) the succeeding anniversary of such date, does not exceed 20 per cent. of the Aggregate Collateral

Balance, measured as at the beginning of each such twelve-month period (or, in the case of the first such period, the Effective Date); and

(e) the Collateral Adviser using all commercially reasonable efforts to advise the Issuer to purchase Substitute Collateral Debt Obligations within 90 days of receipt of such Sale Proceeds.

Sale of Collateral Prior to Maturity Date

In the event of any redemption of the Notes prior to the Maturity Date, or upon receipt of notification from the Trustee of the enforcement of the security over the Collateral or the purchase of the Notes of any Class by the Issuer, the Collateral Adviser will (at the direction of the Trustee following the enforcement of such security), as far as practicable, advise the Issuer on the arrangement for liquidation of the Collateral in order to procure that the proceeds thereof are in immediately available funds by two Business Days prior to the applicable Redemption Date, without regard to the limitations set out in the Collateral Advisory Agreement, subject always to any limitations or restrictions set out in the Conditions of the Notes and the Trust Deed.

Reinvestment of Collateral Debt Obligations

During the Reinvestment Period

Subject to the Securitisation Act 2004, during the Reinvestment Period, the Collateral Adviser shall use its commercially reasonable efforts to advise the Issuer to reinvest all Principal Proceeds, and may utilise Class A-1 Advances and Class A-2 Advances, in the purchase of Substitute Collateral Debt Obligations satisfying the Eligibility Criteria, provided that immediately after each such purchase the criteria set out below (which, for the avoidance of doubt, shall apply only after the Effective Date) (the "**Reinvestment Criteria**") must be satisfied:

(a) to the Collateral Adviser'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 such test was not satisfied, it is no further from being satisfied than immediately prior to sale or prepayment (or, in respect of Collateral Debt Obligations funded with Class A-1 Advances, than immediately prior to such purchase) (in whole or in part) of the relevant Collateral Debt Obligation the Principal Proceeds of which are being reinvested, 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 or Defaulted 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 less after giving effect to such reinvestment than it was immediately prior to the sale, repayment or prepayment (or, in respect of Collateral Debt Obligations funded with Class A-1 Advances, than immediately prior to such

purchase) (in whole or in part) of the relevant Collateral Debt Obligation the Principal Proceeds of which are being reinvested;

(d) the Coverage Tests are satisfied or if (other than with respect to the reinvestment of any proceeds received upon the sale of, or as a recovery on, any Defaulted Obligation) as calculated immediately prior to sale or prepayment (in whole or in part) of the relevant Collateral Debt Obligation the Principal Proceeds of which are 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 as it was immediately prior to sale or prepayment (or, in respect of Collateral Debt Obligations funded with Class A-1 Advances, than immediately prior to such purchase) (in whole or in part) of the relevant Collateral Debt Obligation;

(e) in the case of additional Collateral Debt Obligations purchased with the Sale Proceeds of a Defaulted Obligation, immediately following such purchase either:

(i) the Class E Par Value Ratio is greater than 107.4 per cent; or

(ii) the Aggregate Principal Balance of all additional Collateral Debt Obligations purchased with such Sale Proceeds is at least equal to the Sale Proceeds from such sale,

provided that, the Collateral Adviser, acting on behalf of the Issuer, (i) may, in its discretion at any time and (ii) shall, in the case where any of:

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

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

(z) any of the Coverage Tests are not satisfied (either or both immediately before and immediately after such reinvestment),

instead direct that such proceeds be paid into the Principal Account and disbursed in accordance with the Priorities of Payments on the next Payment Date.

(f) in the case of additional Collateral Debt Obligations purchased with the Sale Proceeds of a Credit Impaired Obligation, immediately following such purchase either:

(i) the Aggregate Principal Balance of all additional Collateral Debt Obligations purchased with such Sale Proceeds is at least equal to the Sale Proceeds from such sale; or

(ii) the Class E Par Value Ratio is greater than 107.4 per cent; and

(g) in the case of any purchase of additional Collateral Debt Obligations other than in (e) or (f) above, either:

(i) the Aggregate Principal Balance of all additional Collateral Debt Obligations purchased with such Sale Proceeds of the sold, repaid or prepaid Collateral Debt Obligations is equal to or greater than the Aggregate Principal Balance of the Collateral Debt Obligations which have been sold, repaid or prepaid; or

(ii) the Class E Par Value Ratio is greater than 107.4 per cent.

Following the Expiry of the Reinvestment Period

Following the expiry of the Reinvestment Period, Unscheduled Principal Proceeds and Sale Proceeds from the sale of Credit Improved Obligations and Credit Impaired Obligations, only, may be reinvested by the Issuer (acting on the advice of the Collateral Adviser) in one or more Substitute Collateral Debt Obligations satisfying the Eligibility Criteria, in each case provided that:

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

(b) the Collateral Quality Tests are satisfied or, if any such test was not satisfied, it is no further from being satisfied than immediately prior to such sale or prepayment (in whole or in part) of the relevant Collateral Debt Obligation the Principal Proceeds of which are being reinvested, 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 less, after giving effect to such reinvestment than it was immediately prior to such sale or prepayment (in whole or in part) of the relevant Collateral Debt Obligation the Principal Proceeds of which are being reinvested;

(d) the Aggregate Principal Balance of the Collateral Debt Obligations is maintained or increased or, in the case of the sale and reinvestment of the Sale Proceeds of Credit Impaired Obligations, the Aggregate Principal Balance of all additional Collateral Debt Obligations purchased with such Sale Proceeds is at least equal to the Sale Proceeds from such sale;

(e) the Coverage Tests are satisfied (both immediately before and immediately after such reinvestment);

(f) the Class E Par Value Ratio is greater than 107.4 per cent.;

(g) such Substitute Collateral Debt Obligation(s) have the same or a higher S&P Rating as the Collateral Debt Obligation sold and the stated maturity of such Substitute Collateral Debt Obligation(s) is no longer than the stated maturity of the Collateral Debt Obligation sold at the time of purchase adjusted for the time elapsed from the time of purchase of such Collateral Debt Obligation to the time of prepayment or disposition of such Collateral Debt Obligation;

(h) the Moody's Maximum Weighted Average Rating Factor Test is satisfied (both immediately before and immediately after such reinvestment);

(i) the Weighted Average Maturity Test is satisfied (both immediately before and immediately after such reinvestment);

(j) the Aggregate Principal Balance of Caa/CCC Obligations does not exceed 7.5 per cent. of the Aggregate Principal Balance of the Portfolio; and

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

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

Following the expiry of the Reinvestment Period, any Unscheduled Principal Proceeds and any Sale Proceeds from the sale of Credit Improved Obligations and Credit Impaired Obligations that have not been reinvested as provided above prior to the end of the Due Period in which such proceeds were received shall be paid into the Principal Account and disbursed in accordance with the Principal Proceeds Priority of Payment on the next following Payment Date (subject as provided at the end of this paragraph), save that the Issuer (acting on the advice of the Collateral Adviser) may procure that Unscheduled Principal Proceeds and Sale Proceeds from the sale of any Credit Improved Obligations and any Credit Impaired Obligations are paid into the Principal Account and designated for reinvestment in Substitute Collateral Debt Obligations, in which case such Principal Proceeds shall not be so disbursed in accordance with the Principal Proceeds Priority of Payments for so long as they remain so designated for reinvestment; provided that, in each case where any of the conditions in (a) through (k) (inclusive) above are not satisfied as of the next following Payment Date, all such funds shall be paid into the Principal Account and disbursed in accordance with the Principal Proceeds Priority of Payments set out in Condition 3(c)(ii) (*Application of Principal Proceeds*) and such funds shall be applied only in redemption of the Notes in accordance with the Priorities of Payments.

Following the expiry of the Reinvestment Period, any Class A-1 Unallocated Commitment shall be cancelled and any subsequent Class A-1 Advance on any Class A-1 Allocated Commitment shall increase the Class A-1 Drawn Amount and reduce the Class A-1 Allocated Commitment by the same amount and any repayments in respect of any Revolving Obligations or Delayed Drawdown Collateral Obligations shall be credited to the Revolving Reserve Account. On the Class A-2 Final Funding Date, the Class A-2 Noteholders will be required to make a Class A-2 Advance equal to the Class A-2 Undrawn Amount.

Reinvestment Diversion Threshold

During the Reinvestment Period, in the event that, on any Payment Date during such period after giving effect to the payment of all amounts payable in respect of paragraphs (A) through

(T) (inclusive) of Condition 3(c)(i) (*Application of Interest Proceeds*) on any Determination Date during such period, the Reinvestment Diversion Threshold has not been satisfied, then on the related Payment Date, the Collateral Adviser shall advise the Issuer to procure that (i) Interest Proceeds may be paid to the Principal Account for the acquisition of additional Collateral Debt Obligations and/or (ii) Interest Proceeds may be applied in redemption of the Notes in accordance with the Priorities of Payments such choice at the Collateral Adviser's discretion, in each case, in an amount (such amount, the "**Required Diversion Amount**") equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment and (2) the amount which, after giving effect to the payment of all amounts payable in respect of paragraphs (A) through (T) (inclusive) of Condition 3(c)(i) (*Application of Interest Proceeds*), would be sufficient to cause the Reinvestment Diversion Threshold to be met.

Designation for Reinvestment

The Issuer (acting on the advice of the Collateral Adviser) will notify the Collateral Administrator of the details of all Sale Proceeds and other Principal Proceeds which it has designated for reinvestment on the next following Payment Date:

(a) during the Reinvestment Period, on the Determination Date relating to such Payment Date; and

(b) after expiry of the Reinvestment Period, upon receipt thereof and the Issuer will confirm the extent to which such amounts remain (and are permitted pursuant to the Collateral Advisory Agreement) 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, provided that no such designation for reinvestment may continue in the event that any Coverage Test is not satisfied on the Determination Date applicable to any Payment Date falling at least six months after the date on which such Principal Proceeds were received.

The Issuer (acting on the advice of the Collateral Adviser) may, at its discretion, direct that:

(a) the proceeds of sale of any Collateral Debt Obligation which represents accrued interest be designated as Interest Proceeds and paid into the Interest Account save for (i) Purchased Accrued Interest and (ii) any interest received in respect of any Mezzanine Loan for so long as it is a Defaulted Deferring Mezzanine Loan (other than Defaulted Mezzanine Excess Amounts which the Collateral Adviser has not at its discretion designated as Principal Proceeds); and

(b) any Defaulted Mezzanine Excess Amounts are designated as Principal Proceeds and paid in the Principal Account.

Accrued Interest

Amounts included in the purchase price of any Collateral Debt Obligation comprising accrued interest thereon may be paid from the Interest Account or the Principal Account or the Unused Proceeds Account at the discretion of the Issuer (acting on the advice of the Collateral Adviser)

but subject to the terms of the Collateral Advisory Agreement and Condition 3(j) (*Payments to and from the Accounts*). Notwithstanding the foregoing, in 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 principal amounts from the Unused Proceeds Account (excluding any such accrued interest that is paid for out of the subscription proceeds of the Notes on the Closing Date) shall constitute "Purchased Accrued Interest" and shall be deposited into the Principal Account as Principal Proceeds.

Scheduled Principal Proceeds

During the Reinvestment Period, the Issuer (acting on the advice of the Collateral Adviser) shall use all commercially reasonable efforts to apply Scheduled Principal Proceeds in the acquisition of Substitute Collateral Debt Obligations satisfying the Eligibility Criteria and the Reinvestment Criteria prior to the end of the Due Period in which such Scheduled Principal Proceeds were received subject to no Event of Default having occurred which is continuing.

After the expiry of the Reinvestment Period, any Scheduled Principal Proceeds shall be paid into the Principal Account and disbursed in accordance with the Priorities of Payments.

Unscheduled Principal Proceeds

The Issuer (acting on the advice of the Collateral Adviser) may reinvest Unscheduled Principal Proceeds received at any time, both during and following expiry of the Reinvestment Period, subject to, to the knowledge of the Issuer or the Collateral Adviser, no Event of Default having occurred that is continuing, and shall use all commercially reasonable efforts to apply Unscheduled Principal Proceeds in the acquisition of Substitute Collateral Debt Obligations satisfying the Reinvestment Criteria prior to the end of the Due Period in which such Unscheduled Principal Proceeds were received.

Block Trades

The requirements described herein with respect to the Portfolio shall be deemed to be satisfied upon any sale and/or purchase of multiple Collateral Debt Obligations on any day in the event that such Collateral Debt Obligations satisfy such requirements in aggregate rather than on an individual basis.

Eligible Investments

The Issuer (acting on the advice of the Collateral Adviser) may from time to time purchase Eligible Investments out of the Balances standing to the credit of the Accounts (other than the Liquidity Payment Account, the Synthetic Collateral Account, the Counterparty Downgrade Collateral Account, the Class A Collateralising Noteholder Account and the Payment Account). For the avoidance of doubt, Eligible Investments may be sold by the Issuer (acting on the advice of the Collateral Adviser).

Collateral Enhancement Obligations

The Issuer (acting on the advice of the Collateral Adviser) may, from time to time, subject to the final paragraph below, acquire Collateral Enhancement Obligations independently or 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 Collateral Enhancement Account at the relevant time. Pursuant to Condition 3(j)(viii) (*Collateral Enhancement Account*), such Balance shall be comprised of all Collateral Enhancement Obligation Proceeds received by the Issuer, together with all other sums deposited therein from time to time which will comprise interest and/or principal payable in respect of the Subordinated Notes which the Collateral Adviser recommends that the Issuer pay into the Collateral Enhancement Account pursuant to the Priorities of Payments rather than being paid to the Subordinated Noteholders. In addition, if the amount 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 Issuer (acting on the advice of the Collateral Adviser) may, at its discretion, arrange for the payment of any such shortfall by requesting that funds be paid out of the Interest Account to the Collateral Enhancement Account for this purpose on the terms and subject to the limits set forth in Condition 3(j) (*Payments to and from the Accounts*).

Collateral Enhancement Obligations may be sold at any time.

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

The Issuer (acting on the advice of the Collateral Adviser) may, at any time exercise a warrant or option attached to a Collateral Debt Obligation or comprised in a Collateral Enhancement Obligation and shall instruct the Account Bank to make any necessary payment pursuant to a duly completed form of instruction.

Margin Stock

The Collateral Advisory Agreement requires that the Collateral Adviser shall advise the Issuer to sell any Collateral Debt Obligation, Exchanged Equity Security or Collateral Enhancement Obligation which is or at any time becomes Margin Stock as soon as practicable following such event.

Non-Euro Obligations

The Issuer (acting on the advice of the Collateral Adviser) shall be authorised to purchase Non-Euro Obligations from time to time provided that (unless such Non-Euro Obligation is a Revolver Hedged Collateral Debt Obligation) any such Non-Euro Obligation shall only constitute a Collateral Debt Obligation that satisfies paragraph (b) of the Eligibility Criteria if either (a) if the Non-Euro Obligation was acquired on the Primary Market and (after the Effective Date only) provided the Class E Par Value Ratio is greater than 107.4 per cent.

immediately before and after such acquisition, within six months of the settlement date of acquisition thereof or (b) otherwise, by no later than the settlement date of acquisition thereof, the Collateral Adviser 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 interests and principal payments, is hedged through the swapping of cash flows for Euro Payments to be made by an Asset Swap Counterparty. The Issuer (acting on the advice of the Collateral Adviser) must sell any Non-Euro Obligation (other than Revolver Hedged Collateral Debt Obligations denominated in Sterling) in respect of which an Asset Swap Transaction has not been entered into within the time limits described in (a) and (b) above. The Issuer (acting on the advice of the Collateral Adviser) shall be authorised to enter into spot exchange transactions as necessary, to fund the Issuer's payment obligations under Asset Swap Transactions. 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 and (b) each Revolving Obligation and Delayed Drawdown Collateral Obligation which is a Non-Euro Obligation. See "*Hedging Arrangements*" below.

For the purposes of the Coverage Tests and the Collateral Quality Tests, a Principal Balance of zero shall be assigned to any Non-Euro Obligation (other than a Revolver Hedged Collateral Debt Obligation or Asset Swap Obligation) which (A) remains unhedged for a period of over six months from the settlement date of acquisition thereof, or (B) which were not acquired in the Primary Market and which were not hedged by the settlement date of the acquisition thereof or (C) to the extent that the Aggregate Principal Balance of Unhedged Collateral Debt Obligations exceeds 5 per cent. of the Aggregate Collateral Balance, in respect of such amount in excess.

Class A-1 Advances, Class A-2 Advances and Acquisition of Additional Collateral Debt Obligations

The Issuer (acting on the advice of the Collateral Adviser) is permitted during the Reinvestment Period (in the case of the Class A-1 Notes) and on or before the Class A-2 Final Funding Date (in the case of the Class A-2 Notes) in certain circumstances and subject to certain requirements (including certification from the Issuer), all as set out below, to give notice of not less than three Business Days to the Class A Note Agent (with a copy to the Trustee) and the Collateral Administrator of the Issuer's intention to require a Class A Advance for the purpose of applying such amount in the acquisition of additional Collateral Debt Obligations. Any such notice will specify (a) the Class A-1 Advance Date or Class A-2 Advance Date, as the case may be, and (b) the amount of the relevant Class A-1 Advance or Class A-2 Advance Date, as the case may be. The Issuer shall determine and certify whether the relevant criteria set out below which are required to be satisfied in connection with the proposed advance and acquisition are satisfied or, if any such criteria are not satisfied, shall notify the Class A Note Agent, the Collateral Administrator and the Collateral Adviser by no later than the second following Business Day of the reasons and the extent to which such criteria are not so satisfied. Any Class A Advance and investment of the amount so advanced in any additional Collateral Debt Obligation shall be subject to the Issuer certifying to the Collateral Adviser (with a copy to the Class A Note Agent) prior to such advance that (i) the relevant additional Collateral Debt Obligations satisfy the Eligibility Criteria and the Reinvestment Criteria and (ii) the ratings assigned to the Class A Notes have not been reduced, the ratings assigned to the Class B Notes have not been reduced

by more than one rating sub-category and the ratings assigned to the Class C Notes, the Class D Notes and the Class E Notes have not been reduced by more than two rating sub categories, in each case, from those assigned on the Closing Date, or, in any such case, have not been withdrawn by the Rating Agencies.

In the case of any purchase of an additional Collateral Debt Obligation using (a) a Class A-1 Sterling Advance, such additional Collateral Debt Obligation shall be denominated in Sterling and (b) a Class A-1 Euro Advance, (i) such Collateral Debt Obligation may be denominated in a Non-Euro Qualifying Currency other than Sterling but such Collateral Debt Obligation shall be the subject of an Asset Swap Transaction and (ii) which is converted into Sterling at the Current Spot Rate at the Collateral Adviser's discretion, such Collateral Debt Obligation shall be denominated in Sterling, provided that in the case of (b)(ii), the aggregate of the Class A-1 Sterling Advances outstanding shall not exceed the aggregate of the principal amounts outstanding of all Sterling denominated Revolver Hedged Collateral Debt Obligations and all Principal Proceeds denominated in Sterling and designated for reinvestment by the Collateral Adviser.

Synthetic Securities

The Issuer, acting on the advice of the Collateral Adviser, may from time to time acquire Collateral Debt Obligations which are Synthetic Securities.

Characteristics of Synthetic Securities

A Synthetic Security is a security denominated in Euro (or in one of the predecessor currencies of those EU Member States which have adopted the Euro as their common currency) which may be a swap transaction, debt security or other investment purchased from or entered into by the Issuer with a Synthetic Counterparty, the return on which is linked to the credit 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. A Synthetic Security may only be linked to a single Reference Obligation.

The Synthetic Securities acquired by or on behalf of the Issuer may be one of the following:

(a) an Uncollateralised CLN; or

(b) a Collateralised Credit Default Swap; or

(c) a credit linked note issued by a special purpose vehicle or trust which is secured on, or has recourse to, collateral in a principal amount equal to the principal amount of such credit linked note (a "**Secured Credit Linked Note**"),

in each case, principal payments in respect of which are linked to the credit of the issuer of a Reference Obligation (the "**Reference Entity**") and the value of such Reference Obligation following the occurrence of certain specified credit events in respect of such Reference Entity. The obligations deliverable under a Synthetic Security defined as "**Deliverable Obligations**" therein shall satisfy the Eligibility Criteria other than paragraph (c) thereof. If an obligation delivered under a Synthetic Security does not satisfy the Eligibility Criteria, the Issuer (acting

on the advice of the Collateral Adviser) shall sell or otherwise dispose of such obligation as soon as practicable.

The entry into, or acquisition of, any Synthetic Security will, save in the case of Form Approved Synthetic Securities, be subject to receipt of Rating Agency Confirmation and subject to, at the time such Synthetic Security is acquired:

(a) the percentage of the Aggregate Collateral Balance (excluding Defaulted Obligations) that represents Uncollateralised CLNs issued by any individual Synthetic Counterparty when combined with the percentage of the Aggregate Collateral Balance (excluding Defaulted Obligations) that represents Participations entered into by the Issuer with such Synthetic Counterparty in its capacity as a Selling Institution not exceeding the individual and aggregate third party credit exposure limits set out in the Bivariate Risk Table determined by reference to the credit rating of such Synthetic Counterparty (or any guarantor thereof) (and taking the lowest rating assigned thereto by any Rating Agency); and

(b) the percentage of the Aggregate Collateral Balance that represents Uncollateralised CLNs and Participations entered into by the Issuer with Synthetic Counterparties and Selling Institutions (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 forth in the Bivariate Risk Table set out in the Collateral Advisory Agreement (and replicated below) for such credit rating.

All references herein to the acquisition or purchase of Collateral Debt Obligations and Substitute Collateral Debt Obligations shall include provision by, or on behalf of, the issuer of Synthetic Collateral in respect of Synthetic Securities so purchased or acquired.

Each Synthetic Counterparty (in the case of a Synthetic Security which is a security) must have the regulatory capacity, as a matter of Luxembourg law, to enter into derivatives transactions with Luxembourg residents.

Synthetic Collateral

As part of the acquisition of or entry into any Synthetic Security which is a Collateralised Credit Default Swap, the Issuer shall be required to provide Synthetic Collateral, the principal amount of which is not less than 100 per cent. of the maximum liability of the Issuer under such credit swap transaction, to the applicable Synthetic Counterparty which it will deposit in the Synthetic Collateral Account as security for its payment obligations to the Synthetic Counterparty under such Synthetic Security. 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 (i) may not include Margin Stock and (ii) must qualify as an Eligible Investment). For the purposes of the Collateral Advisory Agreement, the purchase price of any Collateral Debt Obligation that is a Synthetic Security shall include the principal amount of any Synthetic Collateral required to be so posted. The Issuer shall grant a first security interest in such Synthetic Collateral to the Trustee for the benefit of the Secured Parties subject to any rights and prior security interest of any Synthetic Counterparty in such Synthetic Collateral. 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 (acting on the advice of the Collateral Adviser); or

(b) Unscheduled Principal Proceeds in the event that the Synthetic Security was subject to an early termination other than by the Issuer; or

(c) Scheduled Principal Proceeds in the event that the Synthetic Security expires at its scheduled maturity; or

(d) interest received on the Synthetic Collateral shall constitute Interest Proceeds and shall be payable into the Interest Account.

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 (a) if in the form of cash, be deposited in the Principal Account or (b) if in the form of securities:

(a) to the extent that it satisfies the Eligibility Criteria and its retention does not cause any of the Portfolio Profile Tests, the Coverage Tests or the Collateral Quality Tests to be in breach (or if in breach immediately prior thereto, would not cause any such test to be in breach to a greater extent), at the discretion of the Issuer (acting on the advice of the Collateral Adviser), be retained and shall constitute a Collateral Debt Obligation; or

(b) in all other circumstances be sold as soon as reasonably practicable.

For the purposes of the Coverage Tests, the Collateral Quality Tests (other than the Moody's Minimum Diversity Test and the S&P Minimum Weighted Average Recovery Rate Test) and 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 unless the Issuer (acting on the advice of the Collateral Adviser) determines otherwise and receives Rating Agency Confirmation in respect of such determination.

For the purposes of the Moody's Minimum Diversity Test and the S&P Minimum Weighted Average Recovery Rate Test, 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 for such purposes (but not for the purpose of determining a Moody's Rating of a Synthetic Security to be assigned by Moody's pursuant to the terms of the Collateral Advisory Agreement)) and not of the Synthetic Security, unless the Issuer (acting on the advice of the Collateral Adviser) determines otherwise and receives Rating Agency Confirmation in respect of such determination.

The interest rate or coupon of a Collateralised Credit Default Swap shall be a fraction, expressed as a percentage and annualised, the numerator of which is the current stated periodic payment of interest or premium scheduled to be received by the Issuer from the related Synthetic Counterparty, together with any interest accruing on any Synthetic Collateral (to the extent

payable to the Issuer) and the denominator of which is the aggregate of the notional balance of such Synthetic Security. The interest rate or coupon payable on such Synthetic Collateral shall constitute the floating rate by reference to which the coupon payable on such Synthetic Collateral is determined and the premium or interest payable under the related credit default swap shall constitute the margin over such "floating rate".

Revolving Obligations and Delayed Drawdown Collateral Obligations

The Issuer (acting on the advice of the Collateral Adviser) may acquire Collateral Debt Obligations which are Revolving Obligations or Delayed Drawdown Collateral Obligations from time to time.

Each Revolving 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 Obligations and Delayed Drawdown Collateral Obligations may or may not provide that they may be repaid and re-borrowed from time to time by the Obligor thereunder. Upon acquisition of any Revolving Obligations and Delayed Drawdown Collateral Obligations with a Base Currency that is a Qualifying Currency other than Euro or Sterling, the Issuer shall deposit into the Revolving Reserve Account, and shall maintain from time to time in the Revolving Reserve Account amounts at least equal to the combined aggregate principal amounts of the Unfunded Amounts under each of the Revolving Obligations and Delayed Drawdown Collateral Obligations of each Base Currency.

To the extent required, the Issuer (acting on the advice of the Collateral Adviser) 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 Obligation or a Delayed Drawdown Collateral Obligation and upon receipt of an Issuer Order (as defined in the Collateral Advisory Agreement) the Trustee shall release such amounts from the security granted thereover pursuant to the Trust Deed.

The Issuer (acting on the advice of the Collateral Adviser) may from time to time, subject to the provisions of the Liquidity Facility Agreement, (a) increase the amount of Class A-1 Allocated Commitment applicable to any Revolving Obligations or Delayed Drawdown Collateral Obligations and transfer an equivalent amount in the same Base Currency as such Class A-1 Allocated Commitment from the Revolving Reserve Account to the Principal Account or (b) transfer Euro or Sterling amounts out of the Principal Account to the Revolving Reserve Account and decrease the Class A-1 Allocated Commitment applicable to that Base Currency by the amount so transferred, in each case subject to satisfaction of the Revolving Reserve Commitment Requirement following such action.

The Issuer shall be required to enter into an Asset Swap Transaction in respect of each Revolving Obligation and Delayed Drawdown Collateral Obligation which (a) is a Non-Euro

Obligation and (b) is not a Revolver Hedged Collateral Debt Obligation. Each such Asset Swap Transaction (save in the case of a Form-Approved Asset Swap) shall be subject to the receipt of Rating Agency Confirmation and shall be entered into in respect of the full Principal Balance of such Revolving 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 Obligation or Delayed Drawdown Collateral Obligation from time to time as amounts are drawn down thereunder.

Deliverable Obligations

In the event that any Deliverable Obligations are received, the Issuer (acting on the advice of the Collateral Adviser):

(a) may, to the extent that such obligations satisfy the Eligibility Criteria, designate such Deliverable Obligations as Collateral Debt Obligations; or

(b) shall, in all other circumstances, sell or procure the sale thereof as soon as reasonably practicable.

Participations

The Issuer (acting on the advice of the Collateral Adviser) may from time to time acquire Collateral Debt Obligations from Selling Institutions by way of Participation provided that at the time such Participation is acquired:

(a) 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 Uncollateralised CLNs entered into by the Issuer with such Selling Institutions, will not exceed the individual and aggregate percentages set forth in the Bivariate Risk Table determined by reference to the credit rating of such Selling Institution (or any guarantor thereof);

(b) the percentage of the Aggregate Collateral Balance that represents Participations entered into by the Issuer with Selling Institutions (or any guarantor thereof) and Uncollateralised CLNs entered into by the Issuer (or the Collateral Adviser on its behalf) with Synthetic Counterparties, each having the same credit rating (taking the lowest rating assigned thereto by any Rating Agency), will not exceed the aggregate third party credit exposure limit set forth in the Bivariate Risk Table for such credit rating; and

(c) the relevant Participation Agreement contains "limited recourse" and "non-petition" provisions in accordance with the terms of Condition 5(b)(xiii) (*Restrictions on the Issuer*),

and for the purpose of determining the foregoing, account shall be taken of each Participation from which the Issuer, directly or indirectly derives its interest in the relevant Collateral Debt Obligation.

The Issuer (acting on the advice of the Collateral Adviser) shall give notice to the Rating Agencies in the Payment Date Reports (so long as any Notes rated by such Rating Agency are Outstanding) following acquisition by the Issuer of any Collateral Debt Obligations from Selling Institutions by way of Participation in the form of the LMA Funded Participation (Par), specifying the rating of such Selling Institution. Where Participations are proposed to be acquired other than by the LMA Funded Participation (Par), the Issuer (acting on the advice of the Collateral Adviser) shall give prompt notice to the Rating Agencies of such proposed acquisition and the proposed acquisition of any such Participation shall be subject to Rating Agency Confirmation.

The Issuer or the Collateral Adviser (acting on behalf of the Issuer) understands and agrees that each participation agreement entered into by the Issuer in respect of each Participation shall be in the form of the LMA Funded Participation (Par) (as published by the Loan Markets Association from time to time) and shall contain substantially the following statements:

(x) "Limited Recourse

The Grantor hereby acknowledges and agrees that its recourse to the Participant for the payment of any amounts due or owing by the Participant to the Grantor under this Funded Participation is limited to amounts available to the Participant for such purpose in accordance with the priorities of payments binding on the Participant pursuant to a trust deed dated 21 December 2006 between, amongst others, the Participant and ABN AMRO Trustees Limited, London Branch as Trustee (the "**Available Amounts**"). The Participant will not be obliged to pay, and the other assets (if any) of the Participant will not be available for payment of, any amounts to the Grantor in excess of the Available Amounts and the rights of the Grantor to receive any further amounts in respect of such obligations shall be extinguished and the Grantor may not take any further action to recover such amounts."

(y) "Non-petition

The Grantor shall not be entitled at any time to institute against the Participant, or join in any institution against the Participant of, any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Participant relating to this Funded Participation, save for lodging a claim in the liquidation of the Participant which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Participant in relation thereto."

Assignments

The Issuer (acting on the advice of the Collateral Adviser) may from time to time acquire Collateral Debt Obligations from Selling Institutions by way of Assignment provided that at the time such Assignment is acquired 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 any Person specified in the relevant loan documentation).

Tax Subsidiary

In the event that (i) the ownership of a Collateral Debt Obligation or Eligible Investment or property acquired in respect of a Collateral Debt Obligation or Eligible Investment would result in the Issuer being or becoming subject to U.S. tax on a net income basis or being or becoming subject to the U.S. branch profits tax (in either case, such Collateral Debt Obligations or Eligible Investment becoming a "**Taxed Collateral Security**" and such property becoming a "**Taxed Property**"), and (ii) the Issuer does not sell or otherwise dispose of all or a portion of such Taxed Collateral Security or Taxed Property in accordance with the provisions of the Trust Deed, the Issuer shall (subject to (i) Rating Agency Confirmation; (ii) the prior amendment of any Transaction Document; and (iii) receipt of an opinion from Luxembourg tax counsel satisfactory to the Issuer that the establishment of the Tax Subsidiary would not breach the terms of the Issuer's Luxembourg tax ruling or result in the imposition of additional Luxembourg taxes), prior to such Collateral Debt Obligation or Eligible Investment becoming a Taxed Collateral Security or such property becoming a Taxed Property, (a) set up a special purpose subsidiary meeting S&P's then current published criteria for bankruptcy remote special purpose entities (a "**Tax Subsidiary**") to receive and hold any such Taxed Collateral Security or Taxed Property or transfer such Taxed Collateral Security or Taxed Property to the Tax Subsidiary or (b) contribute such Taxed Collateral Security or Taxed Property to a real estate mortgage investment company or other pass-through entity, unless the Issuer has received an opinion of nationally recognized counsel to the effect that the Issuer can hold such Taxed Collateral Security directly without causing the Issuer to be treated as engaged in a trade or business in the United States for U.S. federal income tax purposes. The Issuer shall cause the purposes and permitted activities of any such Tax Subsidiary to be restricted solely to the acquisition, holding and disposition of any such Tax Collateral Security or Taxed Property and shall require such subsidiary to distribute 100 per cent. of the proceeds of any sale of such Taxed Collateral Security or Taxed Property, net of any tax liabilities, to the Issuer.

Bivariate Risk Table

The following is the bivariate risk table (the "**Bivariate Risk Table**") and as referred to in "*Portfolio Profile Tests*" below and "*Characteristics of Synthetic Securities*" and "*Participations*" above. For the purposes of the limits specified in the Bivariate Risk Table, the individual third party credit exposure limit shall be determined by reference to the sum of the Principal Balances of all Synthetic Securities and Participations entered into by the Issuer with the same counterparty, plus the portion of the Principal Balance of all Senior Secured Loans, Second Lien Loans and Mezzanine Loans in respect of which third party Collateral has been deposited by the Issuer with the same entity (such amount in respect of such entity the "**Third Party Exposure**") and the applicable percentage limits shall be determined by reference to the lower of the Moody's or S&P ratings applicable to such counterparty and the aggregate third party credit exposure limit shall be determined by reference to the aggregate of Third Party Exposure of all such counterparties which share the same rating level or have a lower rating level, as indicated in the Bivariate Risk Table.

Bivariate Risk Table

Long-Term Senior Unsecured Debt Rating of Selling Institution/Synthetic Counterparty* / Third Party Exposure Counterparty	Long-Term Senior Unsecured Debt Rating of Selling Institution/ Synthetic Counterparty*/ Third Party Exposure Counterparty	Individual Third Party Credit Exposure Limit*	Aggregate Third Party Credit Exposure Limit**
Moody's	S&P		
Aaa	AAA	20%	30%
Aa1	AA+	10%	20%
Aa2	AA	10%	20%
Aa3	AA-	10%	15%
A1	A+	5%	10%
A2	A	5%	7.5%

* Synthetic Counterparties of Uncollateralised CLNs only.

** As a percentage of the Aggregate Collateral Balance (excluding Defaulted Obligations) the aggregate third party credit exposure limit shall be determined by reference to the aggregate of the third party credit exposure of all such Counterparties which share the same rating level or have a lower rating level, as indicated in the Bivariate Risk Table.

Portfolio Profile Tests and Collateral Quality Tests

Measurement of Tests

The Portfolio Profile Tests and the Collateral Quality Tests will be used primarily as criteria for purchasing Collateral Debt Obligations. The Collateral Administrator will measure the Portfolio Profile Tests and the Collateral Quality Tests on each Measurement Date (save as provided herein).

The Portfolio Profile Tests and the Collateral Quality Tests must be satisfied after giving effect to the purchase of any Substitute Collateral Debt 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. For the avoidance of doubt, Substitute Collateral Debt Obligations in respect of which a binding commitment has been made to purchase such Substitute Collateral Debt Obligations but such purchase has not been settled shall nonetheless be deemed to have been purchased for the purposes of the Portfolio Profile Tests and the Collateral Quality Tests. See "*Reinvestment of Collateral Debt Obligations*" above.

For the purpose of calculating compliance with the Portfolio Profile Tests, the Principal Balance of the relevant category of obligations may be rounded up to the nearest €1,000,000.

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 Debt Obligation from being a Collateral Debt Obligation.

Portfolio Profile Tests

The Portfolio Profile Tests will consist of each of the following:

(a) Second Lien Loans, Mezzanine Loans and High Yield Bonds may comprise in total a maximum of 10 per cent. of the Aggregate Collateral Balance;

(b) High Yield Bonds may comprise a maximum of 5 per cent. of the Aggregate Collateral Balance;

(c) at least 90 per cent. of the Aggregate Collateral Balance must consist of Senior Secured Loans (which term, for the purposes of this paragraph (c), shall comprise the aggregate of the Aggregate Principal Balance of the Senior Secured Loans, the Class A-1 Undrawn Amount (less the Class A-1 Allocated Commitment), the Class A-2 Undrawn Amount and the Balances standing to the credit of the Principal Account and the Unused Proceeds Account, in each case as at the relevant Measurement Date);

(d) with respect to Senior Secured Loans, not more than 2.5 per cent. of the Aggregate Collateral Balance may consist of the obligation of any single Obligor thereunder, save that three Obligors may each represent not more than 3 per cent. of the Aggregate Collateral Balance;

(e) with respect to Mezzanine Loans, Second Lien Loans and High Yield Bonds in aggregate, not more than 1.75 per cent. of the Aggregate Collateral Balance may be the obligation of any single Obligor thereunder;

(f) not more than 15 per cent. of the Aggregate Collateral Balance may consist of Synthetic Securities;

(g) not more than 30 per cent. of the Aggregate Collateral Balance may consist of Synthetic Securities and Participations;

(h) not more than 5 per cent. of the Aggregate Collateral Balance may consist of Unfunded Amounts and Funded Amounts under Revolving Obligations and/or Delayed Drawdown Collateral Obligations;

(i) not more than 5 per cent. of the Aggregate Collateral Balance may consist of Collateral Debt Obligations that are Fixed Rate Obligations;

(j) not more than 20 per cent. of the Aggregate Collateral Balance may consist of Sterling Collateral Debt Obligations;

(k) not more than 5 per cent. of the Aggregate Collateral Balance may consist of Non-Euro Obligations (excluding Sterling denominated Collateral Debt Obligations);

(l) limits specified in the Bivariate Risk Table determined by reference to the Moody's Ratings and S&P Ratings of Selling Institutions, Synthetic Counterparties and Third Party Exposure counterparties are not exceeded;

(m) not more than 5 per cent. of the Aggregate Collateral Balance may consist of Collateral Debt Obligations that pay interest less frequently than semi-annually;

(n) not more than 5 per cent. of the Aggregate Collateral Balance may consist of Zero-Coupon Collateral Debt Obligations;

(o) not more than 5 per cent. of the Aggregate Collateral Balance may consist of Current Pay Obligations; and

(p) no Collateral Debt Obligations may have a maturity that exceeds the Maturity Date.

The percentage requirements applicable to different types of Collateral Debt Obligations specified in the Portfolio Profile Tests shall be determined by reference to the Aggregate Principal Balance of such type of Collateral Debt Obligations, excluding Defaulted 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 purposes of the Portfolio Profile Tests:

"**Fixed Rate Collateral Debt Obligation**" means a Collateral Debt Obligation, the interest or coupon payable in respect of which is calculated by reference to a fixed rate and for the avoidance of doubt shall exclude any Collateralised Credit Default Swaps; and

"**Floating Rate Collateral Debt Obligation**" means a Collateral Debt Obligation, the interest or coupon payable in respect of which is calculated by reference to an interbank offered floating rate, commercial deposit floating rate or index and shall include any Collateralised Credit Default Swaps; and

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) as of the Effective Date and until the end of the Reinvestment Period, 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;

(c) so long as any Notes are Outstanding:

  (i) the Minimum Weighted Average Spread Test; and

  (ii) the Weighted Average Maturity Test.

S&P Test Matrix

Subject to the provisions provided below, on and after the Effective Date, the Issuer (acting on the advice of the Collateral Adviser) will have the option to elect which of the cases (the "**Break-even Rate Cases**") set forth in the matrix below (the "**S&P Test Matrix**") shall be applicable for purposes of the S&P Minimum Weighted Average Recovery Rate Test and the Minimum Weighted Average Spread Test and based on the selection of the Issuer (acting on the advice of the Collateral Adviser) S&P will provide the Issuer and the Collateral Adviser on the Effective Date, and from time to time thereafter until the end of the Reinvestment Period, with the applicable CDO Monitor in connection with the CDO Monitor Test. For any given case:

(a) the applicable row and column for performing the S&P Minimum Weighted Average Recovery Rate Test will be the row and column in which the elected case is set out; and

(b) the applicable row for determining the Minimum Weighted Average Spread will be the row in which the elected case is set out.

On the Effective Date, the Issuer (acting on the advice of the Collateral Adviser) will be required to elect which Break-even Rate Case shall apply initially. Thereafter, on 10 Business Days' notice to the Trustee, the Collateral Administrator and S&P, the Issuer (acting on the advice of the Collateral Adviser) may elect to have a different Break-even Rate Case apply, provided that the S&P Minimum Weighted Average Recovery Rate Test and the Minimum Weighted Average Spread Test applicable to the Break-even Rate Case to which the Issuer (acting on the advice of the Collateral Adviser) desires to change are satisfied (and, in relation to the Minimum Weighted Average Spread Test, taking into account the case that the Issuer (acting on the advice of the Collateral Adviser) has elected to apply under the Moody's Test Matrix). In no event will the Issuer be obliged to elect to have a different Break-even Rate Case apply.

S&P Tests Matrix

S&P Minimum Weighted Average Recovery Rate

Class A Notes	54%	56%	58%	60%	62%
Class B Notes	58%	60%	62%	64%	66%
Class C Notes	62%	64%	66%	68%	70%
Class D Notes	65%	67%	69%	71%	73%
Class E Notes	68%	70%	72%	74%	76%

Minimum Weighted Average Spread	**Break-even Rate Cases**				
2.5%	Break-even default rate 1	Break-even default rate 2	Break-even default rate 3	Break-even default rate 4	Break-even default rate 5
2.6%	Break-even default rate 6	Break-even default rate 7	Break-even default rate 8	Break-even default rate 9	Break-even default rate 10

2.7%	Break-even default rate 11	Break-even default rate 12	Break-even default rate 13	Break-even default rate 14	Break-even default rate 15
2.8%	Break-even default rate 16	Break-even default rate 17	Break-even default rate 18	Break-even default rate 19	Break-even default rate 20

Moody's Test Matrix

For the purpose of the Coverage Tests and the Collateral Quality Tests, a zero value shall be assigned to (a) any Non-Euro Obligation (purchased in the Primary Market) which remains unhedged for a period of over six months from the date of acquisition thereof (other than any Revolver Hedged Collateral Debt Obligation) or (b) any Non-Euro Obligations (other than any Revolver Hedged Collateral Debt Obligation) which (i) have been purchased in the secondary market and are not subject to an Asset Swap Transaction or (ii) cause the Collateral Balance of Unhedged Collateral Debt Obligations to exceed more than 5 per cent. of the Aggregate Collateral Balance and in the case of (i), have remained unhedged for 10 days.

Subject to the provisions provided below, on or after the Effective Date, the Issuer (acting on the advice of the Collateral Adviser) will have the option to elect which of the cases set forth in the matrices set out below (the "**Moody's Test Matrix**") shall be applicable for purposes of the Moody's Maximum Weighted Average Rating Factor Test, the Moody's Minimum Diversity Test, the Moody's Minimum Weighted Average Recovery Rate Test and the Minimum Weighted Average Spread Test. For any given case:

(1) 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;

(2) the applicable row and column for performing the Moody's Maximum Weighted Average Rating Factor Test will be the row and column in the applicable Moody's Test Matrix in which the elected case is set out;

(3) the applicable row for performing the Minimum Weighted Average Spread Test will be the row in the applicable Moody's Test Matrix in which the elected test is set out; and

(4) the applicable column for performing the Moody's Minimum Weighted Average Recovery Rate Test will be the column in the applicable Moody's Test Matrix in which the elected case is set out.

On the Effective Date, the Issuer (acting on the advice of the Collateral Adviser) will be required to elect which case shall apply initially. Thereafter, on 10 Business Days' notice to the Trustee, the Collateral Administrator and Moody's, the Issuer (acting on the advice of the Collateral Adviser) may elect to have a different case apply, provided that the Moody's Minimum Diversity Test, the Moody's Maximum Weighted Average Rating Factor Test, the Moody's Minimum Weighted Average Recovery Rate Test and the Minimum Weighted Average Spread Test applicable to the case to which the Issuer desires to change are satisfied (and, in relation to the Minimum Weighted Average Spread Test, taking into account the case that the Issuer has elected to apply under the S&P Test Matrix) or, in the case of any tests that

are not satisfied, are closer to being satisfied. In no event will the Issuer be obliged to elect to have a different case apply. The matrices below may be amended and/or supplemented after the Closing Date in accordance with Condition 14(c) (*Modification and Waiver*).

Moody's Diversity Score

Moody's Diversity Score of 32

Minimum Weighted Average Spread	Moody's Minimum Weighted Average Recovery Rate				
	51%	53%	55%	57%	59%
	Moody's Maximum Weighted Average Rating Factor				
2.50%	2,150	2,225	2,300	2,375	2,450
2.60%	2,250	2,300	2,350	2,450	2,525
2.70%	2,300	2,375	2,450	2,500	2,550
2.80%	2,350	2,450	2,500	2,575	2,600

Moody's Diversity Score of 35

Minimum Weighted Average Spread	Moody's Minimum Weighted Average Recovery Rate				
	51%	53%	55%	57%	59%
	Moody's Maximum Weighted Average Rating Factor				
2.50%	2,250	2,275	2,300	2,400	2,500
2.60%	2,300	2,350	2,400	2,500	2,600
2.70%	2,350	2,425	2,500	2,575	2,650
2.80%	2,400	2,475	2,550	2,625	2,700

Moody's Diversity Score of 37

Minimum Weighted Average Spread	Moody's Minimum Weighted Average Recovery Rate				
	51%	53%	55%	57%	59%
	Moody's Maximum Weighted Average Rating Factor				
2.50%	2,250	2,300	2,350	2,425	2,500
2.60%	2,300	2,375	2,450	2,525	2,600
2.70%	2,350	2,450	2,550	2,600	2,650
2.80%	2,400	2,500	2,600	2,675	2,750

The CDO Monitor Test

The "**CDO Monitor Test**" will be satisfied on any date from the Effective Date until the end of the Reinvestment period if, after giving effect to the purchase or sale of a Collateral Debt

Obligation, the Class A Loss Differential, the Class B Loss Differential, the Class C Loss Differential, the Class D Loss Differential and the Class E Loss Differential of the Proposed Portfolio is positive on such date. The CDO Monitor Test will be considered to be "improved" if each of the Class A Loss Differential, the Class B Loss Differential, the Class C Loss Differential, the Class D Loss Differential and the Class E Loss Differential of the Proposed Portfolio is greater than the Class A Loss Differential, the Class B Loss Differential, the Class C Loss Differential, the Class D Loss Differential and the Class E Loss Differential of the Current Portfolio. The CDO Monitor Test shall not apply until the later of (a) the Effective Date and (b) the receipt by the Issuer and the Collateral Adviser of the CDO Monitor from S&P. If, on any date, as disclosed in the Issuer's most recent Monthly Report (as defined in "*Description of the Reports – Monthly Reports*"), more than 15 per cent. of the Aggregate Collateral Balance consists of Participations with counterparties rated "AA-" by S&P or below, then the Collateral Administrator (on behalf of the Issuer) shall notify S&P and request that S&P modify the CDO Monitor accordingly.

The "**Break-even Loss Rate**" applicable to each Class of Senior Notes is, at any time, 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 Class of Notes in full by their stated maturity and the timely payment of interest on the Class of Notes in full in the case of the Class A Notes or Class B Notes or the ultimate payment of interest in full in the case of the Class C Notes, Class D Notes or Class E Notes.

The "**Loss Differential**" applicable to each Class of Senior Notes is, at any time, the rate calculated by subtracting the Scenario Loss Rate applicable to such Class of Notes from the Break-even Loss Rate applicable to such Class of Notes at such time.

The "**Scenario Loss Rate**" applicable to each Class of Senior Notes is, at any time, an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a rating equal to that assigned to such Class of Notes on the Closing Date by S&P, determined by application of the CDO Monitor Test at such time.

The "**Current Portfolio**" means the portfolio of Collateral Debt Obligations (included at their Principal Balance) and Eligible Investments existing prior to 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.

The "**Proposed Portfolio**" means the portfolio of Collateral Debt 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.

The "**CDO Monitor**" is the dynamic, analytical computer model developed by S&P and used to estimate default risk of Collateral Debt Obligations and provided to the Collateral Adviser 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 Debt Obligations and Eligible

Investments consistent with a specified benchmark rating level based upon S&P's proprietary corporate debt default studies. In calculating the scenario loss rate in respect of a Class of Notes, 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 maturity of the Collateral Debt Obligations and Eligible Investments and calculates a cumulative default rate based on the statistical probability of distributions or defaults on the Collateral Debt Obligations and Eligible Investments.

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 percentage set forth in the row and column of the S&P Tests Matrix based upon the break-even loss rate. 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 Senior Secured Loan shall be considered unsecured for the purpose of the S&P Average Recovery Rate unless such Senior Secured 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 purposes of this rate, the Principal Balance of a Defaulted Obligation will be deemed to be its outstanding principal amount and Synthetic Securities shall be assigned a priority category based on the underlying Reference Obligation.

The Moody's Minimum Diversity Test

The "**Moody's Minimum Diversity Test**" will be satisfied as at any Measurement Date from (and including) the Effective Date, if the Diversity Score equals or exceeds the number set forth 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 (provided that no Defaulted Obligations shall be included in the calculation of the Diversity Score or any component thereof):

(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 (excluding Defaulted Obligations) issued by such Obligor, provided that if a Collateral Debt Obligation has been sold or is the subject of an optional redemption or Offer, and the Sale Proceeds or Unscheduled Principal Payments from such event have not yet been reinvested in Substitute Collateral Debt Obligations or distributed to the Noteholders or the other creditors of the Issuer in accordance with the Priorities of Payments, the Obligor Principal Balance shall be calculated as if such Collateral Debt Obligation had not been sold or was not subject to such an optional redemption or Offer;

(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); 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, 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:

(i) any Obligors Affiliated with one another will be considered to be one Obligor; and

(ii) a Synthetic Security shall be included as a Collateral Debt Obligation having the relevant characteristics of the related Reference Obligation (and the Reference Entity under such Synthetic Security shall be deemed to be the "Obligor" under the related Reference Obligation) and not of the Synthetic Security, unless the Issuer (acting on the advice of the Collateral Adviser) determines otherwise and receives Rating Agency Confirmation in respect of such determination.

Diversity Score Table

Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score
0.0000	0.0000	5.0500	2.7000	10.1500	4.0200	15.2500	4.5300
0.0500	0.1000	5.1500	2.7333	10.2500	4.0300	15.3500	4.5400
0.1500	0.2000	5.2500	2.7667	10.3500	4.0400	15.4500	4.5500
0.2500	0.3000	5.3500	2.8000	10.4500	4.0500	15.5500	4.5600
0.3500	0.4000	5.4500	2.8333	10.5500	4.0600	15.6500	4.5700
0.4500	0.5000	5.5500	2.8667	10.6500	4.0700	15.7500	4.5800
0.5500	0.6000	5.6500	2.9000	10.7500	4.0800	15.8500	4.5900
0.6500	0.7000	5.7500	2.9333	10.8500	4.0900	15.9500	4.6000
0.7500	0.8000	5.8500	2.9667	10.9500	4.1000	16.0500	4.6100
0.8500	0.9000	5.9500	3.0000	11.0500	4.1100	16.1500	4.6200
0.9500	1.0000	6.0500	3.0250	11.1500	4.1200	16.2500	4.6300
1.0500	1.0500	6.1500	3.0500	11.2500	4.1300	16.3500	4.6400
1.1500	1.1000	6.2500	3.0750	11.3500	4.1400	16.4500	4.6500
1.2500	1.1500	6.3500	3.1000	11.4500	4.1500	16.5500	4.6600
1.3500	1.2000	6.4500	3.1250	11.5500	4.1600	16.6500	4.6700
1.4500	1.2500	6.5500	3.1500	11.6500	4.1700	16.7500	4.6800
1.5500	1.3000	6.6500	3.1750	11.7500	4.1800	16.8500	4.6900
1.6500	1.3500	6.7500	3.2000	11.8500	4.1900	16.9500	4.7000
1.7500	1.4000	6.8500	3.2250	11.9500	4.2000	17.0500	4.7100
1.8500	1.4500	6.9500	3.2500	12.0500	4.2100	17.1500	4.7200
1.9500	1.5000	7.0500	3.2750	12.1500	4.2200	17.2500	4.7300
2.0500	1.5500	7.1500	3.3000	12.2500	4.2300	17.3500	4.7400
2.1500	1.6000	7.2500	3.3250	12.3500	4.2400	17.4500	4.7500
2.2500	1.6500	7.3500	3.3500	12.4500	4.2500	17.5500	4.7600
2.3500	1.7000	7.4500	3.3750	12.5500	4.2600	17.6500	4.7700
2.4500	1.7500	7.5500	3.4000	12.6500	4.2700	17.7500	4.7800
2.5500	1.8000	7.6500	3.4250	12.7500	4.2800	17.8500	4.7900
2.6500	1.8500	7.7500	3.4500	12.8500	4.2900	17.9500	4.8000
2.7500	1.9000	7.8500	3.4750	12.9500	4.3000	18.0500	4.8100
2.8500	1.9500	7.9500	3.5000	13.0500	4.3100	18.1500	4.8200
2.9500	2.0000	8.0500	3.5250	13.1500	4.3200	18.2500	4.8300
3.0500	2.0333	8.1500	3.5500	13.2500	4.3300	18.3500	4.8400
3.1500	2.0667	8.2500	3.5750	13.3500	4.3400	18.4500	4.8500
3.2500	2.1000	8.3500	3.6000	13.4500	4.3500	18.5500	4.8600
3.3500	2.1333	8.4500	3.6250	13.5500	4.3600	18.6500	4.8700
3.4500	2.1667	8.5500	3.6500	13.6500	4.3700	18.7500	4.8800
3.5500	2.2000	8.6500	3.6750	13.7500	4.3800	18.8500	4.8900

Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score	Aggregate Industry Equivalent Unit Score	Aggregate Industry Equivalent Unit Score	Industry Diversity Score
3.6500	2.2333	8.7500	3.7000	13.8500	4.3900	18.9500	4.9000
3.7500	2.2667	8.8500	3.7250	13.9500	4.4000	19.0500	4.9100
3.8500	2.3000	8.9500	3.7500	14.0500	4.4100	19.1500	4.9200
3.9500	2.3333	9.0500	3.7750	14.1500	4.4200	19.2500	4.9300
4.0500	2.3667	9.1500	3.8000	14.2500	4.4300	19.3500	4.9400
4.1500	2.4000	9.2500	3.8250	14.3500	4.4400	19.4500	4.9500
4.2500	2.4333	9.3500	3.8500	14.4500	4.4500	19.5500	4.9600
4.3500	2.4667	9.4500	3.8750	14.5500	4.4600	19.6500	4.9700
4.4500	2.5000	9.5500	3.9000	14.6500	4.4700	19.7500	4.9800
4.5500	2.5333	9.6500	3.9250	14.7500	4.4800	19.8500	4.9900
4.6500	2.5667	9.7500	3.9500	14.8500	4.4900	19.9500	5.0000
4.7500	2.6000	9.8500	3.9750	14.9500	4.5000		
4.8500	2.6333	9.9500	4.0000	15.0500	4.5100		
4.9500	2.6667	10.0500	4.0100	15.1500	4.5200		

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 Moody's Test Matrix which is applicable under the case selected by the Issuer (acting on the advice of the Collateral Adviser) 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, excluding Defaulted Obligations, by its Moody's Rating Factor, dividing such sum by the Aggregate Principal Balances of all such Collateral Debt Obligations, excluding Defaulted Obligations, and rounding the result up to the nearest whole number.

The Moody's Minimum Weighted Average Recovery Rate Test

The "**Moody's Minimum Weighted Average Recovery Rate Test**" will be satisfied, as at any Measurement Date from (and including) the Effective Date, if the Weighted Average Moody's Recovery Rate is greater than or equal to the number set forth in the row and column of the Moody's Test Matrix based upon the option chosen by the Issuer (acting on the advice of the Collateral Adviser) as currently applicable to the Portfolio.

The "**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 (excluding Defaulted Obligations) by its corresponding Moody's Recovery Rate and dividing such sum by the Aggregate Principal Balance (excluding Defaulted Obligations) and rounding to the nearest 0.1 per cent. provided that, subject to Moody's Rating Agency Confirmation, the Moody's Recovery

Rate for a particular class of Collateral Debt Obligations or a particular Collateral Debt Obligation shall be greater than indicated in the Collateral Advisory Agreement, such higher Moody's Recovery Rate shall be used. For purposes of determining the Moody's Recovery Rate applicable to a particular Collateral Debt Obligation, the Issuer (acting on the advice of the Collateral Adviser) shall determine whether such Collateral Debt Obligation is a senior secured, junior secured, unsecured or subordinated obligation based on its reasonable judgment and specific guidelines set forth in the Collateral Advisory Agreement, save that a Senior Secured Loan shall be considered unsecured unless such Senior Secured 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 100.0 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.

The "**Moody's Recovery Rate**" means, in respect of each Collateral Debt Obligation, the Moody's recovery rate determined in accordance with the Collateral Advisory Agreement or as so advised by Moody's.

The "**Moody's Rating Factor**" of any Collateral Debt Obligation is the number set forth under the heading "Rating Factor" in the table below opposite the Moody's Rating (as defined under "*Ratings*" below):

Moody's Rating Factor Table

Rating	Rating Factor	Rating	Rating Factor
Aaa	1	Ba1	940
Aa1	10	Ba2	1350
Aa2	20	Ba3	1766
Aa3	40	B1	2220
A1	70	B2	2720
A2	120	B3	3490
A3	180	Caa1	4770
Baa1	260	Caa2	6500
Baa2	360	Caa3	8070
Baa3	610	Ca/C	10000

The Minimum Weighted Average Spread Test

The "**Minimum Weighted Average Spread Test**" will be satisfied if, as at any Measurement Date from (and including) the Effective Date, the Weighted Average Spread as at such Measurement Date equals or exceeds the Minimum Weighted Average Spread as at such Measurement Date:

The "**Minimum Weighted Average Spread**", as of any Measurement Date, will equal the greater of the number set forth in the row headed "Minimum Weighted Average Spread" in respectively, the S&P Tests Matrix and the Moody's Test Matrix, in each case based upon the option chosen by the Issuer (acting on the advice of the Collateral Adviser) as currently applicable to the Portfolio.

The "**Weighted Average Spread**" as of any Measurement Date will equal a fraction (expressed as a percentage) obtained by summing the following:

(a) the products obtained by multiplying:

(i) the Principal Balance (excluding any Purchased Accrued Interest other than, in respect of a Mezzanine Loan, any accrued interest which, as at the time of purchase, had been capitalised and added to the principal amount of such Mezzanine Loan in accordance with its terms) of each Floating Rate Collateral Debt Obligation (excluding Defaulted Obligations, Delayed Drawdown Collateral Obligations, Revolving Obligations, Zero-Coupon Securities and PIK Securities) held by the Issuer as at such Measurement Date; by

(ii) (A) in the case of Euro-denominated Collateral Debt Obligations, the current per annum rate at which it pays interest on such Principal Balance as calculated under (a)(i) in excess of EURIBOR or such other floating rate index upon which such Collateral Debt Obligation bears interest, (B) in the case of Asset Swap Obligations the current per annum rate at which the related Asset Swap Transaction pays interest on such Principal Balance as calculated under (a)(i) in excess of EURIBOR or such other floating rate index upon which the related Asset Swap Transaction pays interest and (C) in the case of any Revolver Hedged Collateral Debt Obligations and Unhedged Collateral Debt Obligations, the current per annum rate at which the Revolver Hedged Collateral Debt Obligation or Unhedged Collateral Debt Obligation, as applicable, pays interest on such Principal Balance as calculated under (a)(i) in excess of LIBOR or such other floating rate index upon which the Revolver Hedged Collateral Debt Obligation or Unhedged Collateral Debt Obligation pays interest, respectively, which in each case, excludes in respect of each Mezzanine Loan held by the Issuer in respect of such Measurement Date, any interest which has been contractually deferred pursuant to its terms;

(b) the products obtained by multiplying:

(i) the Principal Balance (excluding any Purchased Accrued Interest other than, in respect of a Mezzanine Loan, any accrued interest which, as at the time of purchase, had been capitalised and added to the principal amount of such Mezzanine Loan in accordance with its terms) of each Fixed Rate Collateral Debt Obligation (excluding Defaulted Obligations, Delayed Drawdown Collateral Obligations, Revolving Obligations, Zero-Coupon Securities and PIK Securities) held by the Issuer as at such Measurement Date; by

(ii) the current rate per annum at which it pays interest on such Principal Balance as calculated under (b)(i) minus the applicable Swap Rate as at such Measurement Date;

(c) the product obtained by multiplying:

(i) the aggregate of each Unfunded Amount (excluding Purchased Accrued Interest other than, in respect of a Mezzanine Loan, any accrued interest which, as at the time of purchase, had been capitalised and added to the principal amount of such Mezzanine Loan in accordance with its terms) held by the Issuer as at such Measurement Date in respect of which a commitment fee is receivable by the Issuer; by

(ii) the current per annum rate payable by way of such commitment fee in respect of each such Unfunded Amount; and

(d) the product obtained by multiplying:

(i) the aggregate of each Funded Amount (excluding Purchased Accrued Interest other than, in respect of a Mezzanine Loan, any accrued interest which, as at the time of purchase, had been capitalised and added to the principal amount of such Mezzanine Loan in accordance with its terms) held by the Issuer as at such Measurement Date; by

(ii) 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,

and dividing such sum by the aggregate of the Principal Balances (excluding Purchased Accrued Interest) referred to in paragraphs (a)(i) and (b)(i) and the aggregate of all Funded Amounts and Unfunded Amounts referred to in paragraphs (c)(i) and (d)(i) as above, together with the Principal Balances of all Zero-Coupon Securities excluded in (a)(i) above and (b)(i). In the case of an Unhedged Collateral Debt Obligation:

(x) the amount at paragraph (a)(ii)(C) shall be 75 per cent. of the spread in excess of EURIBOR, LIBOR or such other floating rate index based upon which such Non-Euro Obligation bears interest; or

(y) the amount at paragraph (b)(ii) above shall be 75 per cent. of the spread in excess of the applicable Swap Rate at such Measurement Date,

provided that the amounts at paragraphs (a)(ii)(C) and (b)(ii) above in respect of a Non-Euro Obligation (other than a Revolver Hedged Collateral Debt Obligation) which (A) remains unhedged for a period of over six months from the date of acquisition thereof 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 acquired in the Primary Market, shall be zero (provided however, for the avoidance of doubt, that such amount shall not be treated as zero for the purposes of the denominator of the calculation of Weighted Average Spread as provided above).

The "**Swap Rate**" means, as at any date of determination and in respect of any Fixed Rate Collateral Debt Obligation, a rate equal to the prevailing swap rate with an average life equal to the Average Life of such Fixed Rate Collateral Debt Obligation.

The "**Average Life**" means in respect of any Collateral Debt Obligation, as of any date of determination, its expected remaining average life as reasonably determined by the Issuer (acting on the advice of the Collateral Adviser) based on publicly available information from a reputable source (expected to be Bloomberg) or sources (provided that the Collateral Adviser shall not be held responsible for any error occurring as a result of any missing information, incorrect or inaccurate publicly available information appearing on the public source(s) used at the time of determination notwithstanding that the correct information appeared at such time on a source not used by the Collateral Adviser).

For purposes of calculating the Minimum Weighted Average Spread Test, the spread of any Collateral Debt Obligation shall be excluded from such calculation to the extent that the Issuer or the Collateral Adviser has actual knowledge that payment of interest on such Collateral Debt Obligation will not be made by the Obligor thereof during the applicable due period.

Weighted Average Maturity Test

The "**Weighted Average Maturity Test**" means a test which will be satisfied as at any Measurement Date from (and including) the Effective Date, if the Portfolio Weighted Average Maturity is on or before 21 March 2017.

The "**Portfolio Weighted Average Maturity**" is, as of any date of determination, the date calculated by adding the Weighted Average Maturity of the Collateral Debt Obligations to the Closing Date.

The "**Weighted Average Maturity**" of the Collateral Debt Obligations shall be expressed as a number of months from the Issue Date and calculated by (i) summing the products obtained by multiplying (a) the Principal Balance (or portion thereof) of each Collateral Debt Obligation (excluding Defaulted Obligations) that is then held by the Issuer and that matures or amortises on any date subsequent to such date of determination by (b) the number of months from the Closing Date to the date of such maturity or amortisation and (ii) dividing such sum by the Aggregate Principal Balance (excluding Defaulted Obligations).

Ratings

The "**S&P Rating**" of any Collateral Debt Obligation will be determined as follows:

(a) if there is an issuer credit rating of the issuer 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 issuer, or the guarantor, shall be such rating (regardless of whether there is a published rating by S&P on the Collateral Debt Obligation of such issuer held by the Issuer); or

(b) if no other security or obligation of the issuer is rated by S&P or Moody's, then the Issuer (acting on the advice of the Collateral Adviser) may 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 have an S&P Rating of "B-" if the Collateral Adviser 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 7.5 per cent. of the Aggregate Collateral Balance; or

(c) with respect to any Collateral Debt Obligation that is a Synthetic Security and the S&P Rating of the issuer or the guarantor of such Collateral Debt Obligation or, if the Issuer or the Guarantor of such Collateral Debt Obligation is not rated by S&P, the S&P Rating of such Synthetic Security shall be the rating assigned thereto by S&P in connection with the acquisition thereof by the Issuer upon the request of the Issuer (acting on the advice of the Collateral Adviser); or

(d) if such Collateral Debt Obligation is not rated by S&P, but another security or obligation of the issuer is rated by S&P and neither the Issuer nor the Collateral Adviser obtains an S&P Rating for such Collateral Debt Obligation pursuant to sub-clause (b) above, then the S&P Rating of such Collateral Debt Obligation shall be the issuer credit rating or shall be determined as follows: (i) if there is a rating on a senior secured obligation of the issuer, 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 issuer; (ii) if there is a rating on a senior unsecured obligation of the issuer, 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 issuer; and (iii) if there is a rating on a subordinated obligation of the issuer, and if such Collateral Debt Obligation is a senior secured or senior unsecured obligation of the issuer, 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 sub-categories above such rating, if such rating is "BB+" or lower; or

(e) if (i) neither the Issuer nor any of its Affiliates is subject to reorganisation or bankruptcy proceedings and (ii) no debt securities or obligations of the Issuer have been in default during the past two years, the S&P Rating of such Collateral Debt Obligation will be "CCC-"; or

(f) if a debt security or obligation of the issuer has been in default during the past two years, the S&P Rating of such Collateral Debt Obligation will be "D"; or

(g) if there is no issuer credit rating published by S&P and such Collateral Debt Obligation is not rated by S&P, and no other security or obligation of the issuer is rated by S&P and neither the Issuer nor the Collateral Adviser obtains an S&P Rating for such Collateral Debt Obligation pursuant to sub-clause (b) above, then the S&P Rating of such Collateral Debt Obligation may be determined using any one of the methods provided below:

(i) 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 (i) from a Moody's public rating and may not be derived from any Moody's confidential credit rating or credit estimate (y) no Synthetic Security may be deemed to have an S&P Rating based on a Moody's Rating and (z) 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 paragraph (i) may not exceed 20 per cent. of the Aggregate Collateral Balance; or

(ii) 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 paragraph (i) above and the S&P Rating of such Collateral Debt Obligation will be determined in accordance with the methodology set forth in clause (e) above (for such purposes treating the parallel security as if it were rated by S&P at the rating determined pursuant to this paragraph (ii)); or

(h) with respect to any DIP Loan, the rating assigned thereto by S&P or, if no such rating has been assigned, the estimated rating thereto provided by S&P.

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 neither (i) nor (ii) apply and such Collateral Debt Obligation is a High Yield Bond which has a public rating from Moody's then the Moody's Rating of such Collateral Debt Obligation shall be such rating; and

(iv) if none of (i), (ii) and (iii) 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 (acting on the advice of the Collateral Adviser):

(i) the confidential credit estimate assigned to such Collateral Debt Obligation by Moody's upon the request of the Issuer (acting on the advice of the Collateral Adviser) on behalf of the Issuer which shall be the Moody's senior implied 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"; or

(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**") 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,

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 this paragraph (b) 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 this paragraph (b) if the Obligor under such Collateral Debt Obligation has no outstanding debt that is currently paying a coupon;

(c) 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 "A3" 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;

(d) if the Collateral Debt Obligation is a DIP Loan, the Moody's Rating shall be one subcategory below the Moody's Rating as otherwise determined in accordance with this definition; and

(e) notwithstanding (a), (b), or (c) above, if the public credit rating confidential credit estimate (as notified by Moody's to the Collateral Adviser) or the Implied Moody's Rating of any Collateral Debt Obligation has been placed on credit watch for possible downgrade by Moody's or such other Rating Agency, as applicable, the Moody's Rating shall be to be one rating sub-category lower than that which would otherwise apply pursuant to (a), (b) or (c) above.

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 Issuer (acting on the advice of the Collateral Adviser and, 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.

The Coverage Tests

The coverage tests (the "**Coverage Tests**") will consist of the Class A/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/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 Coverage Tests will be used primarily to determine whether interest may be paid on the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes, whether Class A-1 Advances and Class A-2 Advances may be requested and invested in additional Collateral Debt Obligations and whether Principal Proceeds may be reinvested in Substitute Collateral Debt Obligations, or whether Interest Proceeds and, to the extent needed, Principal Proceeds which would otherwise be used to pay interest on the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes must instead be used to pay principal of the Class A Notes (including repayment of the Class A-1 Advances and the Class A-2 Advances and the reduction or the Class A-1 Allocated Commitment) and thereafter the Class B Notes in the event of failure to satisfy the Class A/B Coverage Tests or, in the event of failure to satisfy the Class C Coverage Tests, to pay principal of the Class A Notes (including repayment of the Class A-1 Advances and the Class A-2 Advances and the reduction or the Class A-1 Allocated Commitment) and thereafter 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 pay principal of the Class A Notes (including repayment of the Class A-1 Advances and the Class A-2 Advances and the reduction or the Class A-1 Allocated Commitment) and 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 Notes (including repayment of the Class A-1 Advances and the Class A-2 Advances and the reduction or the Class A-1 Allocated Commitment) and 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/B Par Value Test, the Class A/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 and the Class E Interest Coverage Test shall be satisfied on a Measurement Date (provided that the Interest Coverage Tests do not need to be satisfied on any Measurement Date prior to the Determination Date relating to the second Payment 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 table below in relation to that Coverage Test.

Coverage Test and Ratio	**Percentage at Which Test is Satisfied**
Class A/B Par Value	117%
Class A/B Interest Coverage	125%
Class C Par Value	111%
Class C Interest Coverage	115%
Class D Par Value	106%
Class D Interest Coverage	110%
Class E Par Value	103%
Class E Interest Coverage	105%

DESCRIPTION OF THE COLLATERAL ADVISORY AGREEMENT

The following is a summary and is subject to the detailed provisions of the Collateral Advisory Agreement, a copy of which is available for inspection as provided in "*General Information - Documents Available*" below.

Fees

As compensation for the performance of its obligations under the Collateral Advisory Agreement, the Collateral Adviser will receive from the Issuer the Senior Collateral Advisory Fee, the Subordinated Collateral Advisory Fee and the Incentive Collateral Advisory Fee on each Payment Date subject to the Priorities of Payments. Any amounts of due but unpaid Senior Collateral Advisory Fee or Subordinated Collateral Advisory Fee shall bear interest at the 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.

The Incentive Collateral Advisory Fee is payable if the Incentive Collateral Advisory Fee IRR Threshold has been exceeded, in an amount equal to 20 per cent. of any Interest Proceeds, Principal Proceeds and Collateral Enhancement Obligation Proceeds that would otherwise be available to distribute to the Subordinated Noteholders in accordance with the Priorities of Payments.

If amounts distributable on any Payment Date in accordance with the Priorities of Payments are insufficient to pay the Senior Collateral Advisory Fee and/or the Subordinated Collateral Advisory Fee in full, then a portion of the Senior Collateral Advisory Fee and/or the Subordinated Collateral Advisory Fee equal to the shortfall will be deferred and will be payable on subsequent Payment Dates on which funds are available therefor according to the Priorities of Payments.

If the Collateral Adviser resigns or is removed pursuant to the Collateral Advisory Agreement or if the Collateral Advisory Agreement is terminated, each of the Collateral Advisory Fees (other than the Incentive Collateral Advisory Fee) shall be pro rated for any partial Due Periods during which the Collateral Advisory Agreement was in effect and subject to the Priorities of Payments shall be due and payable on the first Payment Date following the date of such termination, resignation or removal.

Responsibilities of the Collateral Adviser

The Collateral Adviser will assume, and will have, no obligation or responsibility under the Collateral Advisory Agreement or otherwise to any Person other than the Issuer (for itself and on behalf of Noteholders). With respect to both the Issuer and the Trustee, the Collateral Adviser will assume, and will have, no obligation or responsibility other than to render to the Issuer the services required to be rendered by the Collateral Adviser under the Collateral Advisory Agreement as expressly provided therein, subject to the standard of care described below.

The Collateral Adviser will perform its duties, powers and discretions under the Collateral Advisory Agreement in good faith and with reasonable skill, care and diligence in a manner

which is consistent with practices and procedures (the "**customary procedures**") generally followed by reputable institutional collateral managers and advisers of international standing managing investments or advising in respect of assets and liabilities similar in nature and character to the Collateral Debt Obligations from time to time. Subject to the preceding sentence and where not less than the foregoing, the Collateral Adviser shall follow its customary standard policies and procedures in performing its duties under the Collateral Advisory Agreement

The Collateral Adviser, its directors, officers, shareholders, partners, members, agents and employees, and its Affiliates and their directors, officers, shareholders, partners, members, agents and employees, shall not be liable (whether directly or indirectly, in contract, in tort or otherwise) to the Issuer, its shareholders or creditors (including but not limited to, the Trustee, the Collateral Administrator and the Noteholders) or any other Person for any losses, claims, damages, judgments, assessments, costs, expenses (plus any applicable VAT thereon), taxes, demands or other liabilities (collectively "**Losses**") incurred by any such Person that arise out of, in relation to or in connection with the performance by the Collateral Adviser of its duties or functions under or in connection with the Collateral Advisory Agreement or any other Transaction Document to which it is a party, except that nothing shall relieve the Collateral Adviser from any liability to the Issuer or the Trustee (for itself and on behalf of the Noteholders) or any other Person in respect of any Losses incurred by the Issuer as a result of (i) the Collateral Adviser's own advice, acts or omissions constituting fraud, wilful misconduct, negligence or bad faith in the performance of its duties under the Collateral Advisory Agreement or any other Transaction Document to which it is a party, (ii) with respect to (a) any information concerning the Collateral Adviser provided in writing to the Issuer or to another Person on its behalf by the Collateral Adviser or its agents and advisers for inclusion in the Prospectus, the preliminary prospectus dated 13 November 2006 or any marketing materials in respect of the Notes or (b) any information contained in the section of this document headed "*Description of the Collateral Adviser*", in each case which contains any untrue statement of material fact or omits to state a material fact necessary in order to make the statements in such information (in the case of (a), when taken together with all other such information provided by the Collateral Adviser or its agents or advisers), in the light of the circumstances under which they were made, not misleading or (iii) any other material breach by the Collateral Adviser of the Collateral Advisory Agreement or any other Transaction Document to which it is a party which is not covered by (i) or (ii) above, except to the extent that the same (A) is due solely to a breach by the Issuer or any other party to a Transaction Document of the Collateral Advisory Agreement or other Transaction Document or to the bad faith, negligence, wilful misconduct or fraud of the Issuer or any other party to the Transaction Documents or (B) is indirect or consequential Losses (as distinct from direct Losses) arising out of the negligence of the Collateral Adviser.

Resignation of the Collateral Adviser

The Collateral Adviser may resign upon 45 days' prior written notice to the Issuer, the Collateral Administrator, the Trustee and each Rating Agency, which resignation shall not be effective until a successor is appointed in accordance with the Collateral Advisory Agreement.

Removal of the Collateral Adviser

Removal for Cause

The Collateral Adviser may be removed for Cause upon 10 days' prior written notice by the Issuer at its discretion or by the Trustee at the direction of the holders of (a) the Subordinated Notes, acting by Extraordinary Resolution or (b) the Controlling Class, acting by Extraordinary Resolution, *provided that* notice of such removal shall be given to the holders of each Class of the Notes by the Issuer in accordance with Condition 16 (*Notices*).

For the purposes of determining "**Cause**" with respect to termination of the Collateral Advisory Agreement such term shall mean any one of the following events:

(a) the Collateral Adviser (x) wilfully violated, or has taken any action that it knows breaches, any material provision of any Transaction Document to which it is party or (y) fails to observe or comply with its obligations under the Collateral Advisory Agreement which breach or failure has a material adverse effect on the Issuer or Noteholders of any Class and, if capable of being cured, is not cured within 30 days of the Collateral Adviser becoming aware of, or receiving notice from the Issuer or the Trustee of, such breach or, if such breach is not capable of cure within 30 days, the Collateral Adviser fails to cure such breach within the period in which a reasonably diligent Person could cure such breach (but in no event more than 90 days);

(b) the Collateral Adviser is wound up or dissolved or there is appointed over it or a substantial portion of its assets a receiver, administrator, administrative receiver, trustee or similar officer; or the Collateral Adviser:

(i) ceases to be able (or is deemed unable for the purposes of any applicable law) to, or admits in writing its inability to, pay its debts as they become due and payable;

(ii) applies for or consents (by admission of material allegations of a petition or otherwise) to the appointment of a receiver, trustee, assignee, custodian, liquidator or sequestrator (or other similar official) of the Collateral Adviser or of any substantial part of its properties or assets, or authorises such an application or consent, or proceedings seeking such appointment are commenced without such authorisation, consent or application against the Collateral Adviser and are not dismissed, discharged or stayed within 30 days;

(iii) authorises or files a voluntary petition in bankruptcy, or applies for or consents (by admission of material allegations of a petition or otherwise) to the application of any bankruptcy, reorganisation, arrangement, readjustment of debt, insolvency or dissolution, or authorises such application or consent, or proceedings to such end are instituted against the Collateral Adviser without such authorisation, application or consent and are approved as properly instituted and are not dismissed, discharged or stayed within 30 days or result in adjudication of bankruptcy or insolvency; or

(iv) permits or suffers all or any substantial part of its properties or assets to be sequestered or attached by court order and the order is not dismissed, discharged or stayed within 30 days;

(c) any event occurs which under the laws of any jurisdiction has a similar or analogous effect to any of those events mentioned in paragraph (b) above;

(d) the occurrence of an act by the Collateral Adviser that constitutes fraud or criminal activity in the performance of its obligations under the Collateral Advisory Agreement or any other Transaction Document to which it is a party, or the Collateral Adviser or any of its senior executive officers (in the performance of his or her investment advisory duties) being indicted of a criminal offence related to the Collateral Adviser's business of investment management and advice;

(e) the occurrence of an Event of Default specified in paragraph (a)(i), (a)(ii), (a)(iii) or (a)(viii) of Condition 10 (*Events of Default*) where such Event of Default results from a material breach by the Collateral Adviser of its obligations under the Collateral Advisory Agreement or any other Transaction Document to which it is a party;

(f) on the most recent Measurement Date, the Class A/B Par Value Ratio failing to equal or exceed 100 per cent. (for so long as the Class A Notes and the Class B Notes are Outstanding); and

(g) the Collateral Adviser has failed to change the location from which it provides its collateral advisory services under the terms of the Collateral Advisory Agreement within 30 days of the date that the Collateral Adviser first becomes aware of a Collateral Adviser Tax Event or, if the Collateral Adviser provides evidence reasonably satisfactory to the Issuer and the Trustee that it is in the process of changing the location from which it provides its collateral advisory services under the terms of the Collateral Advisory Agreement, the Collateral Adviser has failed to change its location within 90 days of the date that the Collateral Adviser first becomes aware of a Collateral Adviser Tax Event and the consent of the Issuer and the Trustee to such change of location will not be unreasonably withheld, subject to Rating Agency Confirmation having been received in respect of the change.

If any of the events specified in paragraphs (a) to (g) (inclusive) above shall occur, the Collateral Adviser shall give prompt written notice thereof to the Issuer, the Trustee and the Rating Agencies upon the Collateral Adviser becoming aware of the occurrence of such event. If the Collateral Adviser gives notice to the Issuer and the Trustee with respect to an event described in paragraph (e) above and the material breach is then remedied and, for a period of six months after the giving of such notice, the Issuer, the Trustee or the Noteholders have taken no action to remove the Collateral Adviser for cause, then such event shall be deemed waived by the Issuer, the Trustee and the Noteholders as a basis for such removal.

No Voting Rights

Any Notes held by or on behalf of the Collateral Adviser and its Affiliates (including, for the avoidance of doubt, any director, officer or employee of such entities and including any

accounts or investment funds managed or advised by the Collateral Adviser or in respect of which more than 50 per cent. of the economic interests in which are beneficially owned by Affiliates of the Collateral Adviser and/or over which the Collateral Adviser has discretionary voting authority, together, "**Collateral Adviser and Affiliated Notes**") will have no voting rights with respect to any vote (or written direction or consent) in connection with (i) the removal of the Collateral Adviser or (ii) the assignment or transfer by the Collateral Adviser of its rights and obligations under the Collateral Advisory Agreement. Any Collateral Adviser and Affiliated Notes 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.

Removal Without Cause

The Collateral Adviser may be removed without cause upon receiving 90 days' prior written notice by the Issuer at the request of the holders of at least 75 per cent. of the Principal Amount Outstanding of the Subordinated Notes (excluding any Collateral Adviser and Affiliated Notes) or, while all Subordinated Notes are Collateral Adviser and Affiliated Notes, by the holders of the Class E Notes acting by Extraordinary Resolution. Upon receipt, such written notice will be sent by the Collateral Adviser to the Issuer, the Trustee and the Rating Agencies, although no consents from any such party will be required for such removal.

The Issuer has agreed in the Collateral Advisory Agreement that it will not permit any amendment to the Trust Deed, the Conditions or any other Transaction Document that affects the obligations, rights or interests of the Collateral Adviser under the Collateral Advisory Agreement or any other Transaction Document to which it is a party unless the Collateral Adviser has been given prior written notice of such amendment and has consented thereto in writing.

Delegation and Transfers

The Collateral Adviser may not assign or transfer its rights or obligations under the Collateral Advisory Agreement unless the assignee or transferee is a Permitted Assignee and either (a) such assignment or transfer is to an Affiliate of the Collateral Adviser or (b) such assignment or transfer is consented to by (i) the Issuer, (ii) the holders of the Controlling Class acting by Ordinary Resolution and (iii) the holders of the Subordinated Notes acting by Ordinary Resolution (in each case excluding Collateral Adviser and Affiliated Notes) and subject to Rating Agency Confirmation. A "**Permitted Assignee**", for the purposes of the Collateral Advisory Agreement, means an entity that (i) has demonstrated (or has officers and employees that have demonstrated) an ability to professionally and competently perform duties similar to those imposed upon the Collateral Adviser under the Collateral Advisory Agreement, (ii) is legally qualified and has the Luxembourg regulatory capacity to act as Collateral Adviser under the Collateral Advisory Agreement and (iii) does not result in the Issuer becoming chargeable to taxation in the jurisdiction in which the assignee or transferee is resident or in which it carries out the duties which are assigned or transferred to it. No assignment or transfer of the Collateral Adviser's responsibilities under the Collateral Advisory Agreement shall relieve the Collateral Adviser of any liability previously incurred thereunder.

The Collateral Adviser may delegate the performance of its obligations under the Collateral Advisory Agreement to any of its Affiliates, provided, however, that (i) except where such Affiliate is Deutsche Asset Management Europe GmbH, DWS Investment GmbH or Deutsche Investment Management Americas Inc., the Collateral Adviser shall give 30 Business Days' prior written notice of such delegation to the other parties to the Collateral Advisory Agreement and the Rating Agencies; (ii) the Collateral Adviser shall remain responsible for the provision of the advisory services to be provided under the Collateral Advisory Agreement and shall not be relieved of any of its duties or obligations under the Collateral Advisory Agreement as a result of such delegation and shall be responsible for all acts and omissions of any such Affiliates as if such acts or omissions were its own; (iii) the Collateral Adviser shall be solely responsible for any fees and expenses payable to any such Affiliate; (iv) any such delegation does not result in the Issuer becoming chargeable to taxation in the jurisdiction in which the relevant delegate is resident or in which it carries out the duties which are delegated to it or result in the Issuer becoming subject to value added or similar tax on a reverse charge basis; and (v) where necessary, such Affiliate has the applicable Luxembourg regulatory capacity to perform the obligations delegated to it.

The Issuer may not assign or transfer its rights or obligations under the Collateral Advisory Agreement without the prior written consent of the Collateral Adviser, the Trustee, the holders of each Class of Notes acting by Ordinary Resolution, each voting as a separate class, and subject to Rating Agency Confirmation, except in the case of an assignment by the Issuer (i) to an entity that is a successor to the Issuer permitted under the Trust Deed or (ii) to the Trustee pursuant to the terms of the Trust Deed.

Appointment of Successor

Upon any removal or resignation of the Collateral Adviser, the Collateral Adviser will continue to act in such capacity in all events until a successor collateral adviser has been appointed and begins to perform in accordance with the terms of the Collateral Advisory Agreement. The successor Collateral Adviser will be selected by the Issuer and subject to, *inter alia*, the approval of the holders of the Subordinated Notes acting by Ordinary Resolution. The appointment of any potential successor collateral adviser is subject to (a) the holders of the Senior Notes (for so long as the Senior Notes are Outstanding) voting together as a single class and acting by Ordinary Resolution, not disapproving such proposed successor within 30 days of notice of such appointment, (b) the successor collateral adviser agreeing in writing to assume all of the Collateral Adviser's duties and obligations under the Collateral Advisory Agreement for so long as the Notes are Outstanding, (c) the Rating Agencies shall have confirmed in writing that the selection of such successor collateral adviser will not result in the downgrade or withdrawal of the then current ratings of the Senior Notes, (d) the proposed successor collateral adviser being legally qualified and having the regulatory capacity, as a matter of Luxembourg law, to act as Collateral Adviser including offering portfolio management or advisory services to Luxembourg residents and (e) the Issuer not becoming an investment company under the Investment Company Act as a result of such appointment.

Where the holders of the Senior Notes acting by way of Ordinary Resolution object to the successor Collateral Adviser by the Issuer acting by way of Ordinary Resolution and/or no successor collateral adviser acceptable to the holders of the Senior Notes is identified within 90

days of the notification of such resignation or removal, the holders of the Controlling Class may, thereafter, in accordance with any relevant agreement with any Credit Support Provider and subject to Rating Agency Confirmation, appoint a successor collateral adviser.

Upon notice of removal or resignation of the Collateral Adviser

In the event that the Collateral Adviser has received notice that the relevant Persons have voted to remove the Collateral Adviser or it has given notice of its resignation, until a successor collateral adviser has been appointed and has accepted such appointment in accordance with the terms specified in the Collateral Advisory Agreement, purchases and sales of Collateral Debt Obligations shall only be made in relation to the sales of Credit Impaired Obligations and Defaulted Obligations.

DESCRIPTION OF THE COLLATERAL ADMINISTRATOR AND THE CALCULATION AGENT

ABN AMRO Bank N.V. (London Branch) is registered as an overseas company with the registrar of companies for England & Wales with registration number FC006193 and branch number BR001029.

In the UK, ABN AMRO Bank N.V. (London Branch) has been authorised to accept deposits, is regulated by the Financial Services Authority and is subject to its Conduct of Business Rules.

Responsibilities of the Collateral Administrator

The Collateral Administrator is responsible for, among other things, the administration of the Portfolio. The duties of the Collateral Administrator include creating, implementing and maintaining a portfolio testing system to determine the Portfolio Profile Tests, Coverage Tests and Collateral Quality Tests. The Collateral Administrator is also responsible for the creation and maintenance of a Collateral database detailing the content of the Portfolio. This database is used by the Collateral Administrator to, run performance tests, compile the Reports as required under the Transaction Documents, determine whether proposed and existing Collateral Debt Obligations satisfy the Eligibility Criteria, calculate payment and receipt requirements, open and administer the Accounts and procure that payments are made in accordance with the Transaction Documents.

Termination and Resignation of Appointment of the Collateral Administrator

Pursuant to the terms of the Collateral Administration and Agency Agreement, the Collateral Administrator may be removed (a) without cause at any time upon 45 days' prior written notice or (b) with cause by (i) the Issuer or (ii) the Trustee (subject to it being indemnified or secured to its satisfaction) acting upon the directions of the holders of the Subordinated Notes acting by Ordinary Resolution upon written notice to the Collateral Administrator copied to the Issuer or Trustee (as applicable) and the Collateral Adviser. In addition the Collateral Administrator may also resign its appointment without cause on 45 days' prior written notice and with cause on 10 days' prior written notice to the Issuer. No resignation or removal of the Collateral Administrator will be effective until a successor collateral administrator has been appointed pursuant to the terms of the Collateral Administration and Agency Agreement.

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 other than interest payable on the Class A-2 Notes, the Class A-1 Sterling Interest Amount, Class A-1 Euro Interest Amount, the Class A-1 Commitment Fee, the Class A-2 Commitment Fee and the Class A-1 Make Whole Amount.

Termination and Resignation of Appointment of the Calculation Agent

Pursuant to the terms of the Collateral Administration and 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 and (c) on the resignation of the Calculation Agent

on at least 45 days' prior written notice. 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.

HEDGING ARRANGEMENTS

1. Currency Hedging

1.1 Asset Swap Transactions

The Issuer (acting on the advice of the Collateral Adviser) may purchase Non-Euro Obligations, provided that (unless such Non-Euro Obligation is a Revolver Hedged Collateral Debt Obligation) either, (a) if the Non-Euro Obligation was acquired on the Primary Market and (after the Effective Date only) provided the Class E Par Value Ratio is greater than 107.4 per cent. immediately before and after such acquisition, within six months of the settlement date of acquisition thereof or (b) otherwise, , by no later than the settlement date of acquisition thereof, the Issuer (on the advice of the Collateral Adviser) enters into an Asset Swap Transaction with an Asset Swap Counterparty, 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. The Issuer (acting on the advice of the Collateral Adviser) must sell as soon as reasonably practicable any Non-Euro Obligation (other than Revolver Hedged Collateral Debt Obligations denominated in Sterling) in respect of which an Asset Swap Transaction has not been entered into within the time limits described in (a) and (b) above. The entry into any Asset Swap Transaction shall, save in the case of Form Approved Asset Swaps, 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 both parties to such Asset Swap Transaction at the time of entry into such transaction.

Interest accrued on any PIK 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.

In connection with Sterling denominated Collateral Debt Obligations funded by Class A-1 Advances, the Issuer may also enter into currency options in order to mitigate any residual Sterling currency exposure.

The Collateral Adviser shall advise the Issuer to direct the Account Bank to convert all amounts received by it in respect of any Non-Euro Obligation (other than a Revolver Hedged Collateral Debt Obligation or an asset the subject of a related Asset Swap Transaction) which is not the subject of a related Asset Swap Transaction into Euros promptly upon receipt thereof at the Current 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.

1.2 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 (on the advice of the

Collateral Adviser) shall use commercially reasonable efforts to enter into a Replacement Asset Swap Transaction within 30 days of the termination thereof with a counterparty which (or whose guarantor) satisfies the applicable Rating Requirement and which has the Luxembourg regulatory capacity to enter into derivatives transactions with Luxembourg residents.

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 (on the advice of the Collateral Adviser) 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 Issuer (acting on the advice of the Collateral Adviser) 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 the sub-paragraph immediately above, in the event that a Replacement Asset Swap Transaction cannot be entered into in such circumstances, the Issuer (acting on the advice of the Collateral Adviser), 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 Current 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.

1.3 Other Hedge Transactions

The Issuer (acting on the advice of the Collateral Adviser) will, on or prior to the Closing Date, enter into an Interest Rate Hedge Transaction which is an interest rate cap transaction. The Issuer (acting on the advice of the Collateral Adviser) may enter into Currency Hedge Transactions from time to time in accordance with the Hedging Procedures subject to the receipt of Rating Agency Confirmation in respect thereof and provided that the Currency Hedge Counterparty satisfies the applicable Rating Requirement and has the regulatory capacity, as a matter of Luxembourg law, to enter into derivatives transactions with Luxembourg residents.

1.4 Interest Rate Hedge Transactions

The Issuer (acting on the advice of the Collateral Adviser) will, on or prior to the Closing Date, enter into an Interest Rate Hedge Transaction. The Issuer (acting on the advice of the Collateral Adviser) may enter into any additional Interest Rate Hedge Transactions from time to time in order to hedge any interest rate mismatch between the Notes (other than the Subordinated Notes) and the Collateral Debt Obligations, subject to the receipt of Rating Agency Confirmation in respect thereof (other than in the case of Form Approved Interest Rate Hedge Transactions) and provided that the Interest Rate Hedge Counterparty satisfies the applicable Rating Requirement and has the regulatory capacity to enter into derivatives transactions with Luxembourg residents.

1.5 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 (acting on the advice of the Collateral Adviser) shall use commercially reasonable efforts to enter into a Replacement Interest Rate Hedge Transaction within 30 days of termination thereof with an Interest Rate Hedge Counterparty which satisfies the applicable Ratings Requirement and which has the regulatory capacity to enter into derivatives transactions with Luxembourg residents.

1.6 Standard Terms of Hedge Agreements

Each Hedge Agreement entered into on behalf of the Issuer pursuant to the Hedging Procedures shall contain the following standard provisions, save to the extent agreed otherwise by the Issuer, the applicable Hedge Counterparty and the Collateral Adviser and subject to Rating Agency Confirmation.

Calculation Agent The Hedge Counterparty under each Hedge Agreement shall be the Calculation Agent thereunder unless the Hedge Counterparty is the sole Defaulting 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 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 (acting on the advice of the Collateral Adviser) 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. 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 a "Hedge Counterparty"; and

(d) failure by the Hedge Counterparty to take any action required under paragraphs (a), (b) or (c) under the "Rating Downgrade Requirements" described below (other than in respect of a Subsequent Rating Event), following which the Issuer may designate an early termination date thereunder, provided that the Issuer may only designate an early termination date upon non-compliance with such provisions following a Subsequent

Rating Event if the Issuer has found a replacement counterparty willing to enter into a new transaction on terms that reflect as closely as reasonably possible (as the Issuer may, in its absolute discretion, determine) the economic and legal terms of the terminated Hedge Transactions with the Hedge Counterparty.

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 Collateral Advisory 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 Collateral Adviser together with all other rights in respect thereof, including, to the extent applicable, the calculation of any Termination Payment (as defined below).

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 Issuer or the Collateral Adviser on its behalf in accordance with the detailed provisions thereof and a lump sum (the "**Termination Payment**") may become payable by the Issuer to the applicable Hedge Counterparty or vice versa. Such Termination Payment will be determined by the applicable Hedge Counterparty and/or the Issuer 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

Following the occurrence of an Initial Rating Event and/or a Subsequent Rating Event, the applicable Hedge Counterparty may be required to take action at its own cost and expense in such circumstances, including one or more of the following:

(a) providing, or causing to be provided, a Third Party Credit Support Document from an entity satisfying the Rating Requirement applicable to such Hedge Counterparty to the Issuer; or

(b) transferring its rights and obligations under the applicable Hedge Agreement and all confirmations to an entity satisfying the applicable Rating Requirement, provided that such transferee Hedge Counterparty has the regulatory capacity, as a matter of Luxembourg law, to enter into derivatives transactions with Luxembourg residents;

(c) posting collateral in the applicable Required Collateral Amount with the Issuer in accordance with the terms of an Approved Credit Support Document.

In the case of a Subsequent Rating Event, failure by the applicable Hedge Counterparty to post collateral in accordance with the terms of the Approved Credit Support Documents shall be an Event of Default (as defined in such Hedge Agreement). Notwithstanding the applicable Hedge Counterparty's posting of collateral in accordance with the terms of the Approved Credit Support Documents, in the case of a Subsequent Rating Event, the applicable Hedge

Counterparty shall either transfer its rights and obligations to an acceptable third party or provide a Third Party Credit Support Document on or prior to the date that is 30 calendar days after the occurrence of such Subsequent Rating Event. Notwithstanding the foregoing, any Hedge Counterparty's obligations under paragraphs (a) to (c) (inclusive) above shall remain in effect only for so long as an Initial Rating Event or Subsequent Rating Event, as applicable, is continuing with respect to such Hedge Counterparty.

"**Approved Credit Support Document**" means a collateral agreement in the form of the 1995 ISDA Credit Support Annex (ISDA Agreement subject to English Law).

"**Initial Rating Event**" means with respect to a Hedge Counterparty (to the extent that such Hedge Counterparty's relevant obligations are rated by Moody's or S&P, as applicable), if (a) such Hedge Counterparty's long-term senior unsecured debt rating by Moody's is lower than "A1" or (b) such Hedge Counterparty's short-term senior unsecured debt rating by Moody's is lower than "Prime-1" or (c) such Hedge Counterparty's short-term senior unsecured debt rating by S&P is lower than "A-1+".

"**Required Collateral Amount**" means the greater of the amounts of collateral required by Moody's and S&P determined in accordance with their most recent published rating methodology.

"**Subsequent Rating Event**" means with respect to a Hedge Counterparty (to the extent that such Hedge Counterparty's relevant obligations are rated by Moody's or S&P, as applicable) if (a) such Hedge Counterparty's long-term senior unsecured debt rating by Moody's is lower than "A3" or (b) such Hedge Counterparty's short-term senior unsecured debt rating by Moody's is lower than "Prime-2" or (c) such Hedge Counterparty's short-term senior unsecured debt rating by S&P is lower than "A-2".

"**Third Party Credit Support Document**" means any agreement or instrument (including any guarantee, insurance policy, security agreement or pledge agreement) whose terms provide for the guarantee of the applicable Hedge Counterparty's obligations under the applicable Hedge Agreement by a third party.

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 Asset Swap or Form Approved Interest Rate Hedge Transaction, as the case may be, following such modification. A Hedge Counterparty may transfer its rights and obligations under a 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 Luxembourg law, to enter into derivatives transactions with Luxembourg residents.

Governing Law

Each Hedge Agreement together with each Hedge Transaction thereunder will be governed by, and construed in accordance with, the laws of England.

DESCRIPTION OF THE LIQUIDITY FACILITY AGREEMENT

Liquidity Facility Agreement

The Issuer, the Trustee, the Collateral Administrator, the Collateral Adviser and Danske Bank A/S, London Branch as a liquidity facility provider (the "**Liquidity Facility Provider**") will enter into a liquidity facility agreement (the "**Liquidity Facility Agreement**") to be dated on or about the Closing Date.

Commitment

The maximum amount of the facility under the Liquidity Facility Agreement will be an amount equal to €6,000,000 multiplied by the Principal Amount Outstanding of the Class A Notes divided by €193,500,000 until the end of the Commitment Period.

Purpose

For the period (the "**Commitment Period**") from the Closing Date to the date falling 364 days after the Closing Date, the Issuer will be entitled to draw under the Liquidity Facility Agreement for the following purposes: (i) to fund payment of amounts payable by the Issuer pursuant to the Interest Proceeds Priority of Payments on any Payment Date (an "**Initial Interest Payment Drawdown**") or, to the extent required, the refinancing of any Initial Interest Payment Drawdown (or any refinancing thereof (each, a "**Subsequent Interest Payment Drawdown**"); or (ii) to repay Class A-1 Sterling Advances to the extent required pursuant to the Hedging Procedures (an "**Initial Currency Hedge Drawdown**") or, to the extent required, the refinancing of any Initial Currency Hedge Drawdown (or any refinancing thereof) (each, a "**Subsequent Currency Hedge Drawdown**"), and not for any other purpose provided that the maximum aggregate amount which may be drawn for such purposes on any date shall not exceed the applicable amounts referred to below under "*Drawings and Repayments*".

The Commitment Period may be extended at the request of the Issuer (on the advice of the Collateral Adviser) and, other than in connection with a Prefunded Commitment, with the consent of the Liquidity Facility Provider. See "*Extension of Initial Commitment Period*" below. The Commitment Period may not be extended (i) to a date falling later than 364 days after the expiry of the Commitment Period or (ii) if earlier, the end of the Due Period in respect of the Payment Date falling on or about 21 March 2017.

Drawings and Repayments

Initial Interest Payment Drawdowns may be drawn on any Business Day (and subject to the terms of this Liquidity Facility Agreement) in an amount not exceeding the lesser of: (i) the Available Commitment on the relevant drawdown date, taking into account any drawings scheduled to be repaid on or prior to the Drawdown Date of such drawing, any scheduled redemption of the Class A-2 Notes and any scheduled repayment of the Class A-1 Advances on the immediately following Payment Date, and subject to receipt of confirmation from the Collateral Administrator that there will be sufficient amounts in the Interest Account and/or Principal Account to make such repayments in full on such date; and (ii) the Accrued Collateral Debt Obligation Interest as of the Determination Date occurring immediately prior to the

following Payment Date and provided that where the drawdown request is delivered prior to such Determination Date, the Accrued Collateral Debt Obligation Interest in respect of the period from the date of the drawdown request to such Determination Date shall be estimated by the Collateral Adviser acting in good faith.

Initial Currency Hedge Drawdowns may be drawn on any Business Day falling after a Determination Date and two Business Days prior to a Payment Date and are subject to the limits prescribed in the Hedging Procedures and such drawing not exceeding the Available Commitment on the relevant drawdown date, taking into account any drawings scheduled to be repaid on or prior to the drawdown date of such drawing and any scheduled repayment of the Class A-1 Advances on the immediately following Payment Date, and subject to receipt of confirmation from the Collateral Administrator that there will be sufficient amounts in the Interest Account and/or Principal Account to make such repayments in full on such date.

Any Initial Interest Payment Drawdown and any Initial Currency Hedge Drawdown (each, an "**Initial Drawdown**") shall also be subject to the following conditions precedent (among others):

(i) no default under the Liquidity Facility is outstanding or would result from the provision of the drawing;

(ii) the Class A-2 Notes not having been redeemed in full and not being scheduled to be redeemed in full on the immediately following Payment Date and the Aggregate Class A-1 Commitment has not been and is not scheduled to be reduced to zero on the immediately following Payment Date (as determined by reference to the circumstances existing on such date of determination);

(iii) the ratio (expressed as a percentage) obtained by dividing (a) an amount equal to the Aggregate Collateral Balance by (b) the sum of the Principal Amount Outstanding of the Class A Notes is at least 100 per cent.; and

(iv) in the case of any Initial Interest Payment Drawdown, each Par Value Test being satisfied both immediately before and if recalculated immediately following any such drawing at such time.

Each drawing shall have an interest period as follows:

(a) with respect to an Interest Payment Drawdown, the period of one or three months (or any other period agreed between the Issuer and the Liquidity Facility Provider) from the drawdown date as specified in the drawdown request;

(b) with respect to a Currency Hedge Drawdown, the period from the drawdown date to the next following Payment Date,

provided that, in the case of (a) above, if the last day of an interest period: (i) is beyond the next following Payment Date or, if the drawdown date is after the end of the Due Period before such Payment Date, the second next following Payment Date, such interest period shall be shortened to end on such next or, as the case may be, second next following Payment Date; and (ii) is not a Business Day, such interest period shall end on the next following Business Day, provided

further that, in respect of a drawing that is not repaid in full on the Payment Date on which repayment is due, the interest period applicable to such unpaid drawing shall be from the Payment Date in question to the next following Payment Date.

Pursuant to the Liquidity Facility Agreement, the Issuer (acting on the advice of the Collateral Adviser) may redraw one or more times, as applicable, an amount thereunder to refinance any such Initial Drawdown, provided that the repayment does not fall after the Payment Date immediately following the drawdown date thereof, and subject to there being sufficient Available Commitment under the Liquidity Facility Agreement (with each such redrawing being a "**Subsequent Drawdown**"). The conditions precedent applicable to any Initial Drawdown (other than conditions precedent (i) and (ii) above) shall not apply to any Subsequent Drawdown.

In addition to the mandatory repayment of an 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 the earlier to occur of (a) the date on which all moneys and other liabilities for the time being due or owing by the Issuer to the Trustee or the Noteholders under the Notes or in accordance with the Trust Deed have been paid in full in accordance with the Priorities of Payments and (b) the occurrence of an Event of Default under the Notes or events of default under the Liquidity Facility.

Extension of Initial Commitment Period

The Issuer (acting on the advice of the Collateral Adviser) (copied in each case to the Trustee and the Collateral Administrator) may deliver, not more than 45 days nor fewer than 30 days before the expiry of the Commitment Period, an irrevocable request that the Commitment Period be extended (an "**Extension Request**") to such future date as is specified in such Extension Request being either (i) a date falling no later than 364 days after the expiry of the Commitment Period or (ii) if earlier, the end of the Due Period in respect of the Payment Date falling on or about 21 March 2017.

If the Liquidity Facility Provider wishes to accept such an Extension Request, it shall, not later than 20 days before the expiry of the Commitment Period, deliver to the Issuer (copied to the Trustee, the Collateral Adviser and the Collateral Administrator) an irrevocable notice (a "**Notice of Extension**") that it has consented to the Extension Request.

If the Liquidity Facility Provider does not send a Notice of Extension, the Issuer (acting on the advice of the Collateral Adviser) may deliver a Prefunded Commitment Request. See "*Prefunded Commitment*" below.

Prefunded Commitment

The Available Commitment may be utilised and drawn down (such drawing, a "**Prefunded Commitment Utilisation**") by delivery to the Liquidity Facility Provider (copied to the Collateral Administrator and the Trustee) by the Issuer (acting on the advice of the Collateral Adviser) of a duly completed prefunded commitment request (the "**Prefunded Commitment Request**") on one Business Day's notice if: (a) the Liquidity Facility Provider, having received an Extension Request, does not send a Notice of Extension by the latest date permitted under the

Liquidity Facility Agreement; or (b) on any day, the Liquidity Facility Provider no longer satisfies the Rating Requirement applicable thereto (such Liquidity Facility Provider, the "**Prefunded Liquidity Facility Provider**") and a guarantee, a letter of credit or an indemnity in respect of the Prefunded Liquidity Facility Provider's obligations under the Liquidity Facility has not been provided by an entity meeting the Rating Requirement within 30 days of the Prefunded Liquidity Facility Provider failing to meet the Rating Requirement.

Each Prefunded Commitment Request is irrevocable and will not be regarded as having been duly completed unless:

(a) the proposed Prefunded Commitment Date is a Business Day within the Commitment Period; and

(b) the amount of the Prefunded Commitment Utilisation is equal to the Available Commitment at the date of such Prefunded Commitment Request.

The Liquidity Facility Provider shall advance the Available Commitment to the Issuer through its facility office forthwith upon receipt of the Prefunded Commitment Request and upon making a Prefunded Commitment Utilisation, the Issuer shall forthwith credit the Available Commitment received to the Prefunded Commitment Account. Any amounts standing to the credit of the Prefunded Commitment Account shall be invested in Eligible Investments by the Issuer (acting on the advice of the Collateral Adviser acting in accordance with the Collateral Advisory Agreement).

The Issuer shall have full legal and beneficial title of the amounts from time to time standing to the credit of the Prefunded Commitment Account and the Prefunded Liquidity Facility Provider shall not have any proprietary or security interest save as permitted under the Trust Deed. Without prejudice thereto, the Issuer shall only make withdrawals from the Prefunded Commitment Account:

(a) in such circumstances and in such amount as it would otherwise have been able to make a drawing thereunder; and/or

(b) in order to repay the Prefunded Commitment or interest thereon,

but not otherwise and the amount of a Liquidity Facility Provider's Prefunded Commitment shall be reduced by the amount of such withdrawals and any such withdrawal shall be deemed to be a drawing.

Any Prefunded Commitment (or part thereof) shall be repaid to the Prefunded Liquidity Facility Provider together with accrued interest thereon as follows:

(a) on the earlier of the final day of the Commitment Period and the date on which all moneys and other liabilities for the time being due or owing by the Issuer to the Trustee or the Noteholders under the Notes in accordance with the Trust Deed have been repaid in full;

(b) on each Payment Date when the Aggregate Class A-1 Commitment is reduced and cancelled or the Class A-2 Notes are redeemed in whole or in part by an amount equal to the decrease in Available Commitment as a result of such reduction;

(c) on the day when the amounts outstanding under the Liquidity Facility become repayable in full;

(d) where a Prefunded Commitment Request was delivered or was deemed to have been delivered due to the Liquidity Facility Provider not satisfying the Rating Requirement, on the first Business Day after the Liquidity Facility Provider has given notice to the Issuer, the Trustee, the Collateral Adviser and the Collateral Administrator that it satisfies the Rating Requirement in full;

(e) where a Prefunded Commitment Request was delivered or was deemed to have been delivered due to the Liquidity Facility Provider not satisfying the Rating Requirement, on the first Business Day after the Liquidity Facility Provider has caused an entity meeting the Rating Requirement to guarantee or provide a letter of credit or an indemnity in respect of its obligations; and

(f) on any day on which the Commitment for the Liquidity Facility Provider is reduced, cancelled or transferred, in an amount equal to the proportion of such Commitment so reduced, cancelled or transferred.

Interest and Commitment Fee

Interest shall accrue on each Drawing at a rate equal to EURIBOR plus 0.5 per cent. per annum. The Issuer shall pay to the Liquidity Facility Provider a commitment fee (the "**Commitment Fee**") during the Commitment Period at the rate of 0.25 per cent. per annum on an amount equal to the daily weighted average of the Available Commitment during each Accrual Period under the Notes. Any accrued Commitment Fee is payable quarterly in arrear on each Payment Date. An accrued Commitment Fee is also payable to the Liquidity Facility Provider on the cancelled amount of the commitment under the Liquidity Facility Agreement at the time the cancellation takes effect.

Break costs

The Issuer shall forthwith on demand by the Liquidity Facility Provider pay to the Liquidity Facility Provider its break costs attributable to all or any part of a drawing paid by the Issuer on a day other than the last day of the Interest Period relating thereto.

Priority of Amounts due to the Liquidity Facility Provider under the Liquidity Facility Agreement

Pursuant to the Priorities of Payments 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 excluding any interest on account of "Additional Percentage" pursuant to clause 10.1 (*Interest Rate*) of the Liquidity Facility Agreement. All other amounts payable under the Liquidity Facility Agreement such as expenses and indemnification amounts will constitute Administrative Expenses and as such will be payable prior to payment of any amounts in

respect of the Notes but only to the extent that such amounts do not exceed the Senior Expenses Cap applicable to the relevant Payment Date.

Termination/Assignment

The Liquidity Facility Agreement may only be terminated by the Liquidity Facility Provider if (i) the Issuer fails to pay any amount due thereunder on its due date at the place and in the currency in which it is expressed to be payable provided that where any non-payment is a result of a technical problem, such failure continues for a period of five Business Days of its due date; (ii) a note enforcement notice in respect of the Notes is served on the Issuer; (iii) if it becomes unlawful for the Issuer to perform any of its obligations under the Liquidity Facility Agreement; or (iv) the Issuer becomes subject to insolvency proceedings.

The Liquidity Facility Provider may transfer its interest under the Liquidity Facility Agreement provided the transferee satisfies the Rating Requirement, there are no material adverse tax consequences, the transferee is a financial institution, and the prior consent of the Issuer and the Trustee is obtained (such consent not to be unreasonably withheld or delayed), unless default is outstanding in which case no consent is required from the Issuer.

DESCRIPTION OF THE LIQUIDITY FACILITY PROVIDER

Danske Bank A/S was founded in 1871 and has, through the years, merged with a number of financial institutions. Danske Bank is a commercial bank with limited liability and carries on business under the Danish Financial Business Act, Consolidation Act No. 286 of 4 April 2006, as amended.

The registered office of Danske Bank is at Holmens Kanal 2-12, DK-1092 Copenhagen K, Denmark; the telephone number is +45 33 44 00 00; CVR-nr. 61 12 62 28 – København.

The Danske Bank Group provides a wide range of banking, mortgage and insurance products as well as other financial services, and is the largest financial institution in Denmark — and one of the largest in the Nordic region — measured by total assets.

The total assets of the consolidated Group were DKK 2,432 billion (USD 384.6 billion) at the end of 2005.

Shareholders' equity was DKK 75 billion (USD 11.9 billion) at the end of 2005. Shareholders' equity was DKK 70 billion (USD 11.4 billion) at the end of the first quarter of 2006. The change in Group equity since the end of 2005 primarily reflects the dividend payment in March 2006 and the recognition of the net profit for the period.

Current credit ratings of Danske Bank A/S are as follows: Moody's: "P-1" (short-term) and "Aa1" (long-term), S&P: "A-1+" (short-term) and "AA-" (long-term), Fitch: "F1+" (short-term) and "AA-" (long-term).

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.

Monthly Reports

The Collateral Administrator, not later than the eighth Business Day after the twenty-fifth calendar day of each month (save in respect of any month preceding a month in which a Payment Date Report has been prepared) (or if such day is not a Business Day, the immediately following Business Day) commencing the month following the first Payment Date on behalf, and at the expense, of the Issuer and in consultation with, and based in part on information provided by, the Collateral Adviser, shall compile and provide to the Issuer, the Trustee, the Collateral Adviser, the Initial Purchaser, any Credit Support Provider and each Rating Agency a monthly report (in respect of a holder of any Senior Notes, the "**Senior Notes Monthly Report**" and in respect of a holder of any Subordinated Notes, the "**Subordinated Monthly Report**", each a "**Monthly Report**", together the "**Monthly Reports**"), which shall contain, without limitation, the information set out below with respect to the Portfolio as of such twenty-fifth calendar day of each month (or, when such day is not a Business Day, the next following Business Day) determined by the Collateral Administrator in consultation with, and based in part on certain information provided by, the Collateral Adviser. Each Credit Support Provider notified to the Collateral Administrator in accordance with the Trust Deed shall be entitled to receive each Subordinated Monthly Report. The Monthly Report shall also contain a commentary provided by the Collateral Adviser with respect to the Portfolio.

Portfolio

(a) the Aggregate Principal Balance of the Collateral Debt Obligations;

(b) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Debt Obligation, its Principal Balance, annual interest rate, Stated Maturity, Obligor, Obligor's principal place of business and significant operations, location of assets, location of security, S&P Rating and Moody's Rating (other than any confidential credit estimate), its S&P industry category and Moody's industrial classification group and details of whether or not such obligation is a Synthetic Security;

(c) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Enhancement Obligation and Exchanged Equity Security (to the extent applicable), its Principal Balance, face amount, annual interest rate, Stated Maturity and Obligor, details of the type of instrument it represents and details of any amounts payable thereunder or other rights accruing pursuant thereto;

(d) subject to any confidentiality obligations binding on the Issuer, the number, identity and, if applicable, Principal Balance of, respectively, any Collateral Debt Obligations, Collateral Enhancement Obligations and 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 Collateral Advisory Agreement pursuant to which such sale or other disposition was made), the Aggregate Principal Balances of Collateral Debt Obligations released for sale or other disposition at the Issuer's discretion (acting on the advice of the Collateral Adviser) (expressed as a percentage of the Aggregate Collateral Balance and 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 Collateral Adviser;

(e) subject to any confidentiality obligations binding on the Issuer, the purchase or sale price of each Collateral Debt Obligation, Eligible Investment and Collateral Enhancement Obligation acquired by the Issuer and in which the Issuer has granted a security interest to the Trustee, and each Collateral Debt Obligation, Eligible Investment and Collateral Enhancement Obligation sold by the Issuer since the date of determination of the last Monthly Report and, the identity of the purchasers or sellers thereof, if any, that are Affiliated with the Issuer or the Collateral Adviser;

(f) subject to any confidentiality obligations binding on the Issuer, the identity of each Collateral Debt 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 and the identity and Principal Balance of each CCC Obligation and Current Pay Obligation;

(g) 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 Collateral Adviser has actual knowledge;

(h) the Market Value, respectively, the Collateral Debt Obligations and the Collateral Enhancement Obligations as of the preceding month end;

Liquidity Facility

(a) the principal amount of any drawing made;

(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; 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;

Hedge Transactions

(a) the outstanding Notional Amount (as defined therein), of each Hedge Transaction distinguishing between each Hedge Transaction;

(b) the amount scheduled to be received and paid by the Issuer pursuant to each Hedge Transaction on or before the next Payment Date;

(c) the then current Moody's and, if applicable, S&P Rating in respect of each Hedge Counterparty and whether it satisfies the Rating Requirements.

Currency Hedge Transactions

(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/B Par Value Test, the Class C Par Value Test, the Class D Par Value Test and the Class E Par Value Test is satisfied and details of the relevant Par Value Ratios;

(b) a statement as to whether each of the Class A/B Interest Coverage Test, the Class C Interest Coverage Test, the Class D Interest Coverage Test and the Class E Interest Coverage Test is satisfied and details of the relevant Interest Coverage Ratios;

(c) a statement as to whether the CDO Monitor Test is satisfied;

(d) the S&P Average Recovery Rate and a statement as to whether the S&P Minimum Weighted Average Recovery Rate Test is satisfied;

(e) the Weighted Average Maturity and a statement as to whether the Weighted Average Maturity Test is satisfied;

(f) the Weighted Average Spread and a statement as to whether the Minimum Weighted Average Spread Test is satisfied;

(g) so long as any Notes rated by Moody's are Outstanding, the Moody's Weighted Average Rating and a statement as to whether the Moody's Maximum Weighted Average Rating Factor Test is satisfied;

(h) so long as any Notes rated by Moody's are Outstanding, the Weighted Average Moody's Recovery Rate and a statement as to whether the Moody's Minimum Weighted Average Recovery Rate Test is satisfied;

(i) so long as any Notes rated by Moody's are Outstanding, the Diversity Score and a statement as to whether the Moody's Minimum Diversity Test is satisfied;

(j) so long as any Notes rated by Moody's are Outstanding, a statement identifying any Collateral Debt Obligation in respect of which the Collateral Adviser has made its own determination of "Market Value" (pursuant to the definition thereof) for the purposes of any of the Coverage Tests; and

(k) the aggregate of all deferred interest in relation and all Mezzanine Loans as of such Measurement Date.

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;

(b) the identity and Moody's Rating and S&P Rating of each Synthetic Counterparty and Selling Institution, 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, respectively Synthetic Securities (broken down by reference to whether such Synthetic Security is an Uncollateralised CLN, a Collateralised Credit Default Swap or a Secured Credit Linked Note) and Participations entered into with each such entity; and

(c) a statement as to whether the limits specified in the Bivariate Risk Table are met by reference to the Moody's Ratings and S&P Ratings of Selling Institutions and Synthetic Counterparties and, if such limits are not met, a statement as to the nature of the non-compliance.

Payment Date Report

The Collateral Administrator, on behalf, and at the expense, of the Issuer and in consultation with (and subject to the approval of) the Collateral Adviser, shall render an accounting report (the "**Payment Date Report**"), prepared and determined as of each Determination Date, and delivered to the Collateral Adviser, the Issuer, the Trustee, the Arranger, the Liquidity Facility Provider, any holder of a beneficial interest in any Note (upon written request therefor in the form set out in the Collateral Administration and Agency Agreement certifying that it is such a holder) and each Rating Agency not later than the second 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 Payment Date Report shall contain the following information:

Portfolio

(a) the Aggregate Principal Balance of the Collateral Debt 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 Debt Obligations

during such Due Period and (B) the disposal of any Collateral Debt Obligations during such Due Period;

(b) subject to any confidentiality obligations binding on the Issuer, a list of, respectively, the Collateral Debt Obligations and Collateral Enhancement Obligations indicating the Principal Balance and Obligor of each; and

(c) 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 Accrual Period, the amount of principal payments to be made on the Notes of each Class on the related Payment Date, 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 payable in respect of each Class of Notes (as applicable) and the Class A-1 Commitment Fee and the Class A-2 Commitment Fee, including the amount of any Deferred Interest payable, on the related Payment Date (in the aggregate and by Class); and

(c) the Class A-1 Allocated Commitment of the Class A-1 Notes.

Payment Date Payments

(a) the amounts payable pursuant to the Interest Proceeds Priority of Payments, the Principal Proceeds Priority of Payments and the Collateral Enhancement Obligation Proceeds Priority of Payments;

(b) the Trustee Fees and Expenses, the amount of any Collateral Advisory Fee and Administrative Expenses payable on the related Payment Date, in each case, on an itemised basis; and

(c) any Asset Swap Issuer Termination Payments, any Interest Rate Hedge Issuer Termination Payments or any Defaulted Hedge Termination Payments.

Accounts

(a) the Balance standing to the credit of the Interest Account at the end of the related Due Period;

(ai) the Balance standing to the credit of the Interest Account immediately after all payments and deposits to be made on the next Payment Date;

(b) the Balance standing to the credit of the Principal Account at the end of the related Due Period;

(bi) the Balance standing to the credit of the Principal Account immediately after all payments and deposits to be made on the next Payment Date;

(c) the amounts payable from the Interest Account (through a transfer to the Payment Account) pursuant to the Priorities of Payments on such Payment Date;

(d) the amounts payable from the Principal Account (through a transfer to the Payment Account) pursuant to the Priorities of Payments on such Payment Date;

(e) 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;

(f) the amount of Collateral Enhancement Obligation Proceeds to be paid pursuant to the Collateral Enhancement Obligations Proceeds Priority of Payment on such Payment Date and the Balance standing to the credit of the Collateral Enhancement Account on such Payment Date after taking into account such payment;

(g) the Balance standing to the credit of each of the other Accounts at the end of the related Due Period; and

(h) 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.

Coverage Tests, Collateral Quality Tests and Portfolio Profile Tests

(a) the information required pursuant to "*Monthly Reports - Coverage Tests and Collateral Quality Tests*" above; and

(b) the information required pursuant to "*Monthly Reports - Portfolio Profile Tests* above.

Liquidity Facility

The information required pursuant to "*Monthly Reports – Liquidity Facility*" above.

Hedge Transactions

The information required pursuant to "*Monthly Reports - Hedge Transactions*" and "*Monthly Reports – Currency Hedge Transactions*" above.

Subordinated Noteholder Report

The Collateral Administrator, on behalf, and at the expense, of the Issuer and in consultation with (and subject to the approval of) the Collateral Adviser, shall provide information (the "**Subordinated Noteholder Report**"), determined as of each Determination Date (except as specified otherwise below) as of, and delivered to the Trustee, the Collateral Adviser and the Issuer on the date so provided for the Payment Date Report. The Trustee shall, in addition, make available a copy of the Subordinated Noteholder Report to the Initial Purchaser and any holder of Subordinated Notes upon written request therefor in the form set out in the Collateral Administration and Agency Agreement certifying that it is a holder of Subordinated Notes no

later than the second Business Day preceding the related Payment Date. All Subordinated Noteholder Reports shall be mailed from outside the United States. The Subordinated Noteholder Report shall contain the following information:

Portfolio

(a) the approximate aggregate Market Value of, respectively, the Collateral Debt Obligations and the Collateral Enhancement Obligations as of the preceding month end;

(b) subject to any confidentiality obligations binding on the Issuer, the identity of each Collateral Debt Obligation that became a Defaulted Obligation or that experienced a rating change since the last such report;

(c) the information required pursuant to "*Monthly Reports – Portfolio*" above.

Notes

(a) the Aggregate Principal Balance of the Collateral Debt 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 Debt Obligations during such Due Period and (B) the disposal of any Collateral Debt Obligations during such Due Period;

(b) the Principal Amount Outstanding of the Notes of each Class as a Euro figure and as a percentage of the original principal amount 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, the Principal Amount Outstanding of the Notes of each Class as a Euro figure and as a percentage of the original Principal Amount Outstanding of the Notes of such Class, in each case after giving effect to the principal payments, if any, on such Payment Date and the amount of any Deferred Interest;

(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) subject to any confidentiality obligations binding on the Issuer, a list of the Collateral Debt Obligations, indicating the Principal Balance, annual interest rate, Stated Maturity, S&P industry category, Moody's industrial classification group, the Moody's Rating and, if applicable, the S&P Rating (but excluding any confidential credit estimates in relation thereto); and

(g) subject to any confidentiality obligations binding on the Issuer, the identity of any Collateral Debt Obligations that were released for sale or other disposition, indicating whether such Collateral Debt Obligation is a Defaulted Obligation, a Credit Improved Obligation, a Credit Impaired Obligation or an Exchange Equity Security and pursuant

to which clause of the Collateral Advisory Agreement such Collateral Debt Obligation or an Exchange Equity Security was sold or disposed of.

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, Class E 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 Class A-1 Commitment Fee and the Class A-2 Commitment Fee on the next Payment Date; and

(b) EURIBOR (and, in the case of the Class A-1 Sterling Advances, Applicable Libor and in the case of the Class A-1 Euro Advances, applicable EURIBOR) for the related Due Period and the Floating Rate of Interest applicable to each Class of Senior Notes during the related Due Period.

Coverage Tests

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 Debt Obligations since the last report.

Each Monthly Report, Payment Date Report and Subordinated Noteholder Report shall state that it is for informational purposes only, that certain information included in the report is estimated, approximated or projected and that the report is provided without any representations or warranties as to accuracy or completeness and that none of the Collateral Adviser, the Issuer, the Trustee or the Collateral Administrator will have any liability for such estimates, approximations or projections.

Nothing in any of the foregoing shall oblige the Issuer or the Collateral Adviser to disclose, whether directly or indirectly, any information held under an obligation of confidentiality.

Investment Tax Act Report

In addition to the above, the Issuer (acting on the advice of the Collateral Adviser) shall produce 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 investor in the Notes, provided always that the production of such a report is at the request and at the expense of the relevant investor.

Miscellaneous

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 Issuer or the Collateral Adviser will have any liability for estimates, approximations or projections contained therein.

The Issuer authorises each Noteholder to provide copies of any Reports received by it to any Person with an economic exposure to the Notes directly or indirectly through or from such Noteholder and no additional liability shall attach to any of the Issuer, the Trustee, the Collateral Administrator or the Collateral Adviser as a result of a Noteholder so providing copies.

DESCRIPTION OF THE CLASS A NOTES

Class A-1 Notes

The Class A-1 Notes will be a revolving Class of Notes under which amounts (up to a maximum Principal Amount Outstanding of €60,000,000 (of which a maximum amount of £40,287,383.33 may be drawn in Sterling converted at the Initial Spot Rate), as reduced from time to time as described below (the "**Aggregate Class A-1 Commitment**"), may be drawn, repaid and re-drawn prior to the Commitment Termination Date, subject to the conditions specified in Condition 7(n) (*Repayment of Class A-1 Advances and Reduction of the Class A-1 Commitment*). Pursuant to the Class A-1 Note Purchase Agreement, each Class A-1 Noteholder will be obligated (subject to certain conditions) to make Class A-1 Advances (as defined below) to the Issuer upon request in an aggregate principal amount at any one time outstanding of up to the full amount of its Class A-1 Commitment (provided that any Class A-1 Allocated Commitment may only be drawn for the purposes described below). Class A-1 Advances may be drawn in Euro (each, a "**Class A-1 Euro Advance**") or Sterling (each, a "**Class A-1 Sterling Advance**" and, together with the Class A-1 Euro Advances, the "**Class A-1 Advances**"). Class A-1 Advances may only be drawn to purchase Collateral Debt Obligations whose Base Currency is Euro if the full amount of the Aggregate Class A-2 Commitment (as defined below) has been drawn.

The denomination of a Class A-1 Note is a Minimum Denomination of €5,000,000 and any denomination equal to one or more multiples of €1,000 in excess thereof.

The portion of a Class A-1 Advance applicable to each Class A-1 Note shall be proportionate to the share of the Aggregate Class A-1 Commitment represented by such Class A-1 Note.

Subject to compliance with the conditions set out in the Class A-1 Note Purchase Agreement, during the Reinvestment Period, the proceeds of each Class A-1 Advance will be applied by the Issuer (on the advice of the Collateral Adviser) (i) to acquire additional Collateral Debt Obligations in accordance with the Collateral Advisory Agreement, (ii) to reduce the aggregate Class A-1 Allocated Commitment by paying such proceeds into the Revolving Reserve Account in respect of Unfunded Amounts under Revolving Obligations and Delayed Drawdown Collateral Obligations which were previously covered by the aggregate Class A-1 Allocated Commitments or (iii) to fund Unfunded Amounts of any Revolving Obligations and Delayed Drawdown Collateral Obligations in the relevant currency when required pursuant to any such obligation in respect of which any Class A-1 Allocated Commitment has been designated, *provided that* Class A-1 Sterling Advances may only be used to fund amounts pursuant to sub-paragraphs (i) to (iii) above which are denominated in Sterling whereas Class A-1 Euro Advances may be used to fund amounts pursuant to sub-paragraphs (i) to (iii) above which are denominated in Euro but may also be converted into Sterling at the Current Spot Rate and used to fund amounts pursuant to sub-paragraphs (i) to (iii) above which are denominated in Sterling provided that the amount of the Sterling Loss (as defined in the Collateral Advisory Agreement) is greater than zero. Class A-1 Sterling Advances will be applied in the purchase of Revolver Hedged Collateral Debt Obligations denominated in Sterling. Class A-1 Euro Advances may be applied in the purchase of Collateral Debt Obligations denominated in a Qualifying Currency, but where the Qualifying Currency is a Non-Euro Qualifying Currency other than Sterling, such

Collateral Debt Obligation shall be the subject of an Asset Swap Transaction. In addition, to the extent required pursuant to the Hedging Procedures, Class A-1 Euro Advances may be converted to Sterling at the relevant rate and applied in prepayment of outstanding Class A-1 Sterling Advances. During the Reinvestment Period, the Principal Proceeds of any Revolver Hedged Collateral Debt Obligation shall be applied either (i) to reinvest in substitute Revolver Hedged Collateral Debt Obligations; (ii) to redeem the Class A-1 Advance, or part thereof; or (iii) to deposit into the Revolving Reserve Account to reduce the Class A-1 Allocated Commitment denominated in Sterling; or (iv) to payment to the Principal Account to be applied in accordance with the Priorities of Payments.

Interest on each Class A-1 Euro Advance for each Class A-1 Euro Interest Period will accrue at the rate per annum determined by the Class A Note Agent to be Applicable EURIBOR for such period plus 0.3 per cent. per annum. Interest on Class A-1 Euro 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(f) (*Interest on the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes*).

Interest on each Class A-1 Sterling Advance for each Class A-1 Sterling Interest Period will accrue at the rate per annum determined by the Class A Note Agent to be Applicable LIBOR for such period plus 0.3 per cent. per annum. Interest on Class A-1 Sterling Advances will be computed on the basis of a 365-day year and the actual number of days elapsed, all as more fully set out in Condition 6(f) (*Interest on the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes*) and Condition 6(g) (*Calculation of Sterling LIBOR*).

A Class A-1 Interest Period for a Class A-1 Advance shall not extend beyond the Maturity Date, and shall start on the Class A-1 Advance Date relating to such Class A-1 Advance.

Each Class A-1 Advance in respect of the Class A-1 Notes bears interest from (and including) the relevant Class A-1 Advance Date and such interest will accrue until the last day of each Class A-1 Euro Interest Period (for Class A-1 Euro Advances) or of each Class A-1 Sterling Interest Period (for Class A-1 Sterling Advances) and shall be payable in arrear on the immediately succeeding Payment Date. Payment will be made subject to and in accordance with the Priorities of Payments on a basis that is *pari passu* with payments of interest on the Class A-2 Notes.

Class A-1 Commitment Fee

The Class A-1 Commitment Fee will accrue on the average daily Class A-1 Undrawn Amount (or in respect of each Payment Date from and including the end of the Reinvestment Period, on the average daily Class A-1 Allocated Commitment only) for each Accrual Period at a rate per annum equal to 0.2 per cent. during such Accrual Period on the basis of a 360-day year and the actual number of days elapsed. The Class A-1 Commitment Fee will be payable in Euro in arrear on each Payment Date prior to the Commitment Termination Date (save that the Class A-1 Commitment Fee will continue to be payable in respect of any Class A-1 Allocated Commitment after the expiry of the Reinvestment Period) (and, upon receipt of the same by the Class A Note Agent from the Issuer, will be disbursed by the Class A Note Agent to the Class A-1 Noteholders in proportion to their respective entitlements thereto on such date) and will be

paid in accordance with the Pari Passu Provisions with payments of interest on the Class A-2 Notes, any Class A-1 Euro Interest Amount, any Class A-1 Sterling Interest Amount, any Class A-2 Commitment Fee and any Class A-1 Make Whole Amount. Interest will accrue on any portion of the Class A-1 Commitment Fee that is not paid when due at the rate of interest then applicable to the Class A-1 Euro Advances.

Additional Class A-1 Note Mechanics Related to Class A-1 Advances

On any Business Day prior to the Commitment Termination Date (and, in respect of a Class A-1 Allocated Commitment, on any Business Day on which such Class A-1 Allocated Commitment remains unfunded), the Issuer may (on the advice of the Collateral Adviser, acting pursuant to the Collateral Advisory Agreement) request, and the Class A-1 Noteholders if so requested shall make, Class A-1 Advances rateably on the Class A-1 Advance Date; provided that the following borrowing conditions are satisfied:

(a) such Class A-1 Advance together with (i) the amount of any other Class A-1 Advance the subject of a Class A-1 Advance Request (as defined below) that has not been drawn on such date and (ii) the sum of the Class A-1 Drawn Amount and the aggregate of the Class A-1 Allocated Commitments (in each case immediately prior to the drawing of such Class A-1 Advance and taking into account any Class A-1 Advances scheduled to be repaid and any amounts to be designated as Class A-1 Allocated Commitments on or prior to the such Class A-1 Advance Date) will not exceed the Aggregate Class A-1 Commitment (with Class A-1 Sterling Advances any Class A-1 Allocated Commitment denominated in Sterling converted to Euro at the Initial Spot Rate);

(b) the Class A Note Agent shall have received an IM Class A-1 Advance Request (as defined below), and each Class A-1 Noteholder shall have received a copy of such Class A-1 Advance Request which shall include the information required to be provided by, and be given in accordance with, Clause 2.3 (*Mechanics of Class A-1 Advances*) of the Class A-1 Note Purchase Agreement;

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

(d) all other conditions precedent to such Class A-1 Advance or issuance set out in the Class A-1 Note Purchase Agreement have been satisfied in all material respects (or waived pursuant to the terms thereof); and

(e) no Event of Default has occurred and is continuing.

Not later than 11.00 a.m. London time on the third Business Day prior to a proposed Class A-1 Advance Date, the Issuer (acting on the advice of the Collateral Adviser) will give notice to the Class A Note Agent (with a copy to the Trustee) of the Issuer's intention to draw a Class A-1 Advance (each, an "**IM Class A-1 Advance Request**") which notice shall include details of the Class A-1 Advance Date, the currency and amount of such Class A-1 Advance and which shall also contain certifications from the Issuer that the conditions precedent set out in Clauses 5.2(a), (c), (d) and (e) (*Conditions of Class A-1 Advances*) of the Class A-1 Note Purchase Agreement in relation to the proposed Class A-1 Advance have been satisfied as at the date of such IM

Class A-1 Advance Request. Each IM Class A-1 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 Note Agent (with a copy to the Trustee) of a duly completed written IM Class A-1 Advance Request in, or substantially in, the form of Schedule 3 (*Form of IM Class A-1 Advance Request*) of the Class A-1 Note Purchase Agreement.

On the same Business Day as it receives the relevant IM Class A-1 Advance Request, the Class A Note Agent will prepare and forward a request to each Class A-1 Noteholder, by email and by fax (with a copy to the Trustee), in the form of Schedule 3 (*Form of Class A-1 Advance Request*) of the Class A-1 Note Purchase Agreement (or such other form as the Class A-1 Noteholders, the Issuer (acting on the advice of the Collateral Adviser) and the Class A Note Agent may agree) (such request, the "**Class A-1 Advance Request**" and such date which shall be at least three Business Days prior to the relevant Class A-1 Advance Date, the "**Class A-1 Advance Request Date**", provided that where such Class A-1 Advance Request is received by the relevant Class A-1 Noteholder on or after 3.00 p.m. (London time), the Class A-1 Advance Request Date shall be deemed to be the following Business Day). The Class A-1 Advance Request shall:

(a) specify the Class A-1 Advance Date and the currency and amount of such Class A 1 Advance (to be provided by the Issuer (acting on the advice of the Collateral Adviser));

(b) specify the Applicable LIBOR or Applicable EURIBOR rate applicable to the first Class A-1 Sterling Interest Period or Class A-1 Euro Interest Period, as applicable for such Class A-1 Advance;

(c) specify the business days applicable to such Class A-1 Advance;

(d) contain an acknowledgment that the Class A Note Agent has received a certification from the Issuer that all of the conditions precedent set out in Clauses 5.2(a), (c), (d) and (e) (*Conditions to Class A-1 Advances*) of the Class A-1 Note Purchase Agreement in relation to the proposed Class A-1 Advance have been satisfied as at the Class A-1 Advance Request Date;

(e) specify the maximum principal amount available to the Issuer to request to be advanced in Euro, the maximum principal amount available to the Issuer to request to be advanced in Sterling, the aggregate outstanding principal amount of the Class A-1 Allocated Commitment denominated in Sterling, the aggregate outstanding principal amount of the Class A-1 Allocated Commitment denominated in Euro and the Class A-1 Unallocated Commitment in Euro, in each case, prior to and immediately following such Class A-1 Advance (such information to be provided by the Class A Note Agent after receipt of the applicable IM Class A-1 Advance Request from the Issuer); and

(f) confirm or specify any other information from time to time agreed between the Class A-1 Noteholders, the Issuer (acting on the advice of the Collateral Adviser) and the Class A Note Agent.

Each Class A-1 Advance shall be in an aggregate amount of at least €1,000,000 or £1,000,000 (and integral multiples of €1,000 or £1,000, as applicable, in excess thereof) or, if the unused

portion of the Aggregate Class A-1 Commitment is less than €1,000,000 or £1,000,000, such lesser amount.

The Class A Note Agent shall use reasonable endeavours to send each Class A-1 Advance Request prior to 3.00 p.m. (London time) on the date of receipt of the relevant IM Class A-1 Advance Request.

Repayments and Prepayments of Class A-1 Notes

Principal in respect of any Class A-1 Advance shall be repaid on each Payment Date as may be required in accordance with and subject to the Priorities of Payments. In addition, a Class A-1 Prepayment may be made on any Business Day which is not a Payment Date at the option of the Issuer (acting on the advice of the Collateral Adviser) pursuant to Condition 7(n) (*Repayment of Class A-1 Advances and Reduction of the Class A-1 Commitment*) out of amounts standing to the credit of the Principal Account or the Revolving Reserve Account, provided that:

(a) the Class E Coverage Tests are satisfied; and

(b) amounts standing to the credit of the Principal Account are applied in repayment of Class A-1 Advances denominated in the same currency, provided that the Issuer (acting on the advice of the Collateral Adviser) may:

  (i) in the event that no Class A-1 Sterling Advances and no Class A-1 Allocated Commitment denominated in Sterling remain outstanding, convert amounts in Sterling into Euro at the Current Spot Rate for application in prepayment of Class A-1 Euro Advances; or

  (ii) convert amounts in Euro into Sterling at the Current Spot Rate for application in prepayment of Class A-1 Sterling Advances (A) in an amount equal to any Sterling Loss (as defined in the Collateral Advisory Agreement) or (B) in the event that no Class A-1 Euro Advances and no Class A-1 Allocated Commitment denominated in Euro remain.

If either of the Class E Coverage Tests are not satisfied, then the Issuer shall not be permitted to repay any principal on the Class A-1 Notes (unless such repayment is simultaneously redrawn), unless any such repayment of principal is made on a Payment Date and in accordance with the Pari Passu Provisions and the Priorities of Payments.

The aggregate principal amount of any partial voluntary Class A-1 Prepayment, in respect of the Class A-1 Notes (taken as a whole), will be at least €500,000 or £500,000, as applicable (and integral multiples of €1,000 or £1,000 as applicable, in excess thereof) or, if the aggregate Principal Amount Outstanding under the Class A-1 Notes is less than €500,000 or £500,000 as applicable, such lesser amount. Any Class A-1 Advance will be requested by the Issuer (acting on the advice of the Collateral Adviser), *pro rata*, according to the unused portion of the Class A-1 Commitment of each Class A-1 Noteholder.

If a Class A-1 Advance is prepaid on a Business Day other than a Payment Date, the Issuer shall pay to the Class A Note Agent (for disbursement to the Class A-1 Noteholders in proportion to their respective entitlements thereto) an amount (the "**Class A-1 Make Whole Amount**"),

which will be calculated on the amount so prepaid for the period from (and including) the date of such prepayment 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 (for Class A-1 Euro Advances) or a 365-day year (for Class A-1 Sterling Advances) and the actual number of days elapsed in the period from and including the relevant Class A-1 Prepayment Date to but excluding the next following Payment Date. The Class A-1 Make Whole Amount will be payable to the Class A-1 Noteholders in Euro (for Class A-1 Euro Advances) and Sterling (for Class A-1 Sterling Advances) in arrear on the next following Payment Date and will be paid *pro rata* with payments of interest on the Class A-2 Notes, any Class A-1 Euro Interest Amount, any Class A-1 Sterling Interest Amount, any Class A-1 Commitment Fee and any Class A-2 Commitment Fee.

Mandatory Reductions of the Aggregate Class A-1 Commitment

Upon any redemption of the Notes pursuant to Condition 7(b) (*Redemption at the Option of the Subordinated Noteholders*) or Condition 7(h) (*Redemption following Note Tax Event*), the Aggregate Class A-1 Commitment shall be reduced to zero on the applicable Redemption Date.

Upon any mandatory redemption of the Notes pursuant to Condition 7(c) (*Redemption upon Breach of Coverage Tests*), Condition 7(d) (*Special Redemption*) or Condition 7(f) (*Redemption upon Effective Date Rating Event*), the Aggregate Class A-1 Commitment shall be reduced to an aggregate amount equal to the sum of the Class A-1 Drawn Amount and the Class A-1 Allocated Commitment immediately following such mandatory redemption and with effect on and from the applicable Redemption Date the Class A-1 Commitment of each Class A-1 Noteholder shall be proportionately reduced.

To the extent specified pursuant to such Conditions, the available proceeds for redemption of Class A Notes (up to a maximum amount equal to the sum of the Principal Amount Outstanding of the Class A-2 Notes, the Class A-1 Drawn Amount and the Class A-1 Allocated Commitment) (the "**Class A Redemption Amount**") will be applied to the repayment of the Principal Amount Outstanding of the Class A-2 Notes and the Class A-1 Drawn Amount and the reduction of the Class A-1 Allocated Commitment (by depositing a commensurate amount in the Revolving Reserve Account) pursuant to the Priorities of Payments.

The amount to be applied in the repayment of the Class A-1 Drawn Amount or the reduction of the Class A-1 Allocated Commitment will be equal to the Class A Redemption Amount times a fraction whose numerator is (a) in the case of a repayment of the Class A-1 Drawn Amount, the Class A-1 Drawn Amount (with any Class A-1 Sterling Advances converted to Euro at the Current Spot Rate) and (b) in the case of a reduction of the Class A-1 Allocated Commitment, the Class A-1 Allocated Commitment, and whose denominator is the sum of the Principal Amount Outstanding of the Class A-2 Notes, the Class A-1 Drawn Amount (with Class A-1 Sterling Advances converted into Euro at the Current Spot Rate) and the Class A-1 Allocated Commitment (with the Class A-1 Allocated Commitment in respect of Sterling denominated Revolving Obligations or Delayed Drawdown Collateral Obligations converted into Euro at the Current Spot Rate), each before the reductions in connection with the repayment or reduction, as applicable.

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

Any Class A-1 Advances subsequently repaid thereafter shall also proportionately reduce and cancel the Class A-1 Commitments of each Class A-1 Noteholder and shall not be available to be redrawn by the Issuer. Any drawing on any Class A-1 Allocated Commitment shall increase the Class A-1 Drawn Amount and reduce the Class A-1 Allocated Commitment by the same amount.

Optional Reduction and Termination of the Aggregate Class A-1 Commitment

During the Reinvestment Period, the Issuer (on the advice of the Collateral Adviser) may at any time by notice to the Class A Note Agent reduce the Aggregate Class A-1 Unallocated Commitment (and the corresponding Class A-1 Commitment in respect of each Class A-1 Note) subject to (i) the determination by the Collateral Administrator (based on such information as available at such time to the Collateral Administrator and on which it may conclusively rely) that on the next Payment Date, the Issuer shall have sufficient funds to pay, in full, all amounts due to the holders of Senior Notes pursuant to the Priorities of Payments (and no reduction shall be permitted if there would be insufficient funds on such Payment Date to pay all such amounts in full); (ii) the consent of the Subordinated Noteholders acting by Ordinary Resolution, provided that the Class A/B Coverage Tests are satisfied (both immediately before and immediately after such reduction); and (iii) the amount of such reduction being less than the Class A-1 Undrawn Amount minus the aggregate Class A-1 Allocated Commitment. Each such reduction shall reduce the respective Class A-1 Unallocated Commitments proportionally to such Noteholder's Class A-1 Commitment.

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

Class A-1 Allocated Commitment

In the event that the Issuer (acting on the advice of the Collateral Adviser) acquires any Revolving 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 Obligation or Delayed Drawdown Collateral Obligation is paid into the Revolving Reserve Account in the currency thereof; and/or

(b) in the case of Revolving Obligations or Delayed Drawdown Collateral Obligations whose Base Currency is Euro or Sterling only, an amount of the Class A-1 Undrawn Amount (which is not already allocated as a Class A-1 Allocated Commitment) is reserved for allocation towards payment of such Unfunded Amounts in the future,

so that:

(i) in the case of Revolving Obligations or Delayed Drawdown Collateral Obligations whose Base Currency is Euro only, the aggregate of the Balance standing to the credit of the Revolving Reserve Account denominated in Euro and the aggregate Class A-1 Allocated Commitment allocated for Revolving Obligations or Delayed Drawdown Collateral Obligations denominated in Euro at least equals the aggregate of all Unfunded Amounts in respect of all Revolving Obligations and Delayed Drawdown Collateral Obligations whose Base Currency is Euro; and

(ii) in the case of Revolving Obligations or Delayed Drawdown Collateral Obligations whose Base Currency is Sterling only (other than any Asset Swap Obligations), the aggregate of the Balance standing to the credit of the Revolving Reserve Account denominated in Sterling and the aggregate Class A-1 Allocated Commitment designated for Revolving Obligations or Delayed Drawdown Collateral Obligations denominated in Sterling at least equals the aggregate of all Unfunded Amounts in respect of all Revolving Obligations and Delayed Drawdown Collateral Obligations whose Base Currency is Sterling.

In the event that any Class A-1 Commitment is allocated as a reserve to fund payment of such Unfunded Amounts, the Class A-1 Commitment available for all other purposes will be reduced accordingly. For the avoidance of doubt, the Issuer (acting on the advice of the Collateral Adviser) may not allocate any Class A-1 Allocated Commitment in respect of any Revolving Obligation or Delayed Drawdown Collateral Obligation if (a) the notice period to draw under such Revolving Obligation or Delayed Drawdown Collateral Obligation is less than the notice period required to make a Class A-1 Advance or (b) the Base Currency of such Revolving Obligation or Delayed Drawdown Obligation is not Euro or Sterling.

Where a Class A-1 Advance is drawn to deposit amounts relating to the Unfunded Amounts of a Revolving Obligation or a Delayed Drawdown Collateral Obligation into the Revolving Reserve Account, the Class A-1 Allocated Commitment designated in respect of such Revolving Obligation or Delayed Drawdown Collateral Obligation shall be reduced by a commensurate amount.

Class A-2 Notes

The Class A-2 Notes will be delayed draw Notes under which amounts (up to a maximum aggregate outstanding amount of €133,500,000, as reduced from time to time as described below (the "**Aggregate Class A-2 Commitment**")) may be borrowed up to the Class A-2 Final Funding Date. Pursuant to the Class A-2 Note Purchase Agreement, each Class A-2 Noteholder will be obligated to make Class A-2 Advances to the Issuer upon request, in an aggregate principal amount at any one time outstanding of up to the full amount of its Class A-2 Commitment. Class A-2 Advances may only be drawn in Euro.

The denomination of a Class A-2 Note is a Minimum Denomination of €5,000,000 and any denomination equal to one or more multiples of €1,000 in excess thereof.

The portion of a Class A-2 Advance applicable to each Class A-2 Note shall be proportionate to the share of the Aggregate Class A-2 Commitment represented by such Class A-2 Note.

Subject to compliance with the borrowing conditions set out in the Class A-2 Note Purchase Agreement, the proceeds of each Class A-2 Advance will be applied by the Issuer (on the advice of the Collateral Adviser) to acquire additional Collateral Debt Obligations. Class A-2 Advances may be applied in the purchase of Collateral Debt Obligations denominated in a Qualifying Currency, but where the Qualifying Currency is a currency other than Euro, such Collateral Debt Obligation shall be the subject of an Asset Swap Transaction.

On the Class A-2 Final Funding Date, the Class A-2 Noteholders will be required to make a Class A-2 Advance equal to the Class A-2 Commitment on such date and the Class A-2 Commitment shall be cancelled.

Interest on each Class A-2 Advance for each Class A-2 Interest Period will accrue at the rate per annum determined by the Class A Note Agent to be Applicable EURIBOR for such period plus 0.25 per cent. per annum. Interest on Class A-2 Advances up to the Class A-2 Consolidation Date 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(f) (*Interest on the Class A-1 Notes and, up to the Class A-2 Consolidation Date, the Class A-2 Notes*).

Each Class A-2 Advance in respect of the Class A-2 Notes bears interest from (and including) the relevant Class A-2 Advance Date and such interest will accrue until the last day of each Class A-2 Interest Period. Payment of interest on Class A-2 Advances will be made in arrear on the immediately succeeding Payment Date, subject to and in accordance with the Priorities of Payments on a basis that is *pari passu* with payments of interest on the Class A-1 Notes.

Class A-2 Commitment Fees

A commitment fee (the "**Class A-2 Commitment Fee**") will accrue on the average daily Class A-2 Undrawn Amount for each Interest Period at a rate per annum equal to 0.2 per cent. during such Interest Period on the basis of a 360-day year and the actual number of days elapsed. The Class A-2 Commitment Fee will be payable in Euro in arrear on each Payment Date prior to the Commitment Termination Date (and, upon receipt of the same by the Class A Note Agent from the Issuer, will be disbursed by the Class A Note Agent to the Class A-2 Noteholders in proportion to their respective entitlements thereto on such date) and will be paid in accordance with the Pari Passu Provisions with payments of interest on the Class A-2 Notes, any Class A-1 Euro Interest Amount, any Class A-1 Sterling Interest Amount, any Class A-1 Commitment Fee and any Class A-1 Make Whole Amount. Interest will accrue on any portion of the Class A-2 Commitment Fee that is not paid when due at the rate of interest then applicable to the Class A-2 Advances.

Additional Class A-2 Note Mechanics Related to Class A-2 Advances

On any Business Day prior to the Commitment Termination Date, the Issuer may (on the advice of the Collateral Adviser, acting pursuant to the Collateral Advisory Agreement) request, and the Class A-2 Noteholders if so requested shall make, Class A-2 Advances rateably on the Class A-2 Advance Date; *provided that* the following borrowing conditions are satisfied:

(i) such Class A-2 Advance together with (i) the amount of any other Class A-2 Advance the subject of a Class A-2 Advance Request that has not been drawn on such date and (ii) the Class A-2 Drawn Amount (immediately prior to the drawing of such Class A-2 Advance) will not exceed the Aggregate Class A-2 Commitment;

(ii) the Class A Note Agent shall have received an IM Class A-2 Advance Request, and each Class A-2 Noteholder shall have received a copy of such Class A-2 Advance Request which shall include the information required to be provided by, and be given in accordance with, Clause 2.3 (*Mechanics of Class A-2 Advances*) of the Class A-2 Note Purchase Agreement;

(iii) each of the Class A-2 Note Purchase Agreement, the Trust Deed and the Class A-2 Notes is in full force and effect;

(iv) all other conditions precedent to such Class A-2 Advance or issuance set out in the Class A-2 Note Purchase Agreement have been satisfied in all material respects (or waived pursuant to the terms thereof); and

(v) no Event of Default has occurred and is continuing.

Not later than 11:00 a.m. London time on the third Business Day prior to a proposed Class A-2 Advance Date, the Issuer (acting on the advice of the Collateral Adviser) will give notice to the Class A Note Agent (with a copy to the Trustee) of the Issuer's intention to effect a Class A-2 Advance (each, a "**IM Class A-2 Advance Request**") which notice shall include details of the Class A-2 Advance Date, the amount of such Class A-2 Advance and which shall also contain certifications from the Issuer that the conditions precedent set out in Clauses 5.2(a), (c), (d) and (e) (*Conditions to Class A-2 Advances*) of the Class A-2 Note Purchase Agreement in relation to the proposed Class A-2 Advance have been satisfied as at the date of such IM Class A-2 Advance Request. Each such IM Class A-2 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 Note Agent (with a copy to the Trustee) of a duly completed written IM Class A-2 Advance Request.

On the same Business Day as it receives the relevant IM Class A-2 Advance Request, the Class A Note Agent will prepare and forward a request to each Class A-2 Noteholder, by email and by fax (with a copy to the Trustee) (such request, the **Class A-2 Advance Request** and such date which shall be at least three Business Days prior to the relevant Class A-2 Advance Date, the **Class A-2 Advance Request Date**, provided that where such Class A-2 Advance Request is received by the relevant Class A-2 Noteholder on or after 3.00 p.m. (London time), the Class A-2 Advance Request Date shall be deemed to be the following Business Day). The Class A-2 Advance Request shall: (i) specify the Class A-2 Advance Date and the amount of such Class A 2 Advance (to be provided by the Issuer (acting on the advice of the Collateral Adviser)); (ii) specify the Applicable EURIBOR rate applicable to the first Class A-2 Interest Period, as applicable for such Class A-2 Advance; (iii) specify the business days applicable to such Class

A-2 Advance; (iv) contain an acknowledgment that the Class A Note Agent has received a certification from the Issuer that all of the conditions precedent set out in Clauses 5.2(a), (c), (d) and (e) (*Conditions to Class A-2 Advances*) of the Class A-2 Note Purchase Agreement in relation to the proposed Class A-2 Advance have been satisfied as at the Class A-2 Advance Request Date; (v) specify the maximum principal amount available to the Issuer to request to be advanced in Euro, prior to and immediately following such Class A-2 Advance (such information to be provided by the Class A Note Agent after receipt of the applicable IM Class A-2 Advance Request from the Issuer); and (vi) confirm or specify any other information from time to time agreed between the Class A-2 Noteholders, the Issuer (acting on the advice of the Collateral Adviser) and the Class A Note Agent.

Each Class A-2 Advance shall be in an aggregate amount of at least €500,000 (and integral multiples of €1,000 in excess thereof) or, if the unused portion of the Aggregate Class A-2 Commitment is less than €500,000, such lesser amount. Each Class A-2 Noteholder shall make each Class A-2 Advance to be made by it hereunder by wire transfer in immediately available funds by 10.00 a.m. London time on the Class A-2 Advance Date to the account designated by the Issuer for such purpose by notice to the Class A-2 Noteholders, which shall be the Principal Account or, in the case of a Class A-2 Advance drawn prior to the expiry of the Initial Investment Period, the Unused Proceeds Account.

Class A Noteholders

At all times prior to the later of the Commitment Termination Date and the date on which no Class A-1 Allocated Commitment (in the case of the Class A-1 Notes) or Class A-2 Commitment (in the case of the Class A-2 Notes) is outstanding, each Class A Noteholder and prospective transferee of a Class A Note will be required to satisfy the Rating Requirement.

If any Class A Noteholder or any Committed Facility Provider fails to satisfy the Rating Requirement prior to the Commitment Termination Date, it shall either at its sole expense: (i) (in the case of a Class A Noteholder or a Committed Facility Provider) transfer all of its rights and obligations in respect of the Class A Notes held by it to an entity that meets such Rating Requirement, (ii) (in the case of a Class A Noteholder or a Committed Facility Provider) within 30 calendar days thereafter deposit or cause to be deposited Eligible Collateral in an amount equal to the related Class A Noteholder's undrawn Class A-1 Commitment or, as the case may be, Class A-2 Commitment in an account with the Account Bank (the "**Class A Collateralising Noteholder Account**"), (iii) (in the case of a Class A Noteholder or a Committed Facility Provider) subject to receipt of Rating Agency Confirmation, have its obligations guaranteed by an entity which satisfies the Rating Requirement or (iv) (solely in the case of a Class A Noteholder) subject to receipt of Rating Agency Confirmation, enter into a Class A Committed Facility with a Committed Facility Provider which satisfies the Rating Requirement.

If a Class A Noteholder fails to remedy such breach of the Rating Requirement as described above within 30 calendar days, the Issuer has the right to replace such Class A Noteholder with respect thereto with another entity that meets the Rating Requirement.

The Class A Noteholder being replaced will bear all administrative and similar costs of effecting such a transfer, but will not be required to pay a premium or accept a discount (other than a

premium or discount arising as a result of changes in the market price of the Class A Notes) in connection with another party acquiring such Class A Noteholder's Class A Notes.

The purchase of Class A Notes (whether in connection with the initial placement or in a subsequent transfer) by any purchaser who does not satisfy the Rating Requirement set forth in Condition 1 (*Definitions*) at the time of such purchase but who is then entitled to the benefits of a Class A Committed Facility also described in such definition will not be permitted unless such Committed Facility Provider itself satisfies the Rating Requirement and enters into an assignment and acceptance agreement agreeing to undertake and be bound by the provisions of the Class A-1 Note Purchase Agreement or the Class A-2 Note Purchase Agreement, as applicable thereto.

TAX CONSIDERATIONS

1. General

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. Luxembourg Taxation

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*impôt de solidarité*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Holders of Notes

Withholding Tax

(i) **Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the "**June Laws**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the June Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the June Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period starting 1 July 2005, at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the June Laws would at present be subject to withholding tax of 15 per cent.

(ii) **Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the "**December Law**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the December Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the December Law would be subject to withholding tax of 10 per cent.

Income Taxation

(iii) **Non-resident holders of Notes**

A non-resident holder of Notes, not having a permanent establishment or permanent representative in Luxembourg to which such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realised by such non-resident holder of Notes on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate holder of Notes or an individual holder of Notes acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which such Notes are attributable, is subject to

Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realised upon the sale or disposal, in any form whatsoever, of the Notes.

(iv) **Resident holders of Notes**

A corporate holder of Notes must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes. The same inclusion applies to an individual holder of Notes, acting in the course of the management of a professional or business undertaking.

A holder of Notes that is governed by the law of 31 July 1929, on pure holding companies, as amended, or by the laws of 30 March 1988 and 20 December 2002 on undertakings for collective investment, as amended, is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Notes.

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the Notes, except if withholding tax has been levied on such payments in accordance with the December Law. A gain realised by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if withholding tax has been levied on such interest in accordance with the December Law.

Net Wealth Taxation

A corporate holder of Notes, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the holder of Notes is governed by the law of 31 July 1929 on pure holding companies, as amended, or by the laws of 30 March 1988 and 20 December 2002 on undertakings for collective investment, as amended, or is a securitisation company governed by the law of 22 March 2004 on securitisation, or a capital company governed by the law of 15 June 2004 on venture capital vehicles.

An individual holder of Notes, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

Other Taxes

Neither the issuance nor the transfer of Notes will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed or recorded in Luxembourg.

3. **U.S. Federal Income Taxation**

To ensure compliance with Internal Revenue Service Circular 230, investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this Prospectus is not intended or written to be used, and cannot be used, by investors for the purpose of avoiding penalties that may be imposed on them under the Code; (b) such discussion is written to support the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax adviser.

General

The following is a general summary of certain material U.S. federal income tax consequences that may be relevant with respect to the purchase, ownership and disposition of the Notes. This summary addresses only the U.S. federal income tax considerations of holders who purchase the Notes in the original offering at the original issue price and that will hold the Notes as capital assets. It is not a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes. In particular, this summary does not address tax considerations applicable to holders that are subject to special tax rules, including, without limitation, the following (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in securities or currencies or notional principal contracts; (iv) tax-exempt entities; (v) regulated investment companies; (vi) real estate investment trusts; (vii) Persons that will hold the Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic security" or other integrated transaction for U.S. federal income tax purposes; (viii) partnerships or pass-through entities or Persons who hold the Notes through partnerships or other pass-through entities; (ix) Persons that own (or are deemed to own) 10 per cent. or more of the voting shares (or interests treated as equity) of the Issuer); (x) Persons (or their "qualified business units") that have a "functional currency" other than the U.S. dollar; and (xi) certain U.S. expatriates and former long-term residents of the United States. Further, this summary does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a holder of the Notes. This summary also does not describe any tax consequences arising under the laws of any taxing jurisdiction other than the federal income tax laws of the U.S. federal government.

This summary is based on the Code, U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date of this Prospectus. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

For the purposes of this summary, a "**U.S. Holder**" is a beneficial owner of the Notes that is, for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation or other entity treated as a corporation, created or organised in or under the laws of the United States or any state thereof (including the District of Columbia); (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. Persons have the authority to control all of the substantial decisions of such trust or (y) it has a valid election in effect under the applicable Treasury Regulations to be treated as a U.S. Person. A "**Non-U.S. Holder**" is a beneficial owner of the Notes that is not a U.S. Holder. If a partnership or other pass-through entity taxable as a partnership holds the Notes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. A partner of a partnership holding the Notes should consult its own tax adviser.

No rulings have been sought from the United States Internal Revenue Service (the "**IRS**") regarding the matters discussed herein and there can be no assurance that the IRS or the courts will agree with the conclusions expressed. This discussion is a general summary and does not cover all tax matters that may be important to a particular investor. **Prospective investors should consult their own tax advisers regarding the proper treatment of the Notes for U.S. federal income tax purposes and the tax consequences of an investment in the Notes under the federal, state and local laws of the United States and any other jurisdiction where the investor may be subject to taxation with respect to their particular situation.**

Taxation of the Issuer

The Issuer will be treated as a foreign corporation for U.S. federal income tax purposes. Subject to the assumptions and qualifications contained therein, upon issuance of the Notes Allen & Overy LLP ("**U.S. Tax Counsel**") will provide an opinion as of the Closing Date that although there is no authority directly addressing activities closely comparable to that contemplated by the Issuer, the Issuer will not be treated as engaged in a trade or business within the United States solely as a result of the transactions contemplated herein. The opinion is based on (i) covenants made by the Issuer, the Collateral Adviser and any of their agents in the Transaction Documents, and (ii) the assumption that the Issuer, the Collateral Adviser and other transaction parties will comply with the terms of the Collateral Advisory Agreement and other relevant Transaction Documents and adopt certain operating procedures designed to reduce the risk that the Issuer will be deemed to be engaged in a trade or business within the United States. In interpreting and complying with the Transaction Documents, the Issuer and the Collateral Adviser are entitled to rely upon the advice and/or opinions of their counsel. The aforementioned opinion of U.S. Tax Counsel will assume that any such advice and/or opinions (other than such opinion of U.S. Tax Counsel) are correct and complete. An opinion of legal counsel is not binding on the IRS or the courts, and accordingly, it is possible that the IRS or the courts could disagree with U.S. Tax Counsel's conclusion. If, notwithstanding U.S. Tax Counsel's opinion, it were

determined that the Issuer was engaged in a U.S. trade or business and had taxable income that is effectively connected with such U.S. trade or business, the Issuer would be subject to substantial U.S. federal income taxes, the imposition of which would materially impair its ability to make payments on the Notes and could materially affect the yield of the Notes. In addition, the imposition of such taxes could constitute a Collateral Tax Event. See "*Terms and Conditions of the Notes - Collateral Tax Event*".

The Issuer intends to acquire Collateral Obligations the interest on which, and any gain from the sale or disposition thereof, is expected not to be subject to U.S. federal withholding tax or withholding tax imposed by other countries (unless subject to being "grossed up"). In this regard, the Issuer is permitted to acquire a particular Collateral Debt Obligation only if the payments thereon are exempt from U.S. withholding taxes at the time of purchase or commitment to purchase (with the exception of commitment fees associated with Collateral Debt Obligations constituting Revolving Obligations or Delayed Drawdown Collateral Obligations) or the obligor is required to make "gross-up" payments that offset fully any such tax on any such payments. Any commitment fees associated with Collateral Debt Obligations constituting Revolving Obligations or Delayed Drawdown Collateral Obligations and any distribution with respect to equity securities may be subject to U.S. withholding tax, which would reduce the Issuer's net income from such investments. With respect to the Interest Rate Hedge Agreement and the Currency Hedge Agreement, pursuant to the Trust Deed, the Interest Rate Hedge Agreement and the Currency Hedge Agreement, the Issuer (or the Trustee on behalf of the Issuer) shall deliver or cause to be delivered an IRS Form W-8BEN for the Issuer, or successor applicable form or other appropriate U.S. tax forms as may be required, to the Interest Rate Hedge Counterparty and the Currency Hedge Counterparty at the time the Interest Rate Hedge Agreement and the Currency Hedge Agreement are entered into and thereafter prior to the expiration or obsolescence of such form. If the Issuer provides the relevant IRS form, under current law, no U.S. federal withholding or backup withholding taxes should be required to be deducted or withheld from payments by the Interest Rate Hedge Counterparty or the Currency Hedge Counterparty to the Issuer. In addition, pursuant to the Interest Rate Hedge Agreement and the Currency Hedge Agreement, the Interest Rate Hedge Counterparty and the Currency Hedge Counterparty, respectively, will provide an IRS Form W-9 to the Issuer at the time the Interest Rate Hedge Agreement and the Currency Hedge Agreement are entered into and thereafter prior to the expiration or obsolescence of such form. If each of the Interest Rate Hedge Counterparty and the Currency Hedge Counterparty provides this form, under current law, no U.S. federal withholding or backup withholding taxes should be required to be deducted or withheld from payments by the Issuer to the Interest Rate Hedge Counterparty or the Currency Hedge Counterparty.

In addition, the Issuer does not anticipate that it will otherwise derive material amounts of any other items of income that would be subject to U.S. withholding taxes. However, there can be no assurance that income derived by the Issuer will not generally become subject to U.S. withholding tax as a result of a change in U.S. tax law or administrative practice, procedure, or interpretations thereof. Any change in U.S. tax law or administrative practice, procedure, or interpretations thereof resulting in the

income of the Issuer becoming subject to U.S. withholding taxes could constitute a Collateral Tax Event or a Note Tax Event.

If the Issuer is a CFC (defined below), the Issuer would incur U.S. withholding tax on interest received from a related U.S. Person. Additionally, while it is anticipated that payments received in respect of swaps are not subject to U.S. federal withholding tax, it should be noted that the tax treatment of credit default swaps is uncertain as the IRS is currently studying this issue and may ultimately promulgate rules that would adversely impact the Issuer. It is also anticipated that the Issuer will acquire Collateral Debt Obligations that consist of obligations of non-U.S. issuers. In this regard, the Issuer may only acquire a particular Collateral Debt Obligation if either the payments thereon are not subject to foreign withholding tax (with the exception of commitment fees associated with Collateral Debt Obligations constituting Revolving Obligations and Delayed Drawdown Collateral Obligations) or the obligor of the Collateral Debt Obligation is required to make "gross-up" payments.

If withholding or deduction of any taxes from payments is required by law in any jurisdiction, the Issuer shall be under no obligation to make any additional payments to the holders of any Notes in respect of such withholding or deduction.

Taxation of U.S. Holder of Senior Notes

Characterisation of Senior Notes. The proper U.S. federal income tax treatment of the Notes will depend upon whether the Notes are classified as debt or equity for U.S. federal income tax purposes. However, there are no authorities addressing similar transactions involving instruments issued by an entity with terms similar to those of the Notes. As a result, certain aspects of the U.S. federal income tax consequences of an investment in the Notes are not certain.. The Issuer intends, and each holder, by purchasing the Senior Notes, agrees, to treat such Senior Notes as indebtedness for U.S. federal income tax purposes. Upon the issuance of the Notes, U.S. Tax Counsel will deliver an opinion generally to the effect that, although there is no statutory, judicial or administrative authority directly addressing the characterisation of the Notes for U.S. federal income tax purposes, the Class A Notes, Class B Notes, Class C Notes and Class D Notes will, and the Class E Notes should, when issued, be treated as indebtedness for U.S. federal income taxation purposes. Such opinion will not be binding upon the IRS or the courts, and no ruling will be sought from the IRS regarding this, or any other, aspect of the U.S. federal income tax treatment of the Senior Notes. Accordingly, there can be no assurances that the IRS will not contend, and that a court will not ultimately hold, that any of the Classes of Senior Notes are equity in the Issuer or that any of the other items discussed below are treated differently. If any of the Senior Notes were treated as equity in the Issuer for U.S. federal income tax purposes, there might be adverse tax consequences upon the sale, exchange, or other disposition of, or the receipt of certain types of distributions on, such Notes by a U.S. Holder as discussed under "*Alternative Characterisation of the Senior Notes*", below.

With regard to the characterisation for U.S. federal income tax purposes of the Notes issued after the Initial Closing Date, prospective investors should note that the

characterisation of an instrument as debt or equity for U.S. federal income tax purposes is highly factual and must be based on the applicable law and the facts and circumstances existing at the time such instrument is issued and material changes from those existing on the Initial Closing Date (e.g., a material decline in the value of the Issuer's assets, a material adverse change in the Issuer's ability to repay the Notes previously issued, and/or a material decline in the proportion of the Subordinated Notes) could affect the characterisation of the Notes issued after (but not before) such changes.

Except as otherwise stated, the discussion below assumes that the Senior Notes will be treated as indebtedness for U.S. federal income tax purposes.

Payments of Interest or Original Issue Discount. Generally, stated interest on a Senior Note that is considered "unconditionally payable" (as described below) will be ordinary income taxable to a U.S. Holder when received or accrued in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes. Such interest income will be treated as foreign source income for foreign tax credit purposes. The Class A-1 Commitment Fee will be includible as ordinary income by a U.S. Holder in accordance with its regular method of accounting. If the "stated redemption price at maturity" ("**SRPM**") of a Senior Note exceeds the "issue price" of such Senior Note by more than a "de minimis amount", then the excess of SRPM over the issue price will generally constitute original issue discount ("**OID**"). The SRPM of a debt instrument is generally the sum of all payments provided by the debt instrument other than "qualified stated interest" payments. The "**issue price**" is the first price at which a substantial amount of a debt instrument is sold to the public (excluding bond houses, brokers, underwriters, placement agents, and wholesalers). The de minimis amount is any amount less than one-fourth of one per cent. of a debt instrument's SRPM multiplied by the number of complete years to maturity from the issue date of such debt instrument. "**Qualified stated interest**" is generally interest paid on a debt instrument that is unconditionally payable at least annually at a single fixed rate.

The Treasury Regulations provide that, for purposes of determining whether a debt instrument is issued with OID, stated interest must be included in the SRPM of the debt instrument if such interest is not "unconditionally payable". Interest is considered "unconditionally payable" if reasonable legal remedies exist to compel timely payment or the terms and conditions of the debt instrument make the likelihood of late payment (other than late payment that occurs within a reasonable grace period) or non-payment (ignoring the possibility of non-payment due to default, insolvency or similar circumstances) a remote contingency. The Issuer intends, pursuant to its interpretation of the foregoing rules, to take the position that payments of interest on the Class A Notes and Class B Notes are unconditionally payable, and thus not included in the SRPM of such Class A Notes and Class B Notes and should be treated as "qualified stated interest". Because the interest payments on the Class C Notes, Class D Notes and Class E Notes are subject to deferral (and the possibility of deferral may not be remote), the Issuer intends to take the position that all interest (including interest on accrued but unpaid interest) payable on the Class C Notes, Class D and Class E Notes should be

included in the SRPM and the Class C Notes, Class D Notes and Class E Notes should be treated as issued with OID. However, because there is no authority addressing when the likelihood of a contingency such as the deferral of interest should be considered not "remote", there can be no assurance the IRS will agree with this position.

The U.S. federal income tax treatment of the Class C Notes, Class D Notes and the Class E Notes under the OID rules is not clear. If the Class C Notes, Class D Notes and the Class E Notes are issued at an issue price equal to their principal amount, the Issuer intends not to calculate OID under the PAC Method referred to below, and instead to take the position that the amount of OID that accrues on such Class C Notes, Class D Notes and Class E Notes in each accrual period is equal to the amount of interest (including any Deferred Interest with respect to the Class C Notes, Class D Notes and the Class E Notes) that accrues on such Class C Notes, Class D Notes and Class E Notes during such period. A U.S. Holder of such Class of Notes issued with OID will be required to accrue and include in gross income the sum of the daily portions of total OID on such Notes for each day during the taxable year on which the U.S. Holder held such Notes, generally under a constant yield method, regardless of such U.S. Holder's usual method of accounting for U.S. federal income tax purposes. In the case of Notes that provide for a floating rate of interest, the amount of OID to be accrued over the term of such Notes will be based initially on the assumption that the floating rate in effect for the first accrual period of the Notes will remain constant throughout their term. To the extent such rate varies with respect to any accrual period, such variation will be reflected in an increase or decrease of the amount of OID accrued for such period. Under the foregoing method, U.S. Holders of the Class C Notes, the Class D Notes and the Class E Notes may be required to include in gross income increasingly greater amounts of OID and may be required to include OID in advance of the receipt of cash attributable to such income.

If the Class C Notes, Class D Notes and/or the Class E Notes are issued at an issue price different to their principal amount, in including stated interest in the SRPM of the Class C Notes, Class D Notes and the Class E Notes, the Issuer intends, absent definitive guidance, to treat the Class C Notes, Class D Notes and the Class E Notes as subject to an income accrual method analogous to the methods applicable to debt instruments having payments that are contingent as to amount but not as to time and debt instruments whose payments are subject to acceleration (prescribed by Section 1272(a)(6) of the Code) using an assumption as to the expected prepayments on the Class C Notes, Class D Notes and/or the Class E Notes (the "**PAC Method**"). As such, accruals of any such additional OID will generally be based upon the weighted average life of such Class C Notes, Class D Notes and/or Class E Notes rather than the stated maturity.

Special Treasury Regulations govern the calculation of OID on instruments (including non-U.S. dollar denominated debt instruments) having contingent interest payments. The Issuer does not believe the Class C Notes, the Class D Notes and the Class E Notes will be treated as contingent payment debt instruments. In the event, however, that the Class C Notes, the Class D Notes and the Class E Notes are treated as contingent

payment debt instruments, the Issuer will use the non-contingent bond method for determining the amount of OID.

Investors should consult their own tax advisers regarding the application of the OID rules to the Class C Notes, Class D Notes and the Class E Notes (and the tax characterisation and treatment of payments on such Class C, Class D and Class E Notes.)

Generally, a U.S. Holder utilising the cash method of accounting for U.S. federal income tax purposes that receives an interest payment denominated in a currency other than the U.S. dollar (a "**foreign currency**") will be required to include in income the U.S. dollar value of that interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder is required to include in income the U.S. dollar value of the amount of interest income accrued on a Senior Note during the accrual period. An accrual basis U.S. Holder may determine the amount of the interest income to be recognised in accordance with either of two methods. Under the first accrual method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, the part of the period within the taxable year. Under the second accrual method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. If the last day of the accrual period is within five business days of the date the interest payment is actually received, an electing accrual basis U.S. Holder may instead translate that interest payment at the exchange rate in effect on the day of actual receipt. Any election to use the second accrual method will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and will be irrevocable without the consent of the IRS.

A U.S. Holder utilising either of the foregoing two accrual methods will recognise ordinary income or loss with respect to accrued interest income on the date of receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale, exchange or retirement of a Senior Note). The amount of ordinary income or loss will equal the difference between the U.S. dollar value of the interest payment received (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during that accrual period (as determined under the accrual method utilised by the U.S. Holder).

The Issuer intends to take the position that OID for any accrual period on a Note will be determined in Euro and then translated into U.S. Dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. As described above, however, the treatment of Notes issued with OID is subject to uncertainty, and it is possible that different rules would apply. Applying this method, all payments on a Note (other than payments of qualified stated interest) will generally be viewed first as

payments of previously-accrued OID (to the extent thereof), with payments attributed first to the earliest-accrued OID, and then as payments of principal. Upon receipt of a payment attributable to OID (whether in connection with a payment of interest or on the sale, exchange, redemption, retirement or other taxable disposition of a Note), a U.S. Holder may recognise exchange gain or loss as described above with respect to accrued interest income. Any such exchange gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income, and will generally be treated as U.S. source income or loss, respectively.

Sale, Exchange or Retirement of the Senior Notes. A U.S. Holder's tax basis in a Senior Note will generally equal its "U.S. dollar cost", plus any accrued OID, reduced by the amount of any payments received by the U.S. Holder with respect to the Senior Note that are not qualified stated interest payments. The "**U.S. dollar cost**" of a Senior Note purchased with a foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Senior Notes traded on an established securities market (as defined in the applicable U.S. Treasury Regulations) that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

A U.S. Holder will generally recognise gain or loss on the sale, exchange or retirement of a Senior Note equal to the difference between the amount realised and the tax basis of the Senior Note. That gain or loss will be a capital gain or loss and generally will be treated as from sources within the United States. The amount realised on the sale, exchange or retirement of a Senior Note for an amount in foreign currency will be the U.S. dollar value of that amount on (i) the date the payment is received in the case of a cash basis U.S. Holder, (ii) the date of disposition in the case of an accrual basis U.S. Holder, or (iii) in the case of a Senior Note traded on an established securities market (as defined in the applicable U.S. Treasury Regulations), that is sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Gain or loss recognised by a U.S. Holder on the sale, exchange or retirement of a Senior Note that is attributable to changes in currency exchange rates will be ordinary income or loss and will be characterised as principal exchange gain or loss (and not as interest income or expense). Principal exchange gain or loss will equal the difference between the U.S. dollar value of the U.S. Holder's purchase price of the Senior Note in foreign currency determined on the date of the sale, exchange or retirement, and the U.S. dollar value of the U.S. Holder's purchase price of the Senior Note in foreign currency determined on the date the U.S. Holder acquired the Senior Note. The foregoing foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of the Senior Note, and will generally be treated as from sources within the United States for U.S. foreign tax credit limitation purposes.

Any gain or loss recognised by a U.S. Holder in excess of foreign currency gain recognised on the sale, exchange or retirement of a Senior Note would generally be U.S. source capital gain or loss (except to the extent such amounts are attributable to accrued but unpaid interest or subject to the general rules governing contingent payment

obligations). Prospective investors should consult their own tax advisers with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers that are individuals, trusts or estates and that held the Senior Notes for more than one year) and capital losses (the deductibility of which is subject to limitations).

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a Senior Note equal to the U.S. dollar value of the foreign currency at the time of the sale, exchange or retirement. Gain or loss, if any, realised by a U.S. Holder on a sale or other disposition of such foreign currency will be ordinary income or loss and will generally be income from sources within the United States for foreign tax credit limitation purposes.

Alternative Characterisation of the Senior Notes. Notwithstanding U.S. Tax Counsel's opinion, U.S. Holders should recognise that there is some uncertainty regarding the appropriate classification of instruments such as the Senior Notes. It is possible, for example, that the IRS may contend that a class of Senior Notes should be treated as equity interests (or as part debt, part equity) in the Issuer. Such a recharacterisation might result in material adverse tax consequences to U.S. Holders. If U.S. Holders of a Class of Senior Notes were treated as owning equity interests in the Issuer, interest payments would be treated as dividends (to the extent of current and accumulated earnings). Further, while not certain, interest on such Senior Notes might accrue (as dividends) prior to payment in a manner akin to the accrual of OID. No dividends received deduction would apply to any of those dividends nor would they qualify for the 15% maximum tax rate applicable to certain dividends received by non-corporate taxpayers. In addition, a U.S. Holder of a Senior Note treated as equity would be treated as owning an equity interest in a passive foreign investment company ("**PFIC**") or possibly a controlled foreign corporation ("**CFC**") for U.S. federal income tax purposes and, as such, could be subject to adverse tax consequences upon the sale, exchange, retirement or other disposition of, or the receipt of certain types of distributions on, such Note. In addition, the Issuer's income, gain or loss, as determined for U.S. federal income tax purposes, could impact the recognition of income, gain or loss with respect to such recharacterised Notes by a U.S. Holder for U.S. federal income tax purposes. In order to avoid the application of the PFIC rules, each U.S. Holder should consider making (and consult with its tax advisers regarding the procedures for and the effectiveness and usefulness of making) a qualified electing fund election (the "**QEF election**") provided in Section 1295 of the Code on a "protective" basis (although such protective election may not be respected by the IRS because current regulations do not specifically authorise that particular election). **Investors should consult their own tax advisers regarding the potential alternative characterizations of the Senior Notes and the consequences of any such recharacterisation and should also carefully review the discussion below under "*Taxation of U.S. Holders of Subordinated Notes*".**

Taxation of U.S. Holders of Subordinated Notes

Although issued in the form of debt, given the subordination level and capital structure of the Issuer and other terms of Subordinated Notes, the Issuer intends, and by purchasing the Subordinated Notes, the U.S. Holders of the Subordinated Notes agree, to treat, in the absence of an administrative determination or judicial ruling to the contrary, the Subordinated Notes as equity interests in the Issuer for U.S. federal income tax purposes. As a result, a U.S. Holder of a Subordinated Note would be treated as owning an equity interest in a PFIC for U.S. federal income tax purposes. Accordingly, a U.S. Holder of a Subordinated Note may be subject to adverse tax consequences upon the sale, exchange, retirement or other disposition of, or the receipt of certain types of distributions on, such Subordinated Note. In addition, the Issuer's income, gain or loss, as determined for U.S. federal income tax purposes, could impact the recognition of income, gain or loss with respect to the Subordinated Notes by a U.S. Holder for U.S. federal income tax purposes. **Prospective investors should consult their own tax advisers about the U.S. federal income tax consequences of a U.S. Holder owning equity interests in a PFIC.**

Distributions. Subject to the PFIC and CFC rules discussed below, the gross amount of any distribution by the Issuer of cash or property (including any amounts withheld in respect of any applicable withholding tax) actually or constructively received by a U.S. Holder with respect to Subordinated Notes treated as an equity interest in the Issuer for U.S. federal income tax purposes will be taxable to a U.S. Holder as a dividend to the extent of the Issuer's current and accumulated earnings and profits as determined under U.S. federal income tax principles. Distributions in excess of earnings and profits will be non-taxable to the U.S. Holder to the extent of, and will be applied against and reduce, the U.S. Holder's adjusted tax basis in the Subordinated Notes. Distributions in excess of earnings and profits and such adjusted tax basis will generally be taxable to the U.S. Holder as capital gain from the sale or exchange of property. The amount of any distribution of property other than cash will be the fair market value of that property on the date of distribution. Distributions on the Subordinated Notes will not be eligible for the reduced income tax rate applicable to certain U.S. non-corporate shareholders that receive "qualified dividends" paid by U.S. corporations and "qualified foreign corporations", nor will they be eligible for the dividends-received deduction in the case of U.S. corporate shareholders. Distributions received by a U.S. Holder with respect to Subordinated Notes will be treated as foreign source income for the purpose of calculating that U.S. Holder's foreign tax credit limitation. Subject to certain conditions and limitations, foreign country income tax withheld on dividends may be deducted from taxable income or credited against a U.S. Holder's U.S. federal income tax liability. However, if U.S. Holders collectively own (directly or constructively) 50 per cent. or more (measured by vote or value) of the Subordinated Notes, a percentage of the dividend income equal to the proportion of the Issuer's earnings and profits from sources within the United States generally will be treated as income from sources within the United States for such purposes. **The rules regarding the calculation of foreign tax credits and the timing thereof are complex. U.S. Holders should consult their own tax advisers as to the availability of a foreign tax credit in their particular situation.**

Distributions paid in a foreign currency will be translated into a U.S. dollar amount based on the spot rate of exchange in effect on the date of receipt whether or not the payment is converted into U.S. dollars at that time. A U.S. Holder will recognise exchange gain or loss with respect to distributions of previously taxed amounts attributable to movements in exchange rates between the times of the deemed distributions and actual distributions, and any such exchange gain or loss will be treated as ordinary income from the same source as the associated income inclusion. The tax basis of the foreign currency received by a U.S. Holder generally will equal the U.S. dollar value of the foreign currency determined at the spot rate of exchange in effect on the date the foreign currency is received, regardless of whether the payment is converted into U.S. dollars at that time. Any gain or loss recognised on a subsequent conversion of the foreign currency for U.S. dollars, in an amount equal to the difference between the U.S. dollars received and the U.S. Holder's tax basis in the foreign currency, generally will be U.S. source ordinary income or loss.

Sale, Exchange or Retirement of the Subordinated Notes. Subject to the PFIC and CFC rules discussed below, a U.S. Holder generally will recognise gain or loss for U.S. federal income tax purposes upon the sale, exchange or retirement of Subordinated Notes in an amount equal to the difference between the amount realised from that sale, exchange or retirement and the U.S. Holder's adjusted tax basis for such Subordinated Notes. That gain or loss will be a capital gain or loss and generally will be treated as from sources within the United States. Prospective investors should consult their own tax advisers with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers that are individuals, trusts or estates and that held the Subordinated Notes for more than one year) and capital losses (the deductibility of which is subject to limitations).

A U.S. Holder that receives foreign currency on the sale or other disposition of Subordinated Notes will realise an amount equal to the U.S. dollar value of the foreign currency on the date of sale (or in the case of cash basis and electing accrual basis taxpayers where the Subordinated Notes are traded on an established securities market, the U.S. dollar value of the foreign currency on the settlement date). If a U.S. Holder receives foreign currency upon a sale, exchange or retirement of Subordinated Notes, the gain or loss, if any, recognised on the subsequent sale, conversion or disposition of such foreign currency will be ordinary income or loss, and will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. However, if such foreign currency is converted into U.S. dollars on the date received by the U.S. Holder, a cash basis or electing accrual U.S. Holder should not recognise any gain or loss on such conversion.

Redemption of Subordinated Notes. The redemption of Subordinated Notes by the Issuer will be treated as a sale of the redeemed Subordinated Notes by the U.S. Holder (which is taxable as described above under "*Sale, Exchange or Retirement of the Subordinated Notes*") or, in certain circumstances, as a distribution to the U.S. Holder (which is taxable as described above under "*Distributions*").

PFIC Considerations. The Issuer will be a PFIC for U.S. federal income tax purposes. Accordingly, U.S. Holders of Subordinated Notes (other than certain U.S. Holders that may be subject to the rules pertaining to a CFC with respect to the Issuer as described below) will be treated as owning stock in a PFIC. Upon receipt of a distribution on, or sale of, Subordinated Notes, a U.S. Holder will be required to allocate to each day in its holding period with respect to the Subordinated Notes, a *pro rata* portion of any distributions received on the Subordinated Notes which are treated as an "excess distribution" (generally, any gain on the disposition of Subordinated Notes and any distributions received by the U.S. Holder on the Subordinated Notes in a taxable year that are greater than 125 per cent. of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the Subordinated Notes). Because the Subordinated Notes do not provide for a payment of stated interest, it is possible that a U.S. Holder will receive "excess distributions" as a result of fluctuations in the amount of available funds on each Payment Date over the term of the Subordinated Notes. Any amount of an excess distribution (which term includes gain on the sale of Subordinated Notes) treated as allocable to a prior taxable year will be subject to U.S. federal income tax at the highest applicable rate for the year in question, plus a non-deductible interest charge on the amount of tax deemed to be deferred. A U.S. Holder of Subordinated Notes will generally be subject to similar rules with respect to distributions to the Issuer by, and dispositions by the Issuer of the stock of, any direct or indirect subsidiaries of the Issuer that are also PFICs.

QEF Election. The foregoing rules with respect to distributions and dispositions may be avoided if a U.S. Holder of Subordinated Notes is eligible for and timely makes a valid QEF election. A U.S. Holder that makes a QEF election will be required in each taxable year to include (a) as long-term capital gain its *pro rata* share of the Issuer's net capital gain (i.e., the excess of net long-term capital gain over net short-term capital loss for the Issuer's taxable year ending with or within the U.S. Holder's taxable year) and (b) as ordinary income its *pro rata* share of the Issuer's ordinary earnings (i.e., the excess of current earnings and profits for such taxable year over such net capital gain), regardless of whether the Issuer distributes such amounts to the U.S. Holder. For this purpose, a U.S. Holder's *pro rata* share of the Issuer's ordinary income and net capital gain is the amount which would have been distributed to the U.S. Holder if, on each day during its taxable year, the Issuer had distributed to each U.S. Holder of an equity interest a *pro rata* share of that day's *pro rata* share of the Issuer's ordinary earnings and net capital gain for such year. In addition, any losses in a taxable year will not be available to the U.S. Holder and may not be carried back or forward in computing the Issuer's ordinary earnings and net capital gain in other taxable years.

A U.S. Holder that makes a QEF election in respect of the Subordinated Notes will recognise the taxable amount of the Issuer's earnings as determined in the functional currency of the Issuer and translated into U.S. dollars by the average exchange rate for the taxable year of the Issuer. A U.S. Holder that has paid tax on the undistributed earnings of the Issuer pursuant to a QEF election inclusion shall receive distributions from the Issuer tax-free up to the amount of the previously taxed earnings. The tax-free

amount is determined in the functional currency of the Issuer and is translated into dollars at the spot exchange rate on the date of distribution. Differences between the amount taxed and the amount distributed that result from fluctuations in the exchange rate are taxable as ordinary income or loss from the same sources as the associated income inclusion. A U.S. Holder will not be eligible for the dividends received deduction in respect of such income or gain.

The Issuer's income, gain or loss, as determined for U.S. federal income tax purposes, could impact the U.S. Holder's recognition of income, gain or loss for U.S. federal income tax purposes where such holder has made a QEF election. In certain cases in which a QEF does not distribute all its earnings in a taxable year, U.S. Holders may also be permitted to elect to defer payment of some or all of the taxes on the QEF's income subject to an interest charge on the deferred amount. In this respect, prospective purchasers of Subordinated Notes should be aware that the Issuer may have ordinary earnings and gains from its investments, but the receipt of cash attributable to such earnings may be deferred, perhaps for a substantial period of time. In addition, the Issuer may use interest and other income from the Collateral Debt Obligations to purchase additional Collateral Debt Obligations or to retire the Notes. Thus, absent an election to defer payment of taxes, U.S. Holders of the Issuer that make a QEF election may owe tax on significant "phantom" income. In addition, in the event that any portion of a Class of Senior Notes is not fully paid upon maturity, the Issuer in some circumstances may recognise income without any corresponding offsetting losses (due to tax character differences or otherwise). In such circumstances, the holders of Subordinated Notes may have phantom income as a result of such recognition by the Issuer, for which offsetting losses may never be realised by holders. Moreover, if the Issuer invests in obligations that are not in registered form, a U.S. Holder making a QEF election (i) may not be permitted to take a deduction for any loss attributable to such obligations when calculating its share of the Issuer's earnings and (ii) may be required to treat income attributable to such obligations as ordinary income even though the income would otherwise constitute capital gains. It is possible that some portion of the investments of the Issuer will constitute obligations that are not in registered form.

For purposes of determining gain or loss on the disposition (including redemption or retirement) of Subordinated Notes where a QEF election has been made, a U.S. Holder's initial tax basis in the Subordinated Notes will be increased by the amount so included in gross income with respect to the Subordinated Notes and decreased by the amount of any non-taxable distributions on the Subordinated Notes. In general, a U.S. Holder making a timely QEF election will recognise, on the sale or disposition (including redemption and retirement) of Subordinated Notes, capital gain or loss equal to the difference, if any, between the amount realised upon such sale or disposition and that U.S. Holder's adjusted tax basis in those Subordinated Notes.

Each U.S. Holder who desires to make a QEF election must individually make the QEF election. The QEF election is effective for the U.S. Holder's taxable year for which it is made and all subsequent taxable years and may not be revoked without the consent of the IRS. In general, a U.S. Holder must make a QEF election on or before the due date

for filing its income tax return for the first year to which the QEF election will apply. U.S. Holders seeking to make a QEF election must timely file an IRS Form 8621 with its U.S. federal income tax return for the relevant taxable year. Upon written request (as set forth in the Trust Deed), the Issuer will provide all information that a U.S. Holder making a QEF election is required to obtain for U.S. federal income tax purposes.

In many cases, application of the tax on gain on disposition and receipt of excess distributions will be substantially more onerous than the treatment applicable if a timely QEF election is made (as described above). **Accordingly, U.S. Holders of Subordinated Notes should consider carefully whether to make a QEF election with respect to the Subordinated Notes and the consequences of making such an election and should consult their own tax advisers as to the procedures required to be followed in making a QEF election and all the consequences of making and of failure to make a QEF election.**

Indirect Interests in PFICs. If the Issuer owns a Collateral Debt Obligation issued by a non-U.S. corporation that is treated as equity for U.S. federal income tax purposes, U.S. Holders of the Subordinated Notes could be treated as owning an indirect equity interest in a PFIC (or a CFC) and could be subject to certain adverse tax consequences. In particular, if the Issuer owns equity interests in PFICs ("**Lower-Tier PFICs**"), a U.S. Holder of the Subordinated Notes would be treated as owning directly the U.S. Holder's proportionate amount (by value) of the Issuer's equity interests in the Lower-Tier PFICs. A U.S. Holder's QEF election with respect to the Issuer would not be effective with respect to such Lower-Tier PFICs. However, a U.S. Holder would be able to make QEF elections with respect to such Lower-Tier PFICs if the Lower-Tier PFICs provide certain information and documentation to the Issuer in accordance with applicable U.S. Treasury Regulations. However, there can be no assurance that the Issuer would be able to obtain such information and documentation from any Lower-Tier PFIC and, thus, there can be no assurance that a U.S. Holder would be able to make or maintain a QEF election with respect to any Lower-Tier PFIC. If a U.S. Holder does not have a QEF election in effect with respect to a Lower-Tier PFIC, as a general matter, the U.S. Holder would be subject to the adverse consequences described above under "*PFIC Considerations*" with respect to any excess distributions made by such Lower-Tier PFIC to the Issuer, any gain on the disposition by the Issuer of its equity interest in such Lower-Tier PFIC treated as indirectly realised by such U.S. Holder, and any gain treated as indirectly realised by such U.S. Holder on the disposition of its equity in the Issuer (which may arise even if the U.S. Holder realises a loss on such disposition). Such amount would not be reduced by expenses or losses of the Issuer, but any income recognised may increase a U.S. Holder's tax basis in its Subordinated Notes. Moreover, if the U.S. Holder has a QEF election in effect with respect to a Lower-Tier PFIC, the U.S. Holder would be required to include in income the U.S. Holder's *pro rata* share of the Lower-Tier PFIC's ordinary earnings and net capital gain as if the U.S. Holder's indirect equity interest in the Lower-Tier PFIC were directly owned, and it appears that the U.S. Holder would not be permitted to use any losses or other expenses of the Issuer to offset such ordinary earnings and/or net capital gains, but recognition of such income may increase a U.S. Holder's tax basis in its Subordinated Notes.

Accordingly, if any of the Collateral Debt Obligations are treated as equity interests in a PFIC, such U.S. Holders could experience significant amounts of phantom income with respect to such interests. Other adverse tax consequences may arise for such U.S. Holders that are treated as owning indirect interests in CFCs. **U.S. Holders should consult their own tax advisers regarding the tax issues associated with such investments in light of their own individual circumstances.**

PFIC Information Returns. Each U.S. Holder of Subordinated Notes must make an annual return on IRS Form 8621, reporting distributions received and gains realised with respect to each PFIC in which it holds a direct or indirect interest. Prospective purchasers should consult their own tax advisers regarding the status of the Issuer as a PFIC, whether an investment in the Subordinated Notes will be treated as an investment in PFIC stock and the consequences of an investment in a PFIC.

CFC Considerations. Depending on the degree of ownership of the Subordinated Notes (and any other Notes treated as equity for U.S. federal income tax purposes) by United States Shareholders (as defined below) and whether the Subordinated Notes are treated as de facto voting securities, the Issuer may be considered a CFC. In general, a non-U.S. corporation will be a CFC if more than 50 per cent. of the shares of the corporation, measured by combined voting power or value, are held, directly or indirectly, by U.S. Shareholders. A "**United States Shareholder**" for this purpose is any U.S. Person that owns actually or constructively 10 per cent. or more of the combined voting power of all classes of shares of a corporation. It is not clear whether the Subordinated Notes, if treated as equity for U.S. federal income tax purposes, would constitute voting shares for this purpose. Although the Subordinated Notes do not vote for directors of the Issuer, it is possible that the IRS will assert that the Subordinated Notes are voting securities and that U.S. Holders owning 10 per cent. or more of the Subordinated Notes are United States Shareholders. If this assertion were successful and more than 50 per cent. of the Subordinated Notes were held by such United States Shareholders, the Issuer would be treated as a CFC.

If the Issuer were a CFC, subject to certain exceptions, a United States Shareholder of the Issuer at the end of a taxable year of the Issuer would be required to recognise ordinary income in an amount equal to that Person's *pro rata* share of the "subpart F income" of the Issuer for the year. Among other items, and subject to certain exceptions, "**subpart F income**" includes interest, dividends, gains from the sale of securities and income from certain notional principal contracts (e.g. swaps and caps). It is likely that, if the Issuer were a CFC, substantially all of its income would be subpart F income. If more than 70 per cent. of the Issuer's income is subpart F income, then 100 per cent. of its income will be so treated (which will likely be the case).

If the Issuer were a CFC for the period during which a U.S. Holder of Subordinated Notes is a United States Shareholder of the Issuer, such U.S. Holder would be taxable on the subpart F income of the Issuer under the CFC regime and not under the PFIC rules previously described. As a result, to the extent subpart F income of the Issuer includes net capital gains, such gains would be treated as ordinary income of the U.S. Shareholder, notwithstanding the fact that generally the character of such gains

otherwise would be preserved under the PFIC rules if a QEF election were made. Also, the PFIC rule permitting the deferral of tax on undistributed earnings would not apply.

A U.S. Holder that recognises subpart F income in respect of the Subordinated Notes will recognise the taxable amount of the Issuer's earnings as determined in the functional currency of the Issuer and translated into U.S. dollars by the average exchange rate for the taxable year of the Issuer. A U.S. Holder that has paid tax on the undistributed earnings of the Issuer pursuant to a subpart F inclusion shall receive distributions from the Issuer tax free up to the amount of the previously taxed earnings. The tax-free amount is determined in the functional currency of the Issuer and is translated into dollars at the spot exchange rate on the date of distribution. Differences between the amount taxed and the amount distributed that result from fluctuations in the exchange rate are taxable as ordinary income or loss from the same sources as the associated income inclusion.

The relationship between the PFIC and CFC rules and the possible consequences of those rules for a particular U.S. Holder depend upon the circumstances of the Issuer and the U.S. Holder. U.S. Holders should note that, under the PFIC or CFC rules described above, U.S. Holders may be required to recognise income for tax purposes that substantially exceeds the cash they receive in any taxable period. Each prospective investor should consult its tax adviser about the possible application of the PFIC and CFC rules to its particular situation. **Each prospective investor should consult its tax adviser about the possible application of the PFIC and CFC rules to its particular situation.**

Transfer Reporting Requirements. Generally, U.S. Holders would need to file IRS Form 926 with respect to their acquisition at original issuance of the Subordinated Notes for U.S. federal income tax purposes. A U.S. Person that purchases the Subordinated Notes for cash will be required to file Form 926 or a similar form with the IRS if (i) such Person owned, directly or by attribution, immediately after the transfer, at least 10 per cent. by voting power or value of the Issuer or (ii) if the transfer, when aggregated with all transfers made by such Person (or any related Person) within the preceding 12-month period, exceeds U.S. $100,000. **In the event a U.S. Holder fails to file any such required form, the U.S. Holder could be required to pay a penalty equal to 10 per cent. of the gross amount paid for such Subordinated Notes up to a maximum penalty of US$100,000 except in the case of intentional disregard.** U.S. Holders should consult their own tax advisers with respect to this or any other reporting requirement which may apply with respect to their acquisition of the Subordinated Notes.

Taxation of Non-U.S Holders

Subject to the backup withholding tax discussion below, assuming the Issuer is not engaged in a U.S. trade or business, a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, exchange, redemption or other disposition of the Notes unless (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade

or business in the United States; (ii) in the case of any gain realised by an individual Non-U.S. Holder, that Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates. Non-U.S. Holders should consult their own tax advisers regarding the U.S. federal income tax considerations and other tax consequences of owning the Notes.

Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments on the Notes (including OID, if any) and proceeds of the sale, exchange, redemption or other disposition of the Notes to U.S. Holders. The Issuer, its agent, a broker, or any paying agent, as the case may be, may be required to withhold tax from any payment that is subject to backup withholding if the U.S. Holder fails to furnish the U.S. Holder's taxpayer identification number (typically by providing a completed and executed IRS Form W-9), to certify that such U.S. Holder is not subject to backup withholding, or to otherwise comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders (including, among others, corporations) are not subject to the backup withholding and information reporting requirements. Non-U.S. Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally may be claimed as a credit against such U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Prospective investors in the Notes should consult their own tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

IRS Disclosure Reporting Requirements

U.S. Treasury Regulations (the "**Disclosure Regulations**") meant to require the reporting of certain tax shelter transactions ("**Reportable Transactions**") could be interpreted to cover transactions generally not regarded as tax shelters. Under the Disclosure Regulations it may be possible that certain transactions with respect to the Notes may be characterised as Reportable Transactions requiring a holder to disclose such transaction, such as a sale, exchange, retirement or other taxable disposition of a Note that results in a loss that exceeds certain thresholds and other specified conditions are met. If the Issuer participates in a Reportable Transaction, a U.S. Holder of the Subordinated Notes that is a "reporting shareholder" of the Issuer will be treated as participating in the transaction and will be subject to the rules described above. Although most of the Issuer's activities generally are unlikely to give rise to Reportable Transactions, it is nonetheless possible that the Issuer will participate in certain types of transactions that could be treated as reportable transactions. A U.S. Holder of Subordinated Notes will be treated as a reporting shareholder of the Issuer if (i) such U.S. Holder owns 10 per cent. or more of the Subordinated Notes and makes a QEF

election with respect to the Issuer or (ii) the Issuer is treated as a CFC and such U.S. Holder is a U.S. Shareholder (as defined above) of the Issuer. **Prospective investors in the Notes should consult with their own tax advisers to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).**

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a Person within its jurisdiction to, or collected by such a Person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full 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 certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a Person within its jurisdiction to, or collected by such a Person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a Person in a Member State to, or collected by such a Person for, an individual resident in one of those territories.

CERTAIN ERISA AND OTHER CONSIDERATIONS

ERISA imposes certain requirements on "employee benefit plans" subject thereto including entities (such as collective investment funds, insurance company separate accounts and some insurance company general accounts) the underlying assets of which include the assets of such plans (collectively, "**ERISA Plans**"), and on those Persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of prudence, diversification and that investments be made in accordance with the documents governing the plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan, as well as assets of those plans that are subject to Section 4975 of the Code, such as individual retirement accounts and Keogh plans, and entities the underlying assets of which include the assets of such plans (together with ERISA Plans, "**Plans**") and certain Persons (referred to as "parties in interest" under ERISA or "disqualified persons" under the Code (collectively, "**Parties in Interest**")) having certain relationships to such Plans, unless a statutory or administrative exception or exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The United States Department of Labor ("**DOL**") has issued a regulation (29 C.F.R. §2510.3-101) concerning when the assets of a Plan will be considered to include the assets of an entity in which the Plan invests (the "**Plan Asset Regulation**"), which has recently been modified by the Pension Protection Act of 2006. As a general rule, the underlying assets of corporations, partnerships, trusts and other entities in which a Plan purchases an "equity interest" will be deemed for purposes of ERISA to be assets of the investing Plan unless one or more of the exceptions in the Plan Asset Regulation applies. If the underlying assets of the Issuer are deemed to be Plan assets, the obligations and other responsibilities of Plan sponsors, Plan fiduciaries and Plan administrators, and of Parties in Interest, under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their liability under these and other provisions of ERISA and the Code (except to the extent (if any) that a favourable statutory or administrative exemption or exception applies). In addition, various providers of fiduciary or other services to the entity, and any other parties with authority or control with respect to the Issuer, could be deemed to be Plan fiduciaries or otherwise Parties in Interest by virtue of their provision of such services (and there could be an improper delegation of authority to such providers).

If the underlying assets of the Issuer are deemed to be Plan assets, the obligations and other responsibilities of Plan sponsors, Plan fiduciaries and Plan administrators, and of Parties in Interest, under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their liability under these and other provisions of ERISA and the Code (except to the extent (if any) that a favourable statutory or administrative exemption or exception applies). In addition, various providers of fiduciary or other services to the entity, and any other parties with authority or control with respect to the

Issuer, could be deemed to be Plan fiduciaries or otherwise Parties in Interest by virtue of their provision of such services (and there could be an improper delegation of authority to such providers).

The Plan Asset Regulation defines an "**equity interest**" as any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features. Although it is not free from doubt, the Class A Notes, Class B Notes, Class C Notes and Class D Notes offered hereby will be treated by the Issuer as indebtedness for purposes of the Plan Asset Regulation. However, the characteristics of the Class E Notes and Subordinated Notes for the purposes of the Plan Asset Regulation are less certain. Accordingly, the Class E Notes or Subordinated Notes may not be purchased by or transferred to, or held by, a Plan that is subject to the provisions of ERISA or Section 4975 of the Code.

Even if the Class A Notes, Class B Notes, Class C Notes and the Class D Notes would not be treated as indebtedness under the Plan Asset Regulation, then, among other possible adverse results, it is possible that an investment in such Notes by a Plan (or with the use of the assets of a Plan) could be treated as a prohibited transaction under ERISA or Section 4975 of the Code. Such a transaction, however, may be subject to a statutory or administrative exemption. Even if an exemption were to apply, such exemption may not, however, apply to all of the transactions that could be deemed prohibited transactions in connection with an investment in the Notes by a Plan.

Any insurance company proposing to purchase any of the US issuer notes using the assets of its general account should consider the extent to which such investment would be subject to the requirements of ERISA in light of the US Supreme Court's decision in *John Hancock Mutual Life Insurance Co. v Harris Trust and Savings Bank* and under any subsequent guidance that may become available relating to that decision. In particular, such an insurance company should consider retroactive and prospective exemptive relief granted by the DOL for transactions involving insurance company general accounts in Prohibited Transaction Class Exemption ("**PTCE**") 95-60, 60 Fed. Reg. 35925 (12 July 1995), the enactment of Section 401(c) of ERISA by the Small Business Job Protection Act of 1996 (including, without limitation, the expiration of any relief granted thereunder) and the Insurance Company General Account Regulations, 65 Fed. Reg. No. 3 (5 January 2000) (to be codified at 29 C.F.R. pt. 2550) that became generally applicable on 5 July 2001.

Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA) and non-United States retirement plans, are not subject to the restrictions of ERISA or the Code. Such plans are, however, subject to the terms of their governing instruments and also may be subject to other provisions of applicable federal, state or local law.

Each purchaser of a Class A Note, Class B Note, Class C Note or Class D Note or any interest in any such Notes will be deemed to have represented and agreed that (i) either (A) that it is not acquiring and will not hold such Notes or any interest in any such Notes with the assets of any Plan or with the assets of any employee benefit plan ("**Non-ERISA Plan**") subject to any federal, state, local, non-U.S. or other law or regulation that contains one or more provisions that are substantively similar to fiduciary provisions of ERISA on the prohibited transaction any of the provisions of Title I of ERISA or Section 4975 of the Code ("**Similar Law**"), or (B) that

its acquisition and holding of such Notes (or interests) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code, or a violation of any applicable Similar Law, and (ii) with respect to transfers, it will not transfer such Notes (or interests) to a transferee purchasing such Notes (or interests) with the assets of any Plan or Non-ERISA Plan unless the transferee makes the foregoing representations and agreements described in clause (i) hereof.

Each purchaser of a Class E Note or Subordinated Note (or any interest in such a Note) will be deemed to have represented and agreed that it is not and it will not be for so long as it holds any such Notes an employee benefit plan that is subject to Title I of ERISA or Section 4975 of the Code or any Similar Law (or an entity deemed to hold the assets of any such plan for purposes of ERISA).

Any Plan fiduciary considering whether to acquire a Note on behalf of a Plan should consult with its counsel regarding the potential consequences of such investment, the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code and/or similar provisions of Similar Law, and the scope of any available exemption relating to such investment.

The sale of Notes to a Plan or a Non-ERISA Plan is in no respect a representation or warranty by the Issuer, or any other Person that this investment meets all relevant legal requirements with respect to investments by Plans or Non-ERISA Plans generally or any particular plan, that any prohibited transaction exemption would apply to the acquisition, holding, or disposition of this investment by such plans in general or any particular plan, or that this investment is appropriate for such plans generally or any particular plan.

PLAN OF DISTRIBUTION

Barclays Bank PLC (in its capacity as Initial Purchaser, the "**Initial Purchaser**") has agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for each Class of the Notes (other than the Class A Notes) pursuant to the Subscription Agreement, at the issue price of, in the case of the Class B Notes, the Class C Notes, the Class E Notes and the Subordinated Notes, 100 per cent. and, in the case of the Class D Notes, 99.6 per cent. (in each case less subscription and 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.

The Class A-1 Noteholders and the Class A-2 Noteholders have agreed with the Issuer, subject to certain conditions, to directly subscribe and pay for the Class A-1 Notes and the Class A-2 Notes pursuant to the Class A-1 Note Purchase Agreement and the Class A-2 Note Purchase Agreement, respectively, at the issue price of 100 per cent.

Pursuant to the Arranger Fees and Expenses Letter, the Issuer has agreed to pay to the Arranger certain fees from (and including) the Payment Date falling in September 2007 up to (and including) the Payment Date falling in March 2012 in accordance with the Priorities of Payments, such fees representing the deferred structuring and placement fee payable to the Initial Purchaser.

In connection with the issue of the Notes, Barclays Bank PLC (the "**Stabilising Manager**") (or Persons acting on behalf of the Stabilising Manager) 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 might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any Persons acting on behalf of the Stabilising Manager) 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 Closing Date and 60 days after the date of the allotment of the Notes. 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-1 Notes: €60,000,000, Class A-2 Notes: €133,500,000, Class B Notes: €28,500,000, Class C Notes: €15,000,000, Class D Notes: €16,500,000, Class E Notes: €16,500,000 and Subordinated Notes: 30,000,000. The Issuer has agreed to indemnify the Arranger, the Initial Purchaser, the Collateral Adviser, 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 Debt 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 Debt 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 Debt Obligations, with a

result that one or more of such issuers may be or may become controlled by the Initial Purchaser or its Affiliates.

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.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and in a manner so as not to require the registration of the Issuer as an "investment company" pursuant to the Investment Company Act.

The Initial Purchaser will resell the Notes only (a) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S and in accordance with applicable law and (b) in the United States (directly or through its U.S. broker-dealer Affiliate) in reliance on Rule 144A only to QIBs that are QPs purchasing for their own account or for the accounts of QIBs that are QPs.

The Notes sold in reliance on Rule 144A will be issued in minimum denominations of €250,000 and integral multiples of €1,000 in excess thereof. Any offer or sale of Rule 144A Notes in reliance on Rule 144A will be made by broker-dealers who are registered as such under the Exchange Act. After the Notes are released for sale, the offering price and other selling terms may from time to time be varied by the Initial Purchaser.

The Initial Purchaser has acknowledged and agreed that it will not offer, sell or deliver any Regulation S Notes to, or for the account or benefit of, any U.S. Person except as provided above and that it will send to each distributor, dealer or Person receiving a selling concession, fee or other remuneration to which it sells Regulation S Notes during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the prohibition on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, any U.S. Person.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes and for the listing of the Notes of each Class on the Irish Stock Exchange. 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.

The Initial Purchaser has also agreed to comply with the following selling restrictions:

(a) ***Australia:*** No prospectus, disclosure document, offering material or advertisement in relation to the Notes has been lodged with the Australian Securities and Investments Commission or the Australian Stock Exchange Limited. Accordingly, a Person may not (a) make, offer or invite applications for the issue, sale or purchase of the Notes within,

to or from Australia (including an offer or invitation which is received by a Person in Australia) or (b) distribute or publish this Prospectus or any other prospectus, disclosure document, offering material or advertisement relating to the Notes in Australia, unless (i) the minimum aggregate consideration payable by each offeree is the U.S. Dollar equivalent of at least $500,000 (disregarding moneys lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Part 6d.2 of the Corporations Act 2001 (CWITH) of Australia; and (ii) such action complies with all applicable laws and regulations.

(b) ***Austria***: This Prospectus is circulated in Austria for the sole purpose of providing information about the Notes to a limited number of sophisticated investors in Austria. This Prospectus is made available on the condition that it is solely for the use of the recipient as a sophisticated, potential and individually selected investor and may not be passed on to any other Person or reproduced in whole or in part. This Prospectus does not constitute a public offering (*öffentliches angebot*) in Austria and must not be used in conjunction with a public offering pursuant to the Capital Market Act (*kapitalmarktgesetz*) and/or the Investment Fund Act (*investmentfondsgesetz*) in Austria. Consequently, no public offers or public sales must be made in Austria in respect of the Notes. The Notes are not registered in Austria. In case the Notes are qualified as shares in a foreign investment fund within the meaning of the Investment Fund Act, they might be subject to a less favourable tax treatment than shares in investment funds established in Austria under the Investment Fund Act. All prospective investors are urged to seek independent tax advice. The Initial Purchaser and its Affiliates do not provide or purport to provide tax advice.

Anmerkung für einwohner von österreich

Dieser prospekt wird 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 ausschliesslich vom empfänger als einem professionellen potentiellen und einzeln ausgewählten anleger verwendet wird und er darf nicht an eine andere person weitergegeben oder teilweise oder vollständig reproduziert werden. Dieser prospekt stellt kein öffentliches angebot in österreich dar und darf nicht in zusammenhang mit einem öffentlichen angebot in österreich im sinne des kapitalmarktgesetzes und/oder des investmentfondsgesetzes verwendet werden. Folglich dürfen in österreich keine öffentlichen angebote oder verkäufe der angebotenen wertpapieren durchgeführt werden. Die wertpapiere sind nicht in österreich zugelassen. Sollten die wertpapiere als anteile an einem ausländischen investmentfonds qualifiziert werden, könnten sie einer ungünstigeren besteuerung als anteile an in österreich gemäss dem investmentfondsgesetz errichteten investmentfonds unterliegen. Alle künftigen anleger werden daher aufgefordert, unabhängige steuerberatung einzuholen. Der erstkäufer und die mit ihm verbundenen unternehmen erteilen keine steuerliche beratung.

(c) ***Belgium:*** 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.

(d) ***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 the Danish Executive Order no. 229 of 20th April, 1998 on the first public offer of certain securities issued pursuant to Chapter 12 of the Danish Act on trading in securities.

(e) ***France:*** 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 (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*) other than individuals acting for their own account as defined in articles L. 411-2 and D.411-1 of the French Code monétaire et financier and applicable regulations thereunder; none of this Prospectus or any other materials related to the offering or information contained therein relating to the Notes has been released, issued or distributed to the public in France except to providers of investment services relating to portfolio management for the account of third parties and/or qualified investors (*investisseurs qualifiés*) other than individuals mentioned above; and the direct or indirect resale to the public in France of any Notes acquired by any providers of investment services relating to portfolio management for the account of third parties and/or qualified investors (*investisseurs qualifiés*) other than individuals may be made only as provided by articles L. 412-1 and L. 621-8 of the French Code monétaire et financier and applicable regulations thereunder.

(f) ***Germany:*** The Notes may not actually be, or 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 it agrees 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.

(g) ***Ireland:*** The Initial Purchaser has represented and agreed with the Issuer that (i) in respect of a local offer (within the meaning of Section 38(1) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland) of Notes in Ireland, it has complied and will comply with Section 49 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland and (ii) at all times:

(i) it has complied and will comply with all applicable provisions of the Investment Intermediaries Acts, 1995 to 2000 of Ireland (as amended) with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and, in cases where the Initial Purchaser acts under and within the terms of an authorisation to do so for the purposes of EU Council Directive 93/22/EEC of 10th May, 1993 (as amended or extended), it has complied with any codes of conduct made under the Investment Intermediaries Acts 1995 to 2000, of Ireland (as amended) and, in cases where the Initial Purchaser acts within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20th March, 2000 (as amended or extended), it has complied with any codes of conduct or practice made under Section 117(1) of the Central Bank Act, 1989 of Ireland (as amended); and

(ii) it has only issued or passed on, and it will only issue or pass on, in Ireland or elsewhere, any document received by it in connection with the issue of the Notes to Persons who are Persons to whom the document may otherwise lawfully be issued or passed on.

(h) ***Italy:*** 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.

(i) ***Japan:*** The Notes have not been and will not be registered under Article 4, Paragraph 1 of the Securities and Exchange Law of Japan (the "**SEL**"), and the Notes may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (including Japanese corporations) or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except that the offer and sale of the Notes in Japan may be made only through private placement sale in Japan in accordance with an exemption available under the SEL and with all other applicable laws and

regulations of Japan. In this clause, "a resident/residents of Japan" shall have the meaning as defined under the Foreign Exchange and Foreign Trade Law of Japan.

(j) ***Korea:*** The Notes have not been and will not be registered under the Securities and Exchange Law of Korea. The Initial Purchaser has represented and agreed that it will not directly or indirectly sell, offer or deliver any Notes in Korea or to, or for the account or benefit of, any resident of Korea, or to others for re-offering or re-sale directly or indirectly in Korea or to, or for the account or benefit of, any resident of Korea, except as otherwise permitted under the Securities and Exchange Law, the Foreign Exchange Transaction Law and other relevant laws of Korea.

(k) ***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 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 the public offering of securities or any other relevant Luxembourg regulation have first been met.

(l) ***New Zealand:*** The Notes have not been and shall not be offered for sale or subscription to any Persons in New Zealand whose principal business is not the investment of money or who, in the course of and for the purposes of their business, do not habitually invest money, in each case within the meaning of section 3(2)(a)(iii) of the Securities Act 1978.

(m) ***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 codigo dos valores mobiliarios (The Portuguese Securities Code) 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.

(n) ***Singapore:*** This Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**") under the Securities and Futures Act 2001 (Act 42 of 2001) of Singapore (the "**Securities and Futures Act**"). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than (1) to an institutional investor or other Person falling within section 274 of the Securities and Futures Act, (2) to a sophisticated investor (as defined in Section 275 of the Securities and Futures Act) and in accordance with the conditions specified in section 275 of the Securities and Futures Act or (3) otherwise than pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

(o) ***Spain:*** Neither the Notes nor this document have been approved or registered in the administrative registries of the Spanish Securities Markets Commission (*Comision National del Mercado de Valores*). Accordingly, the Notes may not be offered in Spain except in circumstances which do not constitute a public offer of securities in Spain within the meaning of Article 30BIS of the Spanish Securities Market Law of 28th July, 1988 (LEY 24/1988, de 28 de Julio, del Mercado de Valores), as amended and restated, and supplemental rules enacted thereunder.

(p) ***Switzerland:*** This Prospectus does not constitute a prospectus within the meaning of Article 652a of the Swiss Code of Obligations and Article 1156 et seq of the Swiss Code of Obligations. Accordingly, the Initial Purchaser agrees that the Notes may not be publicly offered or distributed in or from Switzerland, and the Initial Purchaser agrees that neither this Prospectus nor any other offering materials relating to any of the Notes may be publicly distributed in connection with any such offering or distribution.

(q) ***Taiwan:*** The Issuer has represented and agreed that the Notes have not been and will not be registered under the Securities and Exchange Law of the Republic of China. The Issuer has represented and agreed that is has not offered or sold, and it will not offer or sell, directly or indirectly, any of the Notes in or to or for the benefit of residents of the Republic of China or to any Persons for reoffering or resale, directly or indirectly, in the Republic of China or to or for the benefit of any resident of the Republic of China except pursuant to an exemption from the registration requirements of the Securities and Exchange Law available thereunder and in compliance with the other relevant laws and regulation of the Republic of China.

(r) ***United Kingdom:*** The Initial Purchaser has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it 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

(ii) 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.

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.

Rule 144A Notes

Each prospective purchaser of Rule 144A Notes, by accepting delivery of this Prospectus, will be deemed to have represented and agreed that such Person acknowledges that this Prospectus is personal to it and does not constitute an offer to any other Person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Prospectus, or disclosure of any of its contents to any Person other than such offeree and those Persons, if any, retained to advise it with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

Each purchaser of Rule 144A Notes will be deemed to have represented and agreed as follows:

1. The purchaser (a) is a QIB that is also a QP, (b) is aware that the sale of such Rule 144A Notes to it is being made in reliance on Rule 144A, (c) is acquiring such Notes for its own account or for the account of a QIB that is also a QP as to which the purchaser exercises sole investment discretion for investment and not for sale in connection with any distribution, and in a principal amount of not less than €250,000 for the purchaser and for each such account and (d) will provide notice of the transfer restrictions described in this section "*Transfer Restrictions*" (including in the legends set forth below) to any subsequent transferees.

2. The purchaser understands that such Rule 144A Notes have not been and will not be registered under the Securities Act, and may be reoffered, resold or pledged or otherwise transferred only (a)(i) to a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP as to which the purchaser exercises sole investment discretion in a transaction meeting the requirements of Rule 144A or (ii) to a non-U.S. Person in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and (b) in accordance with all applicable securities laws including the securities laws of any state of the United States. The purchaser understands that the Issuer has not been registered under the Investment Company Act. The purchaser understands that before any interest in a Rule 144A Note may be offered, sold, pledged or otherwise transferred to a Person who takes delivery in the form of an interest in the Regulation S Notes, the Registrar is required to receive a written certification from the purchaser (in the form provided in the Trust Deed) as to compliance with the transfer restrictions described herein. The purchaser understands and agrees that any purported transfer of the Rule 144A Notes to a purchaser that does not comply with the requirements of this paragraph 2 shall be null and void ab initio.

3. The purchaser is not purchasing such Rule 144A Notes with a view toward the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands that an investment in the Rule 144A Notes involves certain risks, including the risk of loss of its entire investment in the Rule 144A Notes under certain

circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Rule 144A Notes, including an opportunity to ask questions of, and request information from, the Issuer.

4. In connection with the purchase of the Rule 144A Notes: (a) none of the Issuer, the Arranger, the Trustee, the Collateral Adviser or the Collateral Administrator is acting as a fiduciary or financial or collateral adviser for the purchaser; (b) 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 Arranger, the Trustee, the Collateral Adviser or the Collateral Administrator other than in this Prospectus for such Notes and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Arranger, the Trustee, the Collateral Adviser or the Collateral Administrator 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 Rule 144A Notes; (d) 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 judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer, the Arranger, the Trustee, the Collateral Adviser or the Collateral Administrator; (e) the purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Rule 144A 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 (f) the purchaser is a sophisticated investor.

5. It understands that the Trust Deed permits the Issuer to demand that any beneficial owner of Notes who is a U.S. Person or Person in the United States and is determined not to have been both a QP and a QIB at the time of acquisition of such Notes to sell all its right, title and interest in such Notes (a) to a Person who is both a QP and a QIB in a transaction meeting the requirements of Rule 144A, or (b) to a non-U.S. Person outside the United States in a transaction meeting the requirements of Regulation S and, if it does not comply with such demand within 30 days thereof, the Issuer may sell its interest in the Notes There can be no assurance that a holder of Notes, or an interest therein, who is required to transfer Notes in this way will not incur a significant loss as a result of the need for the Issuer to find a qualifying transferee willing to purchase the Notes. Neither the Issuer, the Trustee nor any other party shall be liable to a holder of Notes for any such loss. No payments will be made on the affected Notes from the date notice of the sale requirement is sent to the date on which the interest is sold.

6. (a) Each Person acquiring or holding any Class A Note, Class B Note, Class C Note or Class D Note or any interest therein shall be deemed to represent, warrant and agree that either (i) it is not and will not be an employee benefit plan or other arrangement subject to ERISA or Section 4975 of the Code, or any Similar Law, or (ii) its acquisition or holding of a Class A Note, Class B Note, Class C Note or Class D Note or any interest therein shall not result in a non-exempt prohibited transaction under such laws.

(b) Each Person acquiring or holding any Class E Note or Subordinated Note or any interest therein shall be deemed to represent, warrant and agree that it is not and will not be an employee benefit plan or other arrangement subject to the fiduciary provisions of ERISA or the prohibited transaction provisions of ERISA or Section 4975 of the Code, or any Similar Law, and any acquisition or transfer of a Class E Note or Subordinated Note in contravention of such representation, warranty and agreement shall be null and void.

7. The purchaser understands that pursuant to the terms of the Trust Deed, the Issuer has agreed that the Rule 144A Global Certificates and Rule 144A Certificated Class A Notes will bear the legend set forth below. The Rule 144A Global Certificates and Rule 144A Certificated Class A Notes may not at any time be held by or on behalf of Persons that are not QIB that are QPs. Before any interest in a Rule 144A Global Certificate or Rule 144A Certificated Class A Note may be offered, resold, pledged or otherwise transferred to a Person who takes delivery in the form of an interest in a Regulation S Global Certificate or Regulation S Certificated Class A Note, the transferor will be required to provide the Trustee with a written certification (in the form provided in the Trust Deed) as to compliance with the transfer restrictions.

THE NOTES EVIDENCED HEREBY 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 NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(I) TO A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("**QUALIFIED INSTITUTIONAL BUYER**") THAT IS ALSO A QUALIFIED PURCHASER AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT ("**QUALIFED PURCHASER**") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER THAT IS A QUALIFIED PURCHASER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT IN A PRINCIPAL AMOUNT OF NOT LESS THAN €250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, IN EACH CASE OR (2) TO A PERSON THAT IS NOT A U.S. PERSON AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF

REGULATION S AND IN A PRINCIPAL AMOUNT OF NOT LESS THAN €100,000 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, IN THE EVENT OF A VIOLATION OF 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.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE TRUSTEE.

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES ONLY*] EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST THEREIN SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER (I) IT IS NOT AND WILL NOT BE AN EMPLOYEE BENEFIT PLAN OR OTHER ARRANGEMENT SUBJECT TO THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), OR ANY OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (II) ITS ACQUISITION OR HOLDING OF THIS NOTE OR ANY INTEREST THEREIN SHALL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SUCH LAWS.

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES AND SUBORDINATED NOTES ONLY*] EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST THEREIN SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT IT IS NOT AND WILL NOT BE AN EMPLOYEE BENEFIT PLAN OR OTHER ARRANGEMENT SUBJECT TO THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), OR ANY OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, AND ANY

ACQUISITION OR TRANSFER OF THIS NOTE IN CONTRAVENTION OF SUCH REPRESENTATION, WARRANTY AND AGREEMENT SHALL BE NULL AND VOID.

THE FAILURE TO PROVIDE THE ISSUER, THE TRUSTEE AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, AN INTERNAL REVENUE SERVICE FORM W-9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE OR AN APPLICABLE INTERNAL REVENUE SERVICE FORM W-8 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACK UP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THIS NOTE.

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES, CLASS D NOTES AND CLASS E NOTES ONLY*] 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.

[*LEGEND TO BE INCLUDED IN RELATION TO THE SUBORDINATED NOTES ONLY*] EACH HOLDER AND EACH BENEFICIAL OWNER OF A SUBORDINATED NOTE, BY ACCEPTANCE OF SUCH NOTE, OR ITS INTEREST IN A SUBORDINATED NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH SUBORDINATED NOTE AS EQUITY OF THE ISSUER FOR UNITED STATES FEDERAL INCOME TAX PURPOSES.

[*LEGEND TO BE INCLUDED IN RELATION TO THE SUBORDINATED NOTES ONLY*] EACH HOLDER AND EACH BENEFICIAL OWNER OF A SUBORDINATED NOTE, BY ACCEPTANCE OF SUCH NOTE, OR ITS INTEREST IN A SUBORDINATED NOTE, AS THE CASE MAY BE, THAT (I) IS NOT A "UNITED STATES PERSON" (AS DEFINED IN SECTION 7701 (A)(30) OF THE CODE) AND (II) IS ACQUIRING DIRECTLY OR IN CONJUNCTION WITH AFFILIATES, MORE THAN 33 1/3% OF THE AGGREGATE OUTSTANDING AMOUNT OF THE SUBORDINATED 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. PERSON (UNDER SECTION 7701(A)(30) OF THE CODE) 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 THE OBLIGORS RESIDENT IN THE UNITED STATES TO SUCH BANK ARE REDUCED TO 0%.

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS C NOTES, CLASS D NOTES AND CLASS E NOTES ONLY*] THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUED DISCOUNT ("**OID**") FOR U.S. FEDERAL INCOME TAX PURPOSES. INFORMATION RELATING TO THE ISSUE PRICE OF THE NOTE, THE AMOUNT OF OID ON THE NOTE, ITS CLOSING DATE AND THE YIELD TO MATURITY OF THE NOTE MAY BE OBTAINED FROM THE ISSUER AT 7, VAL SAINTE-CROIX L-1371 LUXEMBOURG.

[*LEGEND TO BE INCLUDED IN RELATION TO THE RULE 144A CERTIFICATED CLASS A NOTES ONLY*] EACH HOLDER OF THIS NOTE ACKNOWLEDGES AND AGREES THAT, FOR SO LONG AS IT IS THE HOLDER OF SUCH NOTE AND UNTIL THE EARLIER OF (I) ITS SALE OR TRANSFER OF SUCH NOTE AND (II) THE COMMITMENT TERINATION DATE, IT IS OBLIGED TO MAKE CLASS A ADVANCES TO THE ISSUER UPON THE REQUEST OF THE ISSUER IN AN AMOUNT UP TO ITS CLASS A COMMITMENT, IN ACCORDANCE WITH AND SUBJECT TO THE PROVISIONS OF THE CLASS A-1 NOTE PURCHASE AGREEMENT DATED 21 DECEMBER 2006 BETWEEN THE ISSUER, THE CLASS A NOTE AGENT AND THE CLASS A-1 NOTEHOLDERS (THE "**CLASS A-1 NOTE PURCHASE AGREEMENT**") OR, AS THE CASE MAY BE, THE CLASS A-2 NOTE PURCHASE AGREEMENT DATED 21 DECEMBER 2006 BETWEEN THE ISSUER, THE CLASS A NOTE AGENT AND THE CLASS A-2 NOTEHOLDERS (THE "**CLASS A-2 NOTE PURCHASE AGREEMENT**"). THE TERMS "COMMITMENT TERMINATION DATE", "CLASS A-1 ADVANCES", "CLASS A-2 ADVANCES", "CLASS A-1 COMMITMENT" AND "CLASS A-2 COMMITMENT" HAVE THE MEANINGS SPECIFIED IN THE CLASS A-1 NOTE PURCHASE AGREEMENT, THE CLASS A-2 NOTE PURCHASE AGREEMENT OR IN THE TRUST DEED, AS APPLICABLE.

8. The purchaser will not, at any time, offer to buy or offer to sell the 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.

9. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

10. Each holder and beneficial owner of a Rule 144A Note, by acceptance of its Rule 144A Note or its interest in a Note, shall be deemed to understand and acknowledge that failure to provide the Issuer, the Trustee or any Paying Agent with the applicable U.S. federal income tax certifications (generally, a United States Internal Revenue Service Form W 9 (or successor applicable form) in the case of a Person that is a "United States person" within the meaning of Section 7701(a)(30) of the Code or an appropriate United States Internal Revenue Service Form W 8 (or successor applicable form) in the case of a Person that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code) may result in U.S. federal back up withholding from payments in respect of such Note.

11. Each purchaser or subsequent transferee of a Subordinated Note that (i) is not a "United States person" (as defined in Section 7701(a)(30) of the Code) and (ii) is acquiring, directly or in conjunction with Affiliates, more than 33 1/3 per cent. of the aggregate amount outstanding of the Subordinated Notes will make, or will be deemed to make, a representation to the effect that it is not an Affected Bank.

12. The Issuer and each Holder and each beneficial owner of a Senior Note, by acceptance of such Senior Note, or its interest in a Senior Note, as the case may be, shall be deemed to have agreed to treat, and shall treat, such Senior Note as debt of the Issuer for U.S. federal income tax purposes. The Issuer and each Holder and each beneficial owner of a Subordinated Note, by acceptance of such Subordinated Note, or its interest in a Subordinated Note, as the case may be, shall be deemed to have agreed to treat, and shall treat, such Subordinated Note as equity of the Issuer for U.S. federal income tax purposes.

13. If the purchaser is acquiring Rule 144A Certificated Class A Notes: (a) it understands that such Rule 144A Certificated Class A Notes will be issued as physical definitive certificates in registered form; (b) if acquiring the Rule 144A Certificated Class A Notes from an existing Holder, it has satisfied and will satisfy all applicable registration and other requirements of the FRB in connection with its acquisitions of the Rule 144A Certificated Class A Notes; and (c) its satisfies the Rating Requirement.

14. The purchaser will from time to time provide the Issuer with such information as it may reasonably request in order to ascertain compliance with the foregoing representations, warranties and agreements.

15. The purchaser acknowledges that the Issuer, the Arranger, the Trustee, the Collateral Adviser, the Agents and the Collateral Administrator and their Affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Regulation S Notes

Each purchaser of Regulation S Notes will be deemed to have further represented and agreed as follows:

1. The purchaser is located outside the United States and is not a U.S. Person.

2. The purchaser understands that such Regulation S Notes have not been and will not be registered under the Securities Act, and may be reoffered, resold or pledged or otherwise transferred only (a)(i) to a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP as to which the purchaser exercises sole investment discretion in a transaction meeting the requirements of Rule 144A or (ii) to a non-U.S. Person in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and (b) in accordance with all applicable securities laws including the securities laws of any state of the United States. The purchaser understands that the Issuer has not been registered under the Investment Company Act. The purchaser understands that before any interest in a Regulation S Note may be offered, sold,

pledged or otherwise transferred to a Person who takes delivery in the form of an interest in the Rule 144A Notes, the Registrar is required to receive a written certification from the purchaser (in the form provided in the Trust Deed) as to compliance with the transfer restrictions described herein. The purchaser understands and agrees that any purported transfer of the Regulation S Notes to a purchaser that does not comply with the requirements of this paragraph 2 shall be null and void ab initio.

3. The purchaser is not purchasing such Regulation S Notes with a view toward the resale, distribution or other disposition thereof in violation of the Securities Act. The purchaser understands that an investment in the Regulation S Notes involves certain risks, including the risk of loss of its entire investment in the Regulation S Notes under certain circumstances. The purchaser has had access to such financial and other information concerning the Issuer and the Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of the Regulation S Notes, including an opportunity to ask questions of, and request information from, the Issuer.

4. In connection with the purchase of the Regulation S Notes: (a) none of the Issuer, the Arranger, the Trustee, the Collateral Adviser or the Collateral Administrator is acting as a fiduciary or financial or Collateral Adviser for the purchaser; (b) 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 Arranger, the Trustee, the Collateral Adviser or the Collateral Administrator other than in this Prospectus for such Notes and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Arranger, the Trustee, the Collateral Adviser or the Collateral Administrator 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; (d) 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 judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer, the Arranger, the Trustee, the Collateral Adviser or the Collateral Administrator; (e) the purchaser has evaluated the rates, prices or amounts and other terms and conditions 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 (f) the purchaser is a sophisticated investor.

5. It understands that the Trust Deed permits the Issuer to demand that any beneficial owner of Notes who is a U.S. Person or Person in the United States and is determined not to have been both a QP and a QIB at the time of acquisition of such Notes to sell all

its right, title and interest in such Notes (a) to a Person who is both a QP and a QIB in a transaction meeting the requirements of Rule 144A, or (b) to a non-U.S. Person outside the United States in a transaction meeting the requirements of Regulation S and, if it does not comply with such demand within 30 days thereof, the Issuer may sell its interest in the Notes There can be no assurance that a holder of Notes, or an interest therein, who is required to transfer Notes in this way will not incur a significant loss as a result of the need for the Issuer to find a qualifying transferee willing to purchase the Notes. Neither the Issuer, the Trustee nor any other party shall be liable to a holder of Notes for any such loss. No payments will be made on the affected Notes from the date notice of the sale requirement is sent to the date on which the interest is sold.

6. The purchaser understands that pursuant to the terms of the Trust Deed, the Issuer has agreed that the Regulation S Global Certificates and Regulation S Certificated Class A Notes will bear the legend set forth below. Before any interest in a Regulation S Global Certificate or Regulation S Certificated Class A Note may be offered, resold, pledged or otherwise transferred to a Person who takes delivery in the form of an interest in a Rule 144A Global Certificate or Rule 144A Certificated Class A Note, the transferor will be required to provide the Trustee with a written certification (in the form provided in the Trust Deed) as to compliance with the transfer restrictions.

THE NOTES EVIDENCED HEREBY 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 NOTE HAS BEEN ISSUED, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (A)(I) TO A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("**QUALIFIED INSTITUTIONAL BUYER**") THAT IS ALSO A QUALIFIED PURCHASER AS DEFINED IN SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT ("**QUALIFED PURCHASER**") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER THAT IS A QUALIFIED PURCHASER, IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT IN A PRINCIPAL AMOUNT OF NOT LESS THAN €250,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING, IN EACH CASE OR (2) TO A PERSON THAT IS NOT A U.S. PERSON AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S AND IN A PRINCIPAL AMOUNT OF NOT LESS THAN €100,000 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, IN THE EVENT OF A VIOLATION OF 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.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE TRUSTEE.

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES AND CLASS D NOTES ONLY*] EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST THEREIN SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER (I) IT IS NOT AND WILL NOT BE AN EMPLOYEE BENEFIT PLAN OR OTHER ARRANGEMENT SUBJECT TO THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), OR ANY OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (II) ITS ACQUISITION OR HOLDING OF THIS NOTE OR ANY INTEREST THEREIN SHALL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SUCH LAWS.

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS E NOTES AND SUBORDINATED NOTES ONLY*] EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST THEREIN SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT IT IS NOT AND WILL NOT BE AN EMPLOYEE BENEFIT PLAN OR OTHER ARRANGEMENT SUBJECT TO THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), OR ANY OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, AND ANY ACQUISITION OR TRANSFER OF THIS NOTE IN CONTRAVENTION OF SUCH REPRESENTATION, WARRANTY AND AGREEMENT SHALL BE NULL AND VOID.

THE FAILURE TO PROVIDE THE ISSUER, THE TRUSTEE AND ANY PAYING AGENT WITH THE APPLICABLE U.S. FEDERAL INCOME TAX CERTIFICATIONS (GENERALLY, AN INTERNAL REVENUE SERVICE FORM W 9 (OR SUCCESSOR APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE OR AN APPLICABLE INTERNAL REVENUE SERVICE FORM W 8 (OR SUCCESSOR

APPLICABLE FORM) IN THE CASE OF A PERSON THAT IS NOT A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE CODE) MAY RESULT IN U.S. FEDERAL BACK UP WITHHOLDING FROM PAYMENTS TO THE HOLDER IN RESPECT OF THIS NOTE.

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES, CLASS D NOTES AND CLASS E NOTES ONLY*] 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.

[*LEGEND TO BE INCLUDED IN RELATION TO THE SUBORDINATED NOTES ONLY*] EACH HOLDER AND EACH BENEFICIAL OWNER OF A SUBORDINATED NOTE, BY ACCEPTANCE OF SUCH NOTE, OR ITS INTEREST IN A SUBORDINATED NOTE, AS THE CASE MAY BE, SHALL BE DEEMED TO HAVE AGREED TO TREAT, AND SHALL TREAT, SUCH SUBORDINATED NOTE AS EQUITY OF THE ISSUER FOR UNITED STATES FEDERAL INCOME TAX PURPOSES.

[*LEGEND TO BE INCLUDED IN RELATION TO THE SUBORDINATED NOTES ONLY*] EACH HOLDER AND EACH BENEFICIAL OWNER OF A SUBORDINATED NOTE, BY ACCEPTANCE OF SUCH NOTE, OR ITS INTEREST IN A SUBORDINATED NOTE, AS THE CASE MAY BE, THAT (I) IS NOT A "UNITED STATES PERSON" (AS DEFINED IN SECTION 7701 (A)(30) OF THE CODE) AND (II) IS ACQUIRING DIRECTLY OR IN CONJUNCTION WITH AFFILIATES, MORE THAN 33 1/3% OF THE AGGREGATE OUTSTANDING AMOUNT OF THE SUBORDINATED 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. PERSON (UNDER SECTION 7701(A)(30) OF THE CODE) 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 THE OBLIGORS RESIDENT IN THE UNITED STATES TO SUCH BANK ARE REDUCED TO 0%.

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS C, CLASS D NOTES AND CLASS E NOTES ONLY*] THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUED DISCOUNT ("**OID**") FOR U.S. FEDERAL INCOME TAX PURPOSES. INFORMATION RELATING TO THE ISSUE PRICE OF THE NOTE, THE NOTE, THE AMOUNT OF OID ON THE NOTE, ITS CLOSING DATE AND THE YIELD TO MATURITY OF THE NOTE MAY BE OBTAINED FROM THE ISSUER AT 7, VAL SAINTE-CROIX L-1371 LUXEMBOURG.

[*LEGEND TO BE INCLUDED IN RELATION TO THE CLASS C, CLASS D NOTES AND CLASS E NOTES ONLY*] EACH HOLDER OF THIS NOTE ACKNOWLEDGES AND AGREES THAT, FOR SO LONG AS IT IS THE HOLDER OF SUCH NOTE AND UNTIL THE EARLIER OF (I) ITS SALE OR TRANSFER OF SUCH NOTE AND (II) THE COMMITMENT TERMINATION DATE, IT IS OBLIGATED TO MAKE CLASS A ADVANCES TO THE ISSUER UPON THE REQUEST OF THE ISSUER IN AN AMOUNT UP TO ITS CLASS A COMMITMENT, IN ACCORDANCE WITH AND SUBJECT TO THE PROVISIONS OF THE CLASS A-1 NOTE PURCHASE AGREEMENT DATED 21 DECEMBER 2006 BETWEEN THE ISSUER, THE CLASS A NOTE AGENT AND THE CLASS A-1 NOTEHOLDERS (THE "**CLASS A-1 NOTE PURCHASE AGREEMENT**") OR, AS THE CASE MAY BE, THE CLASS A-2 NOTE PURCHASE AGREEMENT DATED 21 DECEMBER 2006 BETWEEN THE ISSUER, THE CLASS A NOTE AGENT AND THE CLASS A-2 NOTEHOLDERS (THE "**CLASS A-2 NOTE PURCHASE AGREEMENT**"). THE TERMS "COMMITMENT TERMINATION DATE", "CLASS A-1 ADVANCES", "CLASS A-1 COMMITMENT" AND "CLASS A-2 COMMITMENT" HAVE THE MEANINGS SPECIFIED IN THE CLASS A-1 NOTE PURCHASE AGREEMENT, THE CLASS A-2 NOTE PURCHASE AGREEMENT OR IN THE TRUST DEED, AS APPLICABLE.

7. The purchaser understands that the Regulation S Notes may not, at any time, be held by, or on behalf of, U.S. Persons or Persons in the United States.

8. Each holder and beneficial owner of a Regulation S Note, by acceptance of its Regulation S Note or its interest in a Note, shall be deemed to understand and acknowledge that failure to provide the Issuer, the Trustee or any Paying Agent with the applicable U.S. federal income tax certifications (generally, a United States Internal Revenue Service Form W 9 (or successor applicable form) in the case of a Person that is a "United States person" within the meaning of Section 7701(a)(30) of the Code or an appropriate United States Internal Revenue Service Form W 8 (or successor applicable form) in the case of a Person that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code) may result in U.S. federal back up withholding from payments in respect of such Note.

9. Each purchaser or subsequent transferee of a Subordinated Note that (i) is not a "United States person" (as defined in Section 7701(a)(30) of the Code) and (ii) is acquiring, directly or in conjunction with Affiliates, more than 33 1/3 per cent. of the aggregate amount outstanding of the Subordinated Notes will make, or will be deemed to make, a representation to the effect that it is not an Affected Bank.

10. A transferor who transfers an interest in a Regulation S Note to a transferee who will hold the interest in the same form is not required to make any additional representation or certification.

11. If the purchaser is acquiring Regulation S Certificated Class A Notes: (a) it understands that such Regulation S Certificated Class A Notes will be issued as physical definitive certificates in registered form; (b) it is not a "United States person" as defined in Section 7701 (a)(30) of the Code, it is not acquiring any Class A Note as part of a plan to

reduce, avoid or evade U.S. federal income taxes owed, owing or potentially owed or owing; (c) if a transferee, it does not have its principal place of business in any Federal Reserve District of the FRB, or it has satisfied and will satisfy all applicable registration and other requirements of the FRB in connection with its acquisition of the Class A Notes; and (d) it satisfies the Rating Requirement.

12. The purchaser acknowledges that the Issuer, the Arranger, the Trustee, the Collateral Adviser or the Collateral Administrator and their Affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

GENERAL INFORMATION

Clearing Systems

The Notes of each Class (other than the Class A-1 Notes and, prior to the Class A-2 Final Funding Date, the Class A-2 Notes) have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Rule 144A Notes of each Class have also been accepted for clearance through DTC, and have been designated for trading through the PORTAL System. The American Banker's Association Committee on Uniform Securities and Identification Procedures ("**CUSIP**") for the Rule 144A Notes of each Class and the Common Code and International Securities Identification Number ("**ISIN**") for the Notes of each Class:

	Regulation S Notes		**Rule 144A Notes**
	ISIN	**Common Code**	**CUSIP**
Class A-1 Notes	N/A	N/A	N/A
Class A-2 Notes	XS0280586594	28058659	28626N AB 0
Class B Notes	XS0279707532	27970753	28626N AC 8
Class C Notes	XS0279707706	27970770	28626N AD 6
Class D Notes	XS0279707961	27970796	28626N AE 4
Class E Notes	XS0279708001	27970800	28626N AF 1
Subordinated Notes	XS0279708266	27970826	28626N AG 9

Listing

The Listing of the Notes of each Class on the Official List of the Irish Stock Exchange is expected to be granted on or about 22 December 2006. The expenses related to the Listing of the Notes will be deducted from the proceeds of the issue of the Notes and are estimated to be €6,532.40.

Consents and Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in Luxembourg (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 20 December 2006.

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 21 September 2006 and there has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 21 September 2006.

No Litigation

The Issuer is not involved, and has not been involved, in any governmental, legal 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.

Accounts

Since the date of incorporation the Issuer has not commenced operations and no financial statements have been made up 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 Transfer Agents during normal business hours. The first financial statements of the Issuer will be in respect of the period from incorporation to 31 December 2006. 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 and otherwise promptly on request that no Event of Default or Potential Event of Default (as defined in the Trust Deed) or other matter which is required to be brought to the Trustee's attention has occurred.

Documents Available

Copies of the following documents may be inspected in electronic format (and, in the case of each of (j) to (m) below, will be available for collection free of charge) at the offices of the Listing Agent in Ireland and at the registered offices of Issuer during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the life of the Prospectus.

(a) the 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 Collateral Administration and Agency Agreement;

(e) the Collateral Advisory Agreement;

(f) the Class A-1 Note Purchase Agreement;

(g) the Class A-2 Note Purchase Agreement;

(h) each Asset Swap Agreement;

(i) the Liquidity Facility Agreement;

(j) each Senior Notes Monthly Report;

(k) each Subordinated Monthly Report;

(l) each Payment Date Report; and

(m) each Subordinated Noteholder Report.

Enforceability of Judgments

The Issuer is a company incorporated under the laws of Luxembourg. None of the directors and executive officers 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.

Irish Paying Agent

NCB Stockbrokers Limited has been appointed as Irish Paying Agent for the Issuer and in such capacity will perform paying agency services in relation to the Notes as set out in the Collateral Administration and Agency Agreement provided however that, such paying agency duties and responsibilities shall be performed:

(a) only with respect to Notes held by residents of Ireland; and

(b) only in the event that no entity is performing the duties of principal paying agent in relation to the Notes.

Listing Agent

Arthur Cox Listing Services 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 for the purposes of the Prospectus Directive.

INDEX OF DEFINED TERMS

REGISTERED OFFICE OF THE ISSUER

eleX Alpha S.A.
7, Val Sainte-Croix
L-1371 Luxembourg

COLLATERAL ADVISER

DWS Finanz–Service GmbH
Mainzer Landstrasse, 178-190,
D-60327 Frankfurt am Main
Germany

COLLATERAL ADMINISTRATOR, CALCULATION AGENT, PRINCIPAL PAYING AGENT, ACCOUNT BANK, EXCHANGE AGENT AND CUSTODIAN

ABN AMRO Bank N.V. (London Branch)
82 Bishopsgate
London EC2N 4BN
United Kingdom

TRUSTEE

ABN AMRO Trustees Limited.
82 Bishopsgate
London EC2N 4BN
United Kingdom

REGISTRAR, CLASS A NOTE AGENT AND TRANSFER AGENT

LaSalle Bank National Association
181 W. Madison Street
Chicago 60602
Illinois
USA

IRISH PAYING AGENT

NCB Stockbrokers Limited
3 George's Dock
International Financial Services Centre
Dublin 1
Ireland

LIQUIDITY FACILITY PROVIDER

Danske Bank A/S, London Branch
75 King William Street
London
EC4N 7DT

LEGAL ADVISERS

To the Arranger as to English and U.S. Law

Allen & Overy LLP
One Bishops Square
London E1 6AO
United Kingdom

To the Arranger as to Luxembourg Law

Allen & Overy Luxembourg
58 rue Charles Martel
L-2134 Luxembourg

To the Collateral Adviser as to English and

To the Trustee

U.S. Law

Clifford Chance LLP
10 Upper Bank Street
Canary Wharf
London E14 5JJ
United Kingdom

as to English Law

Allen & Overy LLP
One Bishops Square
London E1 6AO
United Kingdom

IRISH LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

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