

reasonable expenses of such sale or liquidation) would be sufficient to discharge in full the amounts due and unpaid with respect to all the Senior Notes and certain other amounts and the Requisite Noteholders and the Collateral Manager agree with such determination; or (ii) a Majority of each Class of Senior Notes Outstanding directs the sale and liquidation of the Collateral.

**Subordination of Income Notes.** The Holders of the Income Notes will be subordinate in payment to the creditors of the Issuer ranking higher in the Priority of Payments, including, without limitation, the Holders of the Senior Notes, the Trustee, the Collateral Administrator and the Administrator. Except with respect to the obligations of the Issuer to make payments pursuant to the Indenture, the Collateral Administration Agreement, the Collateral Management Agreement and the Administration Agreement, the Issuer does not expect to have any significant creditors.

Distributions with respect to the Income Notes will be payable solely from and to the extent of the available proceeds from the Collateral pursuant to the Priority of Payments. Consequently, the Holders of the Income Notes must rely solely upon the net payments received by the Issuer under the Collateral Obligations and Eligible Investments and available amounts on deposit in the Trust Accounts, and any proceeds thereof. Because of the subordination of the Income Notes, distributions will be made with respect thereto only after all other payments and distributions due on a Payment Date from the Collateral have been made, including payments to the Holders of the Senior Notes. Holders of Income Notes are not entitled to the return of a stated principal amount or to receive distributions at a stated rate. There can be no assurance that the distributions on the Collateral will be sufficient to make distributions to Holders of the Income Notes after making payments that rank senior to payments on the Income Notes. The Issuer's ability to make distributions to the Holders of the Income Notes will be limited by the terms of the Indenture. If distributions on the Collateral are insufficient to make distributions on the Income Notes, no other assets will be available for any such distributions. See "*Description of the Notes.*"

**Return Considerations.** The return to each Holder of the Income Notes will be a function of the purchase price paid by such Holder for the Income Notes and the timing and amount of distributions made in respect of its Income Notes during the term of the transaction. Each prospective purchaser of Income Notes should make its own evaluation of the return that it expects to receive on the Income Notes. Prospective purchasers should be aware that the timing and amount of distributions will be affected by, among other things, the timing and number of prepayments, purchases and sales of Collateral (including the sales of Defaulted Obligations), and the amount of gains and losses resulting therefrom with respect to the Collateral Obligations. Gains or losses from any sales of Collateral Obligations will in turn depend on the market value of Collateral Obligations at the time of their sale. Each prospective purchaser should consider the risk that a more frequent occurrence of sales of Collateral Obligations from the Collateral or lower market values upon such sales than that which may be anticipated by the purchaser will result in lower payments with respect to the Income Notes than that anticipated by the purchaser. The return on the Income Notes could also be adversely affected by market changes reducing the return or cash flow on the Eligible Investments and Collateral Obligations. In particular, Interest Proceeds may be reduced for Defaulted Obligations, which in turn will reduce the amounts available to the Issuer to make payments on the Notes. In addition, if the Issuer fails any Coverage Test as of any Determination Date for a Payment Date after the Ramp-Up End Date, amounts that might otherwise be distributed to the Holders of the Income Notes on the related Payment Date will be used to redeem Senior Notes and will not be paid to such Holders. See "*Description of the Notes—Priority of Payments.*" Each prospective purchaser should consider that any such adverse developments could result in its failure to recover its initial investment in the Income Notes, or earn any expected level of return thereon.

The amounts available to pay the interest on, and the principal of, the Senior Notes may also be adversely affected by the factors described in the preceding paragraph, including the timing and number of sales of Collateral Obligations, the timing and number of Collateral Obligations that become Defaulted Obligations, gains and losses on the Collateral and market changes or other factors reducing the return or cash flow on the Eligible Investments. Although reductions in the Interest Proceeds may reduce the amounts available to make payments on the Senior Notes, there will be no corresponding reduction in the accrual of interest on the Senior Notes (although for Class B Notes, Class C Notes and Class D Notes, payment of such interest may be deferred). See "*—Subordination of the Senior Notes*" and "*Description of the Notes—The Indenture and the Collateral Administration Agreement—Events of Default*" for the discussions therein of the limited remedies available to the beneficial owners of the Senior Notes upon the occurrence of a payment default with respect thereto.