

**NOTICE OF PROPOSED REPLACEMENT MANAGER AND PROPOSED SECOND
AMENDED AND RESTATED COLLATERAL MANAGEMENT AGREEMENT**

KLEROS PREFERRED FUNDING, LTD.

To: The Parties listed on Schedule A hereto.

Reference is made to (i) that certain Amended and Restated Collateral Management Agreement dated as of August 2, 2013 (as amended, modified or supplemented, the “Management Agreement”) between Kleros Preferred Funding, Ltd., as Issuer (the “Issuer”) and Vertical Capital, LLC, as Collateral Manager (the “Collateral Manager”) and (ii) that certain Indenture dated as of June 3, 2005 (as amended, modified or supplemented, the “Indenture”) among the Issuer, Kleros Preferred Funding, LLC, as Co-Issuer, and Wells Fargo Bank, National Association, as Trustee (the “Trustee”). Capitalized terms used herein without definition shall have the meaning given to such terms in the Management Agreement or the Indenture.

I. Notice to Nominees and Custodians.

If you act as or hold Notes or Preference Shares as a nominee or custodian for or on behalf of other persons, please transmit this notice immediately to the beneficial owner of such Notes or Preference Shares or such other representative who is authorized to take actions. Your failure to act promptly in compliance with this paragraph may impair the chance of the beneficial owners on whose behalf you act to take any appropriate actions concerning the matters described in this notice.

II. Notice of Proposed Replacement Manager and Proposed Second Amended and Restated Collateral Management Agreement.

Reference is further made to that certain Notice of Resignation of Collateral Manager dated June 11, 2015 in which the Trustee provided notice that the Collateral Manager notified the Trustee of its resignation pursuant to Section 12(b) of the Management Agreement.

The Trustee hereby provides notice that, by written notice dated as of August 10, 2015, which is attached hereto as Annex A (the “Issuer Notice”), the Issuer notified the Trustee that the Holders of a majority of the Aggregate Outstanding Amount of the Notes of the Controlling Class have directed the Issuer to propose Dock Street Capital Management LLC (“Dock Street”) as successor collateral manager (“Replacement Manager”) under the Management Agreement. A copy of the proposed Second Amended and Restated Collateral Management Agreement to be entered into by the Issuer and the Replacement Manager in connection with the resignation and proposed replacement of the Collateral Manager is attached as Exhibit A to the Issuer Notice. Pursuant to Section 15.4(d) of the Indenture, the Trustee hereby delivers a copy of the Issuer Notice to each Noteholder.

Pursuant to Section 15.4(d) of the Indenture and subject to certain other conditions being met, no appointment of the Replacement Manager will be effective if Holders of at least a Majority of each Class of Notes object within 30 days after the date of the Issuer Notice. Should any Holder of Notes, as of the Notice Record Date defined below, wish to notify the Trustee that such Holder objects to Dock Street as Replacement Manager (an “Objection”), please notify the Trustee in writing on or before 5:00 p.m. ET on September 9, 2015 at the address set forth below.

Wells Fargo Bank, National Association
9062 Old Annapolis Road
Columbia, MD 21045
Tel: 410-884-2097
Fax: 866-373-0261
Email: cheryl.bohn@wellsfargo.com
Attention: Cheryl Bohn

The Notice Record Date for determining the Holders entitled to receive this Notice of Proposed Replacement Manager and Proposed Second Amended and Restated Collateral Management Agreement and to deliver an Objection shall be August 10, 2015.

THE TRUSTEE AND THE PREFERENCE SHARE PAYING AGENT MAKE NO STATEMENT AS TO THE RIGHTS OF THE HOLDERS OF THE NOTES OR PREFERENCE SHARES IN RESPECT OF THE PROPOSED REPLACEMENT MANAGER OR AMENDMENT AND RESTATEMENT OF THE MANAGEMENT AGREEMENT, ASSUME NO RESPONSIBILITY OR LIABILITY FOR THE CONTENTS OR SUFFICIENCY OF THE ISSUER NOTICE, AND MAKE NO RECOMMENDATIONS AS TO ANY ACTION TO BE TAKEN WITH RESPECT TO THE PROPOSED REPLACEMENT MANAGER, AMENDMENT AND RESTATEMENT OF THE MANAGEMENT AGREEMENT OR OTHERWISE. HOLDERS ARE ADVISED TO CONSULT THEIR OWN LEGAL OR INVESTMENT ADVISOR.

Pursuant to Section 12(d) of the Management Agreement, the resignation of the Collateral Manager shall not be effective unless a successor collateral manager which satisfies the Replacement Manager Conditions has been appointed and such successor collateral manager has accepted such appointment and assumed the collateral manager obligations thereunder and all other conditions precedent have been satisfied or waived.

Any questions may be directed to the attention of Cheryl Bohn by telephone at 410-884-2097, by e-mail at cheryl.bohn@wellsfargo.com, by facsimile at 866-373-0261 or by mail addressed to Wells Fargo Bank, National Association, Corporate Trust Department, Attn.: Cheryl Bohn, 9062 Old Annapolis Road, Columbia, MD 21045. The Trustee may conclude that a specific response to particular inquiries from individual Holders is not consistent with equal and full dissemination of material information to all Holders. Holders of Notes or Preference Shares should not rely on the Trustee as their sole source of information. The Trustee makes no recommendations and gives no investment advice herein or as to the appointment of the

Replacement Manager, the amendment and restatement of the Management Agreement or the Notes or Preference Shares generally.

Dated: August 10, 2015

**WELLS FARGO BANK,
NATIONAL ASSOCIATION,**
as Trustee and Preference Share Paying
Agent

SCHEDULE A

Holder of Notes and Preference Shares:*

498587AA2, 498587AC8, 498587AD6,
498587AE4, 498587AF1, G52954107,
G5295RAF3, 498585207

Issuer:

Kleros Preferred Funding, Ltd.
c/o Fund Fiduciary Partners Limited
2nd Floor, Harbour Centre
42 North Church Street
George Town, Grand Cayman
Cayman Islands
Attention: Andrew Childe

With a copy to:

10 Market Street #769
Camana Bay, Grand Cayman KY1-9006
Cayman Islands
Attention: Andrew Childe

Co-Issuer:

Kleros Preferred Funding, LLC
c/o Puglisi & Associates
850 Library Avenue, Suite 204
Newark, Delaware 19711
Attention: Donald Puglisi, Esq.

Rating Agencies

Moody's Investors Service
99 Church Street
New York, NY 10007
Fax: 212-553-0355
Attention: CBO/CLO Monitoring
E-mail: cdomonitoring@moodys.com

Collateral Manager:

Vertical Capital, LLC
437 Madison Avenue, 39th Floor
New York, New York 10022
Fax: (212) 786-5301
Attention: : Kem Blacker

Irish Stock Exchange:

28 Anglesea Street
Dublin 2 Ireland

Paying Agent in Ireland:

Custom House Administration and Corporate
Services Limited
25 Eden Quay
Dublin 1 Ireland

Channel Islands Stock Exchange:

PO Box 623
One Lefebvre Street
St Peter Port
Guernsey, GY1 4PJ
Channel Islands

* The Trustee shall not be responsible for the use of the CUSIP, CINS, ISIN or Common Code numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Note. The numbers are included solely for the convenience of the Holders.

ANNEX A
ISSUER NOTICE

Kleros Preferred Funding, Ltd.
c/o Fund Fiduciary Partners Limited
2nd Floor, Harbour Centre
42 North Church Street
George Town
Grand Cayman, Cayman Islands

August 10, 2015

TO THE ADDRESSEES SET FORTH
ON SCHEDULE 1 HERETO


Re: Kleros Preferred Funding, Ltd. – Appointment of Successor Collateral Manager

Reference is made to (i) the Indenture, dated as of June 3, 2005 (the “Indenture”), by and among the Kleros Preferred Funding, Ltd. (the “Issuer”), Kleros Preferred Funding, LLC (the “Co-Issuer”), and Wells Fargo Bank, National Association (the “Trustee”), and (ii) the Amended and Restated Collateral Management Agreement, dated as of August 2, 2013 (the “Collateral Management Agreement”), by and between the Issuer and Vertical Capital, LLC (“Vertical”). Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Indenture or the Collateral Management Agreement, as applicable.

This notice is being provided to you pursuant to Sections 7.5(d) and 15.4(d) of the Indenture, and Section 18(b) of the Collateral Management Agreement, as applicable. The purpose of this notice is to inform you that (i) the Holders of a majority of the Aggregate Outstanding Amount of the Notes of the Controlling Class have directed the Issuer to appoint Dock Street Capital Management LLC (“Dock Street”) as successor Collateral Manager (the “Successor Collateral Manager”) in accordance with the terms of Section 12(d) of the Collateral Management Agreement and (ii) the Issuer intends to appoint Dock Street as Successor Collateral Manager, subject to satisfaction of the Replacement Manager Conditions, the Rating Condition and such other conditions set forth in Section 15.4(d) of the Indenture, by entering into a second amended and restated collateral management agreement substantially in the form attached hereto as Exhibit A. Deletions of text in the second amended and restated collateral management agreement are indicated by struck-through text, and insertions of text are indicated by bold double-underlined text.

Sincerely,

KLEROS PREFERRED FUNDING, LTD.

By: 
Name: Andrew Chib
Title: Director

SCHEDULE 1

Wells Fargo Bank, National Association
9062 Old Annapolis Road
Columbia, Maryland 21045-1951
Attention: CDO Trust Services—Kleros Preferred Funding, Ltd.
Facsimile: (410) 715-3748
E-mail: lisa.a.ruther@wellsfargo.com

Vertical Capital, LLC
437 Madison Avenue, 39th Floor
New York, New York 10022
Attention: Kem Blacker
E-mail: kblacker@verticalcapital.com

Moody's Investors Service
90 Church Street
New York, NY 10007
Fax: 212-553-0355
Attention: CBO/CLO Monitoring
E-mail: cdomonitoring@moodys.com

Fitch Ratings
One State Street Plaza
New York, New York 10004
Tel: 212-588-2618
Attention: Credit Products
E-mail: cdo.surveillance@fitchratings.com

EXHIBIT A

**SECOND AMENDED AND RESTATED
COLLATERAL MANAGEMENT AGREEMENT**

SECOND AMENDED AND RESTATED COLLATERAL MANAGEMENT AGREEMENT

This Second Amended and Restated Collateral Management Agreement, dated as of ~~August 2, 2013~~September 9, 2015 (as the same may be amended from time to time, this “Agreement”), is entered into by and between Kleros Preferred Funding, Ltd., an exempted limited liability company incorporated under the laws of the Cayman Islands, with its registered office located at c/o ~~Intertrust SPV (Cayman) Limited, 190 Elgin Avenue~~Fund Fiduciary Partners Limited, 2nd Floor, Harbour Centre, 42 North Church Street, George Town, Grand Cayman, ~~KY1 9005~~, Cayman Islands, as issuer (together with its successors and assigns permitted hereunder, the “Issuer”), and ~~Vertical Dock Street Capital Management~~ LLC, a limited liability company organized under the laws of Delaware (“~~Vertical Capital Dock Street~~”), with offices located at ~~437 Madison Avenue, 39th Floor, New York, New York 10022~~575-B Riverside Avenue Westport, CT 06880, as collateral manager (together with its successors and assigns, the “Collateral Manager”).

WITNESSETH:

WHEREAS, the parties hereto wish to amend and restate the ~~Collateral Management Agreement (the “Predecessor Amended and Restated Collateral Management Agreement (the “Predecessor Collateral Management Agreement”)~~, dated as of ~~June 3, 2005 (the “Closing Date”)~~August 2, 2015, by and between the Issuer and ~~Strategos Vertical Capital Management~~ LLC, as collateral manager (the “Predecessor Collateral Manager”), to evidence, among other things, the appointment of ~~Vertical Capital Dock Street~~ as successor Collateral Manager;

WHEREAS, all conditions precedent set forth in the Predecessor Collateral Management Agreement and the Indenture (as defined below) relating to (a) the removal of the Predecessor Collateral Manager, (b) the appointment of ~~Vertical Capital Dock Street~~ as successor Collateral Manager, and (c) this amendment and restatement of the Predecessor Collateral Management Agreement have, in each case, been satisfied on or prior to the Restatement Effective Date;

WHEREAS, the Predecessor Collateral Manager has resigned effective as of the date hereof pursuant to Section 12(b) of the Predecessor Collateral Management Agreement;

WHEREAS, the Issuer desires to engage ~~Vertical Capital Dock Street~~ as Collateral Manager to provide the Collateral Manager services described herein and ~~Vertical Capital Dock Street~~ desires to provide such services;

WHEREAS, on June 3, 2005 (the “Closing Date”) the Issuer issued the Class A-1 Notes, the Class A-2 Notes, the Class B Notes, the Class C Notes and the Class D Notes (collectively, the “Notes”) pursuant to an indenture, dated as of the Closing Date (the “Indenture”), among the Issuer, Kleros Preferred Funding, LLC, as co-issuer (the “Co-Issuer”), and Wells Fargo Bank, National Association, as trustee (together with any successor trustee permitted under the Indenture, the “Trustee”);

WHEREAS, on the Closing Date the Issuer also issued Preference Shares (the “Preference Shares” and, together with the Notes, the “Securities”) under its Amended and Restated Memorandum and Articles of Association and entered into a Preference Share Paying Agency Agreement dated as of the Closing Date (the “Preference Share Paying Agency Agreement”) with Wells Fargo Bank, National Association, as preference share paying agent (together with any successor preference share paying agent permitted under the Preference Share Paying Agency Agreement, the “Preference Share Paying Agent”) and preference share transfer agent, and Walkers SPV Limited, as preference share registrar (together with any successor preference share registrar permitted under the Preference Share Paying Agency Agreement, the “Preference Share Registrar”);

WHEREAS, the Issuer has pledged the Collateral to the Trustee as security for the Secured Parties;

WHEREAS, the Indenture authorizes the Issuer to enter into this Agreement, pursuant to which the Collateral Manager agrees to perform, on behalf of the Issuer, certain duties with respect to the Collateral securing the Notes in the manner and on the terms set forth herein and in the Indenture and to provide such additional duties as are consistent with the terms of this Agreement and the Indenture as the Issuer may from time to time reasonably request; and

WHEREAS, the Collateral Manager has the capacity to provide the services required hereby and is prepared to perform such services upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto hereby agree as follows:

1. Definitions.

Terms used and not defined herein shall have the meanings set forth in the Indenture.

“Advisers Act” means the United States Investment Advisers Act of 1940, as amended.

“Collateral Manager Securities” means any Securities held by the Collateral Manager or its Affiliates or any Securities over which the Collateral Manager or any of its Affiliates has discretionary voting authority.

“Governing Instruments” means the memorandum, articles or certificate of incorporation or association and by-laws, if applicable, in the case of a corporation, the limited liability company operating agreement and the certificate of formation, in the case of a limited liability company, the partnership agreement, in the case of a partnership, or any other constituent documents governing the activities of the related entity.

“Operative Documents” means this Agreement, the Indenture, the Preference Share Paying Agency Agreement, the Class A-1 Note Purchase Agreement, the Master Forward Sale Agreement, the Collateral Administration Agreement and the Securities.

“Original Collateral Manager” means Strategos Capital Management, LLC (“Strategos”) as Collateral Manager under the original Collateral Management Agreement between the Issuer and Strategos dated as of June 3, 2005.

“Restatement Effective Date” means _____, 2005.

2. General Duties of the Collateral Manager.

The Collateral Manager is hereby appointed as the Issuer’s agent to provide the Issuer with the services specified herein. Accordingly, the Collateral Manager accepts such appointment and shall provide the Issuer with the following services:

(a) Subject to and in accordance with the terms of the Indenture and this Agreement (including without limiting the generality of the foregoing, the investment guidelines attached as Exhibit A hereto), the Collateral Manager agrees to supervise and direct the sale of Collateral Debt Securities and Equity Securities in accordance with Article XII of the Indenture, to supervise and direct the investment of funds on deposit in the Accounts in Eligible Investments and to perform on behalf of the Issuer (or direct the performance of) those duties and functions assigned to the Collateral Manager in the Indenture and those duties and functions assigned to the Collateral Manager in the other Operative Documents, including, without limitation, the furnishing of Issuer Orders, Issuer Requests and officer’s certificates relating thereto, and providing such certifications as are required of the Collateral Manager under the Operative Documents with respect to permitted purchases and sales of Collateral Debt Securities and Equity Securities, and the Collateral Manager shall have the power to execute and deliver all necessary and appropriate documents and instruments on behalf of the Issuer with respect thereto (including the execution of assignments and other related documents on behalf of the Issuer reasonably necessary or advisable in connection with the acquisition or disposition of any Collateral Debt Security or other Collateral by the Issuer). The Collateral Manager shall perform its duties hereunder in accordance with the terms and conditions of the Operative Documents. The Collateral Manager, in performing its duties under the Operative Documents, shall act in good faith and exercise reasonable care, using a degree of skill and attention no less than that which the Collateral Manager exercises with respect to comparable assets that it manages for itself and, without limiting the foregoing, in a commercially reasonable manner consistent with accepted practices and procedures applied by reasonable and prudent institutional managers of national standing in connection with the management of assets of the nature and the character of the Collateral Debt Securities and Eligible Investments. To the extent not inconsistent with the foregoing, the Collateral Manager shall follow its customary standards, policies and procedures in performing its duties under the Operative Documents. The Collateral Manager will be bound to follow any amendment or supplement to the Indenture of which it has received written notice (with a copy of such amendment or supplement) from the Issuer or Trustee at least ten Business Days prior to the execution and delivery of such amendment or supplement; *provided, however*, that notwithstanding anything to the contrary, the Collateral Manager shall not be bound by any amendment or supplement to the Indenture that alters the rights or obligations of the Collateral Manager (in its capacity as such) in any respect, unless the Collateral Manager shall have given its prior written consent.

(b) The Collateral Manager shall (i) select all Collateral Debt Securities and Eligible Investments which shall be acquired by the Issuer and pledged to the Trustee pursuant to the Indenture, (ii) facilitate the acquisition and settlement of Collateral Debt Securities by the Issuer and (iii) make any determination required or permitted by the Indenture regarding whether accrued interest is allocable to Sale Proceeds, Interest Proceeds or Principal Proceeds. In performing its duties hereunder, the Collateral Manager shall endeavor, subject to (i) the standard of care described in Section 2(a), (ii) the requirements of the Indenture and (iii) the limitations under the Advisers Act, to manage the pool of collateral in a manner that will permit a timely performance of all payment obligations of the Issuer under the Indenture in accordance with the priorities set forth therein. Notwithstanding any of the foregoing, or any provision to the contrary herein or in the Indenture, the Collateral Manager shall not be liable if such objectives are not achieved so long as the Collateral Manager performs its duties under this Agreement in the manner provided for herein and in the Indenture, and under no circumstances will the Collateral Manager be deemed an obligor or guarantor or otherwise be deemed to be responsible for payment of principal, interest or other amounts due on the Collateral or the Securities, and under no circumstances shall there be any recourse by any holder of a security to the Collateral Manager, its Affiliates and any of their respective directors, officers, partners, members, principals, managers, agents, equity holders or employees for any payment obligations on the Securities. The Collateral Manager does not guarantee that sufficient funds will be available on each Distribution Date to satisfy any such payment obligations.

(c) The Collateral Manager shall monitor the Collateral Debt Securities and Eligible Investments on behalf of the Issuer and, on an ongoing basis, shall provide to the Issuer or to the Collateral Administrator or the Trustee, on behalf of the Issuer, as applicable, all information and data which is generated by or timely received by the Collateral Manager and which either (i) is required under the Indenture to be delivered to the Issuer, the Trustee or the Collateral Administrator or (ii) is requested by the Issuer, the Trustee or the Collateral Administrator in order to prepare reports, certificates or documents which it is required to prepare and deliver under the Indenture. The Collateral Manager shall prepare, on behalf of the Issuer, the reports, certificates and schedules listed on Exhibit B that the Issuer is required to prepare under the Indenture (specifically excluding those reports, certificates and schedules that the Collateral Administrator is required to prepare and/or deliver pursuant to the Collateral Administration Agreement), in such forms and containing such information required thereby, in sufficient time for such required reports, schedules and data to be reviewed, executed and delivered by the Issuer to the parties entitled thereto under the Indenture. The obligation of the Collateral Manager to furnish the Issuer with such reports, certificates and schedules in accordance with the Indenture is subject to the Collateral Manager's timely receipt of accurate and appropriate information from the appropriate Person (other than the Collateral Manager) in possession of or responsible for preparation of such information (including, without limitation, the Rating Agencies, the Trustee and the Collateral Administrator). To the extent that such reports and information are not timely received by the Collateral Manager, the Collateral Manager shall promptly request such reports and information and shall use commercially reasonable efforts to obtain such information from such Persons. In addition, the Collateral Manager shall reasonably cooperate with the Collateral Administrator (to the extent reasonably requested by the Collateral Administrator) in connection with the performance by the Collateral Administrator of its obligations under the Collateral Administration Agreement.

(d) The Collateral Manager may, subject to and in accordance with the Indenture and this Agreement, take on behalf of the Issuer or direct the Trustee to take the following actions with respect to a Collateral Debt Security, an Equity Security or an Eligible Investment:

(i) identify Collateral Debt Securities and Eligible Investments to be purchased by the Issuer and select the dates for such purchases, and purchase or direct the Issuer; or

(ii) retain such Collateral Debt Security, Eligible Investment or Equity Security; or

(iii) sell or otherwise dispose of such Collateral Debt Security, Equity Security or Eligible Investment as permitted under the Indenture; or

(iv) if applicable, tender such Collateral Debt Security, Equity Security or Eligible Investment pursuant to an Offer; or

(v) subject to the Indenture, consent to any proposed amendment, restatement, modification or waiver pursuant to the Underlying Instruments for a Collateral Debt Security; or

(vi) retain or dispose of any securities or other property (if other than cash) received pursuant to an Offer; or

(vii) waive any default with respect to a Collateral Debt Security; or

(viii) vote to accelerate (or rescind the acceleration of) the maturity of a Defaulted Security; or

(ix) advise and assist the Issuer, with respect to the valuation of the Collateral Debt Securities in accordance with the Operative Documents; or

(x) retain legal counsel and other professionals (such as financial advisers) to assist in the negotiation, documentation and restructuring of Collateral Debt Securities; or

(xi) exercise any other rights or remedies with respect to such Collateral Debt Security, Equity Security or Eligible Investment as provided in the related Underlying Instruments or take any other action consistent with the terms of the Indenture which the Collateral Manager reasonably believes to be in the best interests of the Noteholders and the Preference Shareholders.

(e) Subject to the satisfaction of the requirements of this Agreement and the Indenture, upon the disposition of any Collateral Debt Security, Equity Security or Eligible Investment (or any security or property received in exchange therefor), the Collateral Manager shall direct the Trustee to apply the proceeds of such disposition in accordance with the Indenture

to the purchase of substitute Collateral Debt Security or Eligible Investments, as applicable, or as otherwise required or permitted by the Indenture.

(f) The Collateral Manager shall determine whether any item of Collateral is a Collateral Debt Security, Credit Risk Security, Credit Improved Security, Deferred Interest PIK Bond, Written Down Security or Defaulted Security.

(g) In providing services hereunder, the Collateral Manager may, without the prior consent of any Person, employ third parties (including, without limitation, the Collateral Manager's Affiliates) to render advice (including investment advice) and assistance at the Collateral Manager's expense; *provided* that the Collateral Manager shall not be relieved of any of its duties hereunder regardless of the performance of any services by third parties except as expressly provided herein (including Section 15 hereof). The Collateral Manager shall not be liable for the acts or omissions of any such third party unless such acts or omissions are caused by bad faith, reckless disregard or willful misconduct of such third party in its performance of duties of the Collateral Manager under this Agreement.

(h) In performing its duties hereunder and in connection with any transactions involving the Collateral Debt Securities, the Collateral Manager shall carry out any written directions of the Issuer and reasonably cooperate with the Issuer for the purpose of the Issuer's compliance with the Indenture, so long as such direction or other action is not inconsistent with the Collateral Manager's duties hereunder.

(i) The Collateral Manager shall reasonably assist and cooperate with the Trustee in effecting and continuing the perfection of the security interest granted in the Granting Clauses of the Indenture by the Issuer to the Trustee in any or all Collateral Debt Securities and Eligible Investments.

(j) The Collateral Manager shall consult, upon reasonable notice at reasonable times, with the Rating Agencies and other Persons at the direction of the Issuer.

(k) The Collateral Manager shall promptly notify the Trustee and the Preference Share Paying Agent in writing of any Default or Event of Default to the extent the Collateral Manager has actual knowledge of the occurrence thereof.

(l) The Collateral Manager shall submit Borrowing Requests (as defined in the Class A-1 Note Purchase Agreement) on behalf of the Co-Issuers, in accordance with the Class A-1 Note Purchase Agreement.

(m) The Collateral Manager, on behalf of the Issuer, to the extent requested to do so by the Trustee, shall deliver any document required to be delivered to the Repository in accordance with the requirements of Sections 10.6, 14.3 and 15.5 of the Indenture.

(n) The Collateral Manager shall comply with the investment guidelines set forth in Exhibit A hereto.

(o) The Collateral Manager shall retain on behalf of the Issuer a firm of Independent certified public accountants of recognized national reputation (the "Accountants") to

prepare on behalf of (and at the expense of) the Issuer any income tax or information returns that the Issuer may from time to time be required to file under applicable law (each a “Tax Return”), to deliver, at least 30 days before any applicable time limit, each Tax Return, properly completed, to the Administrator for signature by an Authorized Officer of the Issuer, to file or deliver such Tax Return on behalf of the Issuer within any applicable time limit with any authority or Person as required under applicable law, to prepare and deliver an Internal Revenue Service Form 5471, as needed (or any successor or supplement thereto) and any other information required under Sections 6038, 6038B or 6046 of the Internal Revenue Code of 1986, as amended (the “Code”) (or successor provisions), on an annual basis in a timely manner to the Preference Share Paying Agent for delivery to each Preference Shareholder (and, upon request, to the holders of the Class C Notes and the Class D Notes), to prepare and file any elections, as needed, to preserve the status of the Issuer as a corporation for United States Federal tax purposes due to a change in United States Federal tax laws and to provide to any Preference Shareholder (and, upon request, to the holders of the Class C Notes and the Class D Notes), upon written request therefor, (A) all information that a U.S. shareholder making a “qualified electing fund” (“QEF”) election with respect to the Issuer (as defined in the Code) is required to obtain for United States Federal income tax purposes and (B) a “PFIC Annual Information Statement” as described in Treasury Regulation § 1.1295-1(g) (or any successor Treasury Regulation or Internal Revenue Service release or notice), including all representations and statements required by such statement, and to take any other steps necessary to facilitate a QEF election with respect to the Issuer by such Preference Shareholder (or such holders of the Class C Notes or the Class D Notes).

~~(p)~~ [(p)] The ~~Predecessor~~Original Collateral Manager has entered into (on behalf of the Issuer) the Hedge Agreement ~~to be~~ in effect on the Closing Date. The Collateral Manager shall monitor all Hedge Agreements and determine whether and when the Issuer should exercise any rights available under any Hedge Agreement, enter into an additional or replacement Hedge Agreement or terminate (in part or in whole) an existing Hedge Agreement and on the Stated Maturity, the Accelerated Maturity Date or upon any Optional Redemption, any Tax Redemption, any Auction Call Redemption or a redemption of the Preference Shares, shall arrange for the termination of any remaining Hedge Agreements.]

(q) The Collateral Manager shall notify the Issuer, the Trustee and each Rating Agency if, to the actual knowledge of the Collateral Manager, any representation, warranty or certification previously made by the Collateral Manager would, if repeated on any subsequent date, be incorrect or misleading in any material respect.

(r) The Collateral Manager shall give all notices and other communications to be given by or on behalf of the Issuer under the Master Forward Sale Agreement.

(s) The Collateral Manager shall take all commercially reasonable action on behalf of the Issuer to effect the liquidation of the Collateral following an Event of Default pursuant to the Indenture or to effect any Optional Redemption, any Tax Redemption, any Auction Call Redemption or a redemption of the Preference Shares in accordance with the Indenture and/or the Preference Share Paying and Transfer Agency Agreement, including liquidation of the Collateral in accordance with the Indenture.

(t) The Collateral Manager shall comply with such other duties and responsibilities as may be required of the Collateral Manager by the Indenture.

Notwithstanding the foregoing, the Issuer will not be permitted to purchase or otherwise acquire, and the Collateral Manager shall not cause the Issuer to purchase or otherwise acquire, (A) any Collateral Debt Security after the last day of the Substitution Period, except to complete any purchase which the Issuer committed to make during the Substitution Period or (B) any Equity Security except for any Equity Security acquired as expressly permitted by the Indenture.

Nothing in this Agreement shall be construed to require the Collateral Manager to disclose non-public information in violation of applicable United States federal or state securities laws.

In furtherance of the foregoing, the Issuer hereby appoints the Collateral Manager the Issuer's true and lawful agent and attorney-in-fact, with full power of substitution and full authority in the Issuer's name, place and stead and without any necessary further approval of the Issuer, in connection with the performance of the Collateral Manager's duties provided for in this Agreement, including the following powers (subject in all cases to the limitations set forth in the Indenture): (a) to sign, execute, certify, swear to, acknowledge, deliver, file, receive and record any and all documents which the Collateral Manager reasonably deems necessary or appropriate in connection with its investment management duties under this Agreement and (b) to (i) vote in its discretion any securities, instruments or obligations included as Collateral, (ii) execute proxies, waivers, consents and other instruments with respect to such securities, instruments or obligations, (iii) endorse, transfer or deliver such securities, instruments and obligations, (iv) participate in or consent (or decline to consent) to any modification, work-out, restructuring, bankruptcy proceeding, class action, plan of reorganization, merger, combination, consolidation, liquidation or similar plan or transaction with regard to such securities, instruments and obligations and (v) take any other action specified in Section 2(d). The foregoing power of attorney is a continuing power, coupled with an interest, and shall remain in full force and effect until revoked by the Issuer in writing by virtue of the termination or an assignment of this Agreement; *provided* that any such revocation shall not affect any transaction initiated prior to such revocation. Nevertheless, if so requested by the Collateral Manager or a purchaser of a Collateral Debt Security, Equity Security or Eligible Investment, the Issuer shall ratify and confirm any such sale or other disposition by executing and delivering to the Collateral Manager or such purchaser all proper bills of sale, assignments, releases and other instruments as may be designated in any such request.

3. Brokerage.

(a) The Collateral Manager shall use commercially reasonable efforts to obtain the best executions for all orders placed with respect to the Collateral Debt Securities, considering all reasonable circumstances, it being understood that the Collateral Manager has no obligation to obtain the lowest or best prices available. Subject to the first sentence of this Section 3(a), the Collateral Manager may take into consideration all factors the Collateral Manager reasonably determines to be relevant, including, without limitation, timing, general relevant trends and research and other brokerage services and support equipment and services

related thereto furnished to the Collateral Manager or its Affiliates by brokers and dealers. Such services may be used in connection with the other advisory activities or investment operations of the Collateral Manager and/or its Affiliates. In addition, subject to the objective of obtaining best execution, the Collateral Manager may take into account available prices, rates of brokerage commissions and size and difficulty of the order, the nature of the market for such security, the time constraints of the transaction, in addition to other relevant factors (such as, without limitation, execution capabilities, reliability (based on total trading rather than individual trading), integrity, financial condition in general, execution and operational capabilities of competing brokers and/or dealers, and the value of the ongoing relationship with such brokers and/or dealers), without having to demonstrate that such factors are of a direct benefit to the Issuer in any specific transaction. The Issuer acknowledges that the determination by the Collateral Manager of any benefit to the Issuer is subjective and represents the Collateral Manager's evaluation at the time that the Issuer will be benefited by relatively better purchase or sales prices, lower brokerage commissions and beneficial timing of transactions or a combination of these and other factors.

(b) The Collateral Manager may aggregate sales and purchase orders of securities placed with respect to the Collateral with similar orders being made simultaneously for other accounts managed by the Collateral Manager or with accounts of the Affiliates of the Collateral Manager, if in the Collateral Manager's reasonable business judgment such aggregation would result in an overall economic benefit to the Issuer, taking into consideration the availability of purchasers or sellers, the selling or purchase price, brokerage commission and other expenses. In the event that a sale or purchase of a Collateral Debt Obligation occurs as part of any aggregate sales or purchase orders, the objective of the Collateral Manager (and any of its Affiliates involved in such transactions) shall be to allocate the executions among the relevant accounts in a manner reasonably believed by the Collateral Manager to be equitable over time for all accounts involved, taking into consideration, among other relevant factors, the differing investment objectives of the Issuer and the Collateral Manager's (or its Affiliates') other clients, the amount of capital available, eligibility criteria set forth in the Indenture and in any governing documents relating to the Collateral Manager's (or its Affiliates') other clients, the maturity of the account and the exposure to similar or offsetting positions. Although the Collateral Manager, whenever possible, will average the prices paid or received by all such clients (including the Issuer) whenever particular positions are acquired or disposed of at the same time, the Issuer acknowledges that circumstances may arise in which such an allocation could have adverse effects upon the Issuer or the other clients of the Collateral Manager or its Affiliates with respect to the price or size of positions obtainable or saleable.

(c) All purchases and sales of Collateral Debt Securities and Eligible Investments, and all sales of Equity Securities, by the Collateral Manager on behalf of the Issuer shall be conducted in compliance with all applicable securities laws (including, without limitation, the Advisers Act and Section 28(e) of the United States Securities Exchange Act of 1934, as amended) and the terms of the Indenture. The Collateral Manager shall cause any purchase or sale of any Collateral Debt Security, Equity Security or Eligible Investment from or to ~~Vertical Capital~~[Dock Street](#), any Affiliate thereof or any client of ~~Vertical Capital~~[Dock Street](#) or any Affiliate thereof to be conducted on an arm's-length basis.

4. Additional Activities of the Collateral Manager.

Nothing herein shall prevent the Collateral Manager or any of its Affiliates, members, principals, partners, directors, officers, employees or agents from engaging in other businesses, or from rendering services of any kind to the Issuer, the Trustee, the Preference Share Paying Agent, the Noteholders, the Preference Shareholders, or any other Person. Without limiting the generality of the foregoing, the Collateral Manager, its Affiliates and the members, principals, partners, directors, officers, employees and agents of the Collateral Manager and its Affiliates may:

(a) serve as directors (whether supervisory or managing), officers, employees, agents, nominees or signatories for the Issuer, or any obligor or issuer of any Collateral Debt Security or Equity Security or other obligation included in the Collateral, to the extent permitted by their Governing Instruments, as from time to time amended, or by any resolutions duly adopted by the Issuer or any obligor of any obligations included in the Collateral pursuant to their respective Governing Instruments; *provided* that in the reasonable business judgment of the Collateral Manager (exercised in good faith), such activity will not have a material adverse effect on the enforceability of the Collateral;

(b) receive fees for services of any nature rendered to the obligor or issuer of any Collateral Debt Security or Reference Obligation with respect to a Synthetic Security included in the Collateral or any direct or indirect Noteholder or Preference Shareholder; *provided* that in the reasonable business judgment of the Collateral Manager (exercised in good faith), such activity will not have a material adverse effect on the enforceability of the Collateral;

(c) be retained to provide services unrelated to this Agreement to the Issuer or its Affiliates, and be paid therefor, in each case on an arm's-length basis;

(d) be a secured or unsecured creditor of, or hold an equity interest in, the Issuer, the issuer or obligor (or any Affiliate of an issuer or obligor) of any Collateral Debt Security or Reference Obligation with respect to a Synthetic Security included in the Collateral;

(e) make a market in any Collateral Debt Security, Equity Security or Eligible Investment included in the Collateral or in the Securities (or any Class thereof or the Preference Shares); *provided* that with respect to such market, the Collateral Manager is not acting as agent for the Issuer;

(f) serve as a member of any "creditors' board" or "creditors' committee" with respect to any obligation included in the Collateral which has become, or, in the Collateral Manager's reasonable opinion, may become, a Defaulted Security; and

(g) subject to compliance with applicable law (including, without limitation, the Advisers Act) and the provisions of the Indenture and this Agreement (including without limitation, Section 5 hereof), purchase any security from, or sell any security to, the Issuer while acting in the capacity of principal or agent.

The Issuer acknowledges and agrees that the services of the Collateral Manager to the Issuer are not to be deemed exclusive and the Collateral Manager and any of its Affiliates

may engage in any other business and furnish investment management and advisory services to others, including Persons which may have investment policies similar to or different from those followed by the Collateral Manager with respect to the Collateral Debt Securities or the Eligible Investments and which may own securities or loans of the same or different class, or which are the same or different type, as the Collateral Debt Securities or the Eligible Investments or other debt or equity interests of the obligors of the Collateral Debt Securities or Eligible Investments. The Issuer acknowledges and agrees that the Collateral Manager and its Affiliates will be free, in their sole discretion, to make recommendations to others and to effect transactions on behalf of themselves or for others, which may be the same as or different from those made or effected with respect to the Collateral.

Nothing contained in this Agreement or the Indenture shall prevent the Collateral Manager or any of its Affiliates, acting either as principal or agent on behalf of others, from buying or selling, or from recommending to or directing any other account to buy or sell, at any time, securities or loans of the same kind or class, or securities or loans of a different kind or class of the same issuer or obligor, as those directed by the Collateral Manager to be purchased or sold hereunder. It is understood and agreed that, to the extent permitted by applicable law, the Collateral Manager, its Affiliates, and any member, principal, partner, manager, officer, director, stockholder, agent or employee of the Collateral Manager or any such Affiliate or any member of their families or a Person advised by the Collateral Manager may have an interest in a particular transaction or in securities or loans of the same kind or class, or securities or loans of a different kind or class issued by the same obligor, as those whose purchase or sale the Collateral Manager may direct hereunder.

The Issuer acknowledges and agrees that the Collateral Manager shall not be obligated to pursue any particular investment opportunity or strategy that may arise with respect to the Collateral.

5. Conflicts of Interest.

The Collateral Manager shall not direct the Trustee (i) to purchase any security to be included in the Collateral from the Collateral Manager or any of its Affiliates or from any account or portfolio for which the Collateral Manager or any such Affiliate acts as investment advisor or (ii) to sell any security to be included in the Collateral to any such party, account or portfolio unless, in each case, such transaction (a) is effected on an “arm’s-length” basis on terms at least as favorable to the Noteholders as transactions with third parties and (b) the Collateral Manager determines that each such transaction complies with the investment guidelines set forth on Exhibit A hereto and the restrictions contained in the Indenture and this Agreement and does not violate any applicable law, including, without limitation, the Advisers Act; *provided, however,* that purchases or sales of the Collateral in accordance with Article XII of the Indenture shall be deemed to have met the standards set forth in clause (a) hereof.

The Collateral Manager shall have the right (but not the obligation) to (i) effect client cross-transactions where the Collateral Manager causes a transaction to be effected between the Issuer and another account advised by it or any of its Affiliates and (ii) with the prior consent of the Issuer (which may be revoked at any time) (a) enter into agency cross- transactions where it or any of its Affiliates acts as broker for the Issuer and for the other party to the

transaction, to the extent permitted by applicable law and (b) in accordance with Section 11(a) of the Exchange Act and regulation 11a2-2(T) thereunder (or any similar rule that may be adopted in the future), affect transactions for the Issuer on a national securities exchange of which any of its Affiliates is a member and retain commissions in connection therewith.

The Issuer understands that various potential and actual conflicts of interest may arise from the advisory, investment and other activities of the Collateral Manager, its Affiliates and their respective clients and employees for their own accounts and or for their respective client accounts. In particular the Issuer consents to the following:

(i) The Collateral Manager and its Affiliates shall have the right (a) to serve as general partner and/or manager of, or acquire and/or hold equity securities issued by, special purpose entities other than the Issuer that are organized to issue collateralized debt obligations, (b) to invest for their own accounts or the accounts of others, including such other special purpose entities, in securities that would be appropriate investments for the Issuer, and which may be the same as or different from those made on behalf of the Issuer, (c) to simultaneously seek to purchase investments for the Issuer and/or similar entities, including such other special purpose entities, which could result in securities laws restrictions on transactions by the Issuer in such securities and create other conflicts of interest for the Collateral Manager, (d) to make investments on behalf of the Issuer in securities or other assets that they have declined to invest in for their own account or the accounts of others and (e) to recommend activities in connection with providing services to other clients that would compete with or otherwise adversely affect the Issuer. In making such investments, none of the Collateral Manager or its Affiliates shall have any duty (a) to act in a way that is favorable to the Issuer, the Noteholders or the Preference Shareholders, (b) to offer any investment to the Issuer or to inform the Issuer of any investment opportunity before offering such investment to or making any investment on behalf of other funds or accounts managed by the Collateral Manager or its Affiliates or (c) to offer any investment to, or make any investment on behalf of the Issuer, with respect to investments made on their own behalf.

(ii) The Collateral Manager and its Affiliates shall have the right to have economic interests in, render services to, engage in transactions with or have other relationships with issuers of Collateral Debt Securities and Reference Obligations, including without limitation, the right to (a) on their own behalf or on behalf of any client account, make and/or hold equity or other investments in securities of the issuer of any Collateral Debt Security or Reference Obligation, that are senior to, pari passu with or junior in ranking to such Collateral Debt Security or Reference Obligation, enter into credit default swaps relating to such issuers or such Collateral Debt Obligations, act as lenders to such issuers, and have other ongoing relationships with such issuers, (b) have their partners, securityholders, officers, directors, agents or employees serve on boards of directors or have ongoing relationships with such issuers and (c) in connection with such investments and relationships, subject to the provisions of Article XII of the Indenture, make recommendations and decisions that may be the same as or different from those made with respect to the Collateral Debt Securities which, as a result of such investments or relationships, may be subject to restrictions on transaction under the securities laws or conflicts of interest.

(iii) The Collateral Manager and its Affiliates shall have no obligation to inform the individuals at the Collateral Manager responsible for monitoring the Collateral Debt Securities and performing the other obligations of the Collateral Manager hereunder of any information with respect to its investments or activities (and such individuals at the Collateral Manager shall have no obligation to obtain such information).

(iv) In connection with any agency cross-transactions entered into in accordance with this Section 5, if an Affiliate of the Collateral Manager acts as a broker, such person shall have the right to receive commissions from one or both parties in the transaction and shall be entitled to seek to obtain favorable commissions that might be adverse to the interests of the Issuer.

The Collateral Manager, its Affiliates and client accounts for which the Collateral Manager or its Affiliates act as investment advisor shall be entitled to also own Notes or other Preference Shares. The Collateral Manager, its Affiliates and client accounts may at any time sell any such securities (including the Preference Shares purchased by them ~~on the Closing Date~~).

Notwithstanding the foregoing, nothing contained in this Section 5 shall be construed as altering or limiting the duties of the Collateral Manager set forth in this Agreement or in the Indenture nor the requirement of any law, rule or regulation applicable to the Collateral Manager.

6. Records; Requests for Information; Confidentiality.

The Collateral Manager shall maintain appropriate books of account and records relating to services performed hereunder, and such books of account and records shall be accessible for inspection by authorized representatives of the Issuer, the Trustee, the Preference Share Paying Agent and the Independent accountants appointed by the Issuer pursuant to the Indenture at a mutually agreed-upon time during normal business hours and upon reasonable prior notice; *provided* that the Collateral Manager shall not be obligated to provide access to any non-public information if the Collateral Manager in good faith determines that the disclosure of such information would violate any applicable law, regulation or contractual arrangement. The Collateral Manager shall promptly forward to the Trustee any information in its possession or reasonably available to it concerning any Collateral Debt Security, Eligible Investment or Hedge Agreement that the Trustee reasonably may request as necessary to enable the Trustee to prepare any report or perform any duty or function on its part to be performed under the terms of the Indenture. The Collateral Manager shall follow its customary procedures to keep confidential all information obtained in connection with the services rendered hereunder (including any Standard & Poor's confidential or private rating or credit assessments) and shall not disclose any such information except (i) with the prior written consent of the Issuer (which consent shall not be unreasonably withheld), (ii) such information as the Rating Agencies shall reasonably request in connection with their rating or evaluation of the Notes, the Preference Shares and/or the Collateral Manager, as applicable, (iii) as required by law, regulation, court order or the rules, regulations or request of any regulatory or self-regulating organization, body or official (including any securities exchange on which the Securities may be listed from time to time) having jurisdiction over the Collateral Manager or as otherwise required by law or judicial

process or as required by any Underlying Instruments, (iv) such information as shall have been publicly disclosed other than in violation of this Agreement, (v) to its members, principals, partners, officers, directors, agents and employees, and to its attorneys, accountants and other professional advisers in conjunction with the transactions described herein or any third party that it may from time to time employ in accordance with Section 15(a) or Section 2(g) hereof, (vi) in connection with the enforcement of the Collateral Manager's rights hereunder or in any dispute or proceeding related hereto, (vii) to the Trustee, the Collateral Administrator or the Preference Share Paying Agent, (viii) to Noteholders, Preference Shareholders and potential purchasers of any of the Securities, (ix) such information that was or is obtained by the Collateral Manager on a non-confidential basis; *provided* that the Collateral Manager does not know or have reason to know of any breach by such source of any confidentiality obligations with respect thereto, (x) in connection with establishing trading or investment accounts or otherwise in connection with effecting transactions on behalf of the Issuer, and (xi) subject to applicable law and to the extent not inconsistent with securities law restrictions with respect to the Securities, any information relating to the investment performance of the Collateral; *provided* that the Collateral Manager shall not disclose any information in respect of the identity of the Noteholders or Preference Shareholders. Notwithstanding anything to the contrary herein, the Collateral Manager (and each employee, representative, or other agent of the Collateral Manager) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of any transactions described herein, and all materials of any kind (including opinions or other tax analysis) that are provided to the Collateral Manager relating to such tax treatment and tax structure.

7. Certain Obligations of Collateral Manager.

Subject to the limitations set forth in Section 10 hereof, the Collateral Manager shall use commercially reasonable efforts to ensure that no action is taken by it, and shall not intentionally or with reckless disregard take any action, which would (a) materially adversely affect the status of the Issuer for purposes of Cayman Islands law, United States Federal or state law or any other law which, to the Collateral Manager's actual knowledge, is applicable to the Issuer, (b) not be permitted by the Issuer's Governing Instruments, (c) cause the Issuer to violate any United States Federal or state law or any other law known to the Collateral Manager to be applicable to the Issuer, the violation of which has would have a material adverse effect on the business, operations, assets or financial condition of the Issuer, (d) require registration of the Issuer, the Co-Issuer or the pool of Collateral as an "investment company" under the Investment Company Act, (e) result in the Issuer violating the terms of the Indenture in any material respect, (f) adversely affect the interests of the Trustee, the Noteholders or Preference Shareholders in any material respect (other than the effect of such actions expressly permitted hereunder or under the Indenture), or (g) cause the Issuer to be treated as engaged in a U.S. trade or business for U.S. Federal income tax purposes or otherwise cause adverse tax consequences to the Issuer, the Co-Issuer, the Noteholders or the Preference Shareholders. If the Collateral Manager is requested to take any such action by the Issuer or the Trustee, the Collateral Manager shall promptly notify the Issuer, the Trustee and the Preference Share Paying Agent of the Collateral Manager's reasonable business judgment (exercised in good faith), that such action would have one or more of the consequences set forth above and the Collateral Manager need not take such action unless the Issuer again requests the Collateral Manager to do so and Holders of at least 66-2/3% of the Aggregate Outstanding Amount of the Controlling Class has consented thereto in writing. Notwithstanding any such request, the Collateral Manager need not take such action unless

arrangements satisfactory to it are made to insure or indemnify the Collateral Manager and its Affiliates and their respective directors, officers, stockholders, partners, agents, members and employees from any liability they may incur as a result of such action. The Collateral Manager will perform its duties under this Agreement and the Indenture in accordance, in all material respects, with the tax restrictions set forth in the investment guidelines, attached hereto as Exhibit A (the “Investment Guidelines”); *provided, however*, that to the extent that the Collateral Manager has complied with the Investment Guidelines set forth in Exhibit A hereto, the Collateral Manager shall be deemed to have complied with the requirement set forth in Section 7(g) above, unless, as a result of a change in law or interpretation thereof of which the Collateral Manager is actually aware, mere compliance with the Investment Guidelines set forth in Exhibit A hereto may not prevent the Issuer from being treated as engaged in a trade or business in the United States for U.S. federal income tax purposes or otherwise subject to U.S. federal income tax on a net income basis.

The Collateral Manager shall be entitled to treat any notice or other communication that on its face comes from the Issuer or the Board of Directors as having been sent by the Issuer or the Board of Directors, as applicable, unless it has actual knowledge that the Issuer or the Board of Directors has not sent such notice or other communication. The Collateral Manager shall not have any liability under this Section 7 for any action taken by the Collateral Manager in good faith reliance on information that had been provided by the Issuer, the Co-Issuer, the Trustee or the Collateral Administrator.

The Collateral Manager shall, at the expense of the Issuer, and solely to the extent such information is not otherwise available from the Trustee, respond in a timely manner to all reasonable requests by the Initial Purchaser for market valuation data with respect to the Collateral and will provide (or cause to be provided) to the Initial Purchaser each report delivered by the Issuer to the Collateral Manager pursuant to the Indenture.

At the request of the Trustee or the Preference Share Paying Agent, the Collateral Manager shall provide notice to the Trustee or the Preference Share Paying Agent, as the case may be, of all Notes or Preference Shares, as the case may be, that are Collateral Manager Securities.

8. Compensation.

(a) The Issuer shall pay to the Collateral Manager, for services rendered and for performance of its obligations under this Agreement, the Senior Management Fee and the Subordinate Management Fee (collectively, the “Management Fees”) (including, for the avoidance of doubt, any Deferred Senior Management Fee and any Deferred Subordinate Management Fee), and any Deferred Senior Management Fee Interest and Deferred Subordinate Management Fee Interest, in each case subject to the Priority of Payments set forth in the Indenture.

(b) The Collateral Manager shall be responsible for all expenses incurred by it in the performance of its obligations under this Agreement; *provided* that (i) the fees and expenses of employing outside lawyers on behalf of the Issuer in connection with the purchase and sale of Collateral Debt Securities, Equity Securities or Eligible Investments and the possible

amendment, default, bankruptcy or restructuring of any Collateral Debt Security or Equity Security, (ii) reasonable travel expenses in connection with the Collateral Manager's performance of its duties hereunder, (iii) data service and subscription fees and expenses (including, without limitation, costs incurred in connection with purchasing and maintaining systems to analyze Collateral Debt Securities), in an amount not to exceed \$10,000 per annum, (iv) the fees and expenses payable by the Issuer in accordance with the Indenture, including any fees, expenses or other amounts payable to the Rating Agencies, the Collateral Administrator, the Trustee or the Independent accountants appointed under the Indenture, and (v) the fees and expenses (including the fees and disbursements of counsel) incurred by the Collateral Manager in connection with the negotiation and preparation of and the execution of this Agreement, in each case, shall constitute Administrative Expenses and be reimbursed by the Issuer in accordance with the Indenture; *provided, however*, that salaries of employees of the Collateral Manager and overhead of the Collateral Manager shall not be included in any of clauses (i) through (v) as Administrative Expenses.

(c) If this Agreement is terminated pursuant to Section 12, Section 13 or otherwise, the Management Fees calculated as provided in the Indenture shall be prorated for any partial periods between Distribution Dates during which this Agreement was in effect and shall be due and payable on the first Distribution Date following the date of such termination in accordance with the Priority of Payments set forth in the Indenture and, to the extent not paid in full on such Distribution Date, on each Distribution Date thereafter subject to the Priority of Payments until paid in full. No Management Fee payable to a successor Collateral Manager from payments on the Collateral shall be greater than the Management Fee payable to the Collateral Manager (as of the Closing Date) without the prior written consent of a Majority-in-Interest of Preference Shareholders (and, in the case of an increase in the Senior Management Fee, a Majority of the Noteholders, voting as a single class) and satisfaction of the Rating Condition. In determining whether a specified percentage of Noteholders or Preference Shareholders has directed any such increase, Collateral Manager Securities shall be excluded. Notwithstanding any other provision contained in this Section 8 or the Indenture, in the event that the Collateral Manager resigns pursuant to Section 12(b), then the resigning Collateral Manager shall not be entitled to any Management Fees (whether deferred or not) on any Distribution Date following the date of such resignation.

(d) If amounts distributable on any Distribution Date pursuant to Article XI of the Indenture are insufficient to pay the Senior Management Fee or the Subordinate Management Fee, then the payment thereof shall be deferred and shall be payable without interest on subsequent Distribution Dates in accordance with Article XI of the Indenture. The Collateral Manager may, by providing written notice to the Trustee in accordance with Section 11.1(f) of the Indenture, in its sole discretion elect to defer payment of any Management Fee which would otherwise be paid on the related Distribution Date, which deferred payment shall accrue interest in accordance with the Indenture.

(e) The Management Fee arrangements set forth above are intended to comply with Code section 457A, and the foregoing provisions and any action taken related thereto shall be construed accordingly.

9. Benefit of the Agreement.

The Collateral Manager shall perform its duties hereunder in accordance with the terms of this Agreement and the terms of the Indenture applicable to it. The Collateral Manager agrees that such duties shall be enforceable by (i) the Issuer, (ii) the Trustee, on behalf of the Noteholders, (iii) the Preference Share Paying Agent, on behalf of the Preference Shareholders, (iv) the Initial Purchaser and (v) the requisite percentage of Noteholders or Preference Shareholders, on behalf of themselves, as provided in the Indenture and the Preference Share Paying Agency Agreement, in each case, if and to the extent provided in the Indenture or the Preference Share Paying Agency Agreement.

The Collateral Manager agrees and consents to the provisions contained in Section 15.4 of the Indenture.

10. Limits of Collateral Manager Responsibility.

(a) The Collateral Manager assumes no responsibility under this Agreement other than to render the services called for hereunder and under the terms of the Indenture applicable to it pursuant to the terms of this Agreement in good faith and, subject to the standard of conduct described in the next succeeding sentence and in Sections 2 and 7. The Collateral Manager, its Affiliates and their respective members, principals, partners, managers, directors, officers, stockholders, employees and agents (collectively, the “Collateral Manager Affiliates”) will not be liable to the Co-Issuers, the Trustee, the Collateral Administrator, the Preference Share Paying Agent, the Noteholders, the Preference Shareholders or any other Person for any losses, claims, damages, demands, charges, judgments, assessments, costs or other liabilities (collectively, “Liabilities”) incurred by the Co-Issuers, the Trustee, the Preference Share Paying Agent, the Noteholders, the Preference Shareholders or any other Person that arise out of or in connection with the performance by the Collateral Manager of its duties under this Agreement or the Indenture, or for any decrease in the value of the Collateral; *provided* that the Collateral Manager shall be subject to liability by reason of acts or omissions of the Collateral Manager constituting bad faith, willful misconduct or gross negligence in the performance, or reckless disregard, of the obligations of the Collateral Manager hereunder and under the terms of the Indenture applicable to the Collateral Manager; *provided further* that in no event shall the Collateral Manager or any Collateral Manager Affiliate be liable for consequential, special, exemplary or punitive damages. Any stated limitations on liability shall not relieve the Collateral Manager from any responsibility it has under any state or Federal statutes. The matters described in the proviso to the second preceding sentence are collectively referred to for purposes of this Agreement as “Collateral Manager Breaches”. The Collateral Manager shall not be responsible for any action or omission of the Issuer, the Trustee or any other Person, including (without limitation) in following or declining to follow any advice, recommendation or direction of the Collateral Manager, which advice, recommendation or direction does not constitute a Collateral Manager Breach and is not inconsistent with the Collateral Manager’s obligations under Section 7.

(b) The Issuer shall indemnify and hold harmless the Collateral Manager and each Collateral Manager Affiliate from and against any Liabilities, and will reimburse the Collateral Manager or each Collateral Manager Affiliate for all reasonable fees and expenses

(including reasonable fees and expenses of counsel) as such fees and expenses are incurred in investigating, preparing, pursuing or defending any claim, action, proceeding or investigation with respect to any pending or threatened litigation, caused by, or arising out of or in connection with, the issuance of the Securities, the transactions contemplated by the Offering Circular, dated June 2, 2005, with respect to the Securities (the “Offering Circular”), the Indenture or this Agreement, and/or any action taken by, or any failure to act by, the Collateral Manager or any Collateral Manager Affiliate; *provided* that the Collateral Manager and its Affiliates will not be indemnified for any such Liabilities or any fees or expenses that they incur as a result of any acts or omissions constituting a Collateral Manager Breach. Notwithstanding anything contained herein to the contrary, the obligations of the Issuer under this Section 10 shall be payable solely as an Administrative Expense out of the Collateral in accordance with the Priority of Payments set forth in the Indenture. Nothing contained herein shall be deemed to waive any liability which cannot be waived under applicable state or Federal law or any rules or regulations adopted thereunder.

(c) The Collateral Manager shall indemnify and hold harmless the Issuer from and against any and all Liabilities, and will reimburse the Issuer from and against any and all reasonable fees and expenses (including reasonable fees and expenses of counsel) incurred in investigating, preparing, pursuing or defending any claim, action, proceeding or investigation with regard to any pending or threatened litigation, to the extent caused by, or arising out of any Collateral Manager Breaches.

(d) Notwithstanding anything herein to the contrary, the Collateral Manager is not liable for the performance or non-performance of any obligations of the Collateral Administrator under the Collateral Administration Agreement; *provided* that the Collateral Manager shall not be relieved of any liability to the extent the Collateral Administrator is unable to perform its obligations due to acts or omissions constituting bad faith, willful misconduct or gross negligence of the Collateral Manager.

11. No Partnership or Joint Venture.

The Issuer and the Collateral Manager are not partners or joint venturers with each other and nothing herein shall be construed to make them such partners or joint venturers or impose any liability as such on either of them. The Collateral Manager will be, for all purposes herein, deemed to be an independent contractor and will, unless otherwise expressly provided herein or authorized by the Issuer from time to time, have no authority to act for or represent the Issuer in any way or otherwise be deemed an agent of the Issuer.

12. Term; Termination.

(a) This Agreement shall become effective as of the ~~Closing~~Restatement Effective Date and shall continue in force until the first of the following occurs: (i) the payment in full of the Notes, the termination of the Indenture in accordance with its terms and the redemption of the Preference Shares; (ii) the liquidation of the Collateral and the final distribution of the proceeds of such liquidation to the Noteholders and the Preference Shareholders; or (iii) the termination of this Agreement in accordance with this Section 12 or Section 13.

(b) Notwithstanding any other provisions hereof to the contrary, the Collateral Manager may resign upon 90 days' written notice to the Issuer, the Rating Agencies and the Trustee (or such shorter notice as is acceptable to the Issuer); *provided, however*, that such resignation shall not be effective until the date as of which a successor Collateral Manager has been appointed in accordance with Section 12(d) and has accepted the duties of the successor Collateral Manager hereunder. The Issuer will use its commercially reasonable efforts to appoint a successor Collateral Manager to assume such duties and obligations.

(c) If this Agreement is terminated pursuant to this Section 12 or Section 13, such termination will be without any further liability or obligation of either party to the other, except as provided in Sections 8, 10, 14 and 22.

(d) Notwithstanding anything in this Agreement to the contrary, any resignation or removal of the Collateral Manager pursuant to Section 12(b) or 13 or (except as provided in Sections 12(a)(i) or 12(a)(ii) hereof) termination of this Agreement shall be effective only upon (i) the appointment by the Issuer, at the direction of a Majority-in-Interest of Preference Shareholders (including any Preference Shares that are Collateral Manager Securities) of an institution as successor Collateral Manager that is not an Affiliate of the Collateral Manager, *provided*, that the holders of a majority of the Aggregate Outstanding Amount of each Class of Notes do not disapprove of such institution within 30 days of notice of such appointment, and such institution (A) has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager under this Agreement, (B) is legally qualified and has the capacity to act as Collateral Manager under this Agreement as successor to the Collateral Manager, (C) has agreed in writing to assume all of the responsibilities, duties and obligations of the Collateral Manager under this Agreement and under the applicable terms of the Indenture and (D) shall not cause the Issuer, the Co-Issuer or the Collateral to be required to register as an investment company under the Investment Company Act (clauses (A) through (D), the "Replacement Manager Conditions"); and (ii) satisfaction of the Rating Condition with respect to such appointment.

The Issuer, the Trustee and the successor Collateral Manager shall take such action (or cause the outgoing Collateral Manager to take such action) consistent with this Agreement and the terms of the Indenture applicable to the Collateral Manager as shall be necessary to effectuate any such succession. If the Collateral Manager shall resign or be removed but a successor Collateral Manager shall not have assumed all of the Collateral Manager's duties and obligations under this Agreement within 60 days after the Collateral Manager gives notice to the Issuer of such resignation or the Issuer or the Trustee gives notice to the Collateral Manager of such removal, then the Holders of a majority of the Aggregate Outstanding Amount of the Notes of the Controlling Class will have the right to appoint a successor Collateral Manager which satisfies the Replacement Manager Conditions.

In the event that the Collateral Manager is terminated or resigns and neither the Issuer nor the Trustee shall have appointed a successor on or prior to the date that is 90 days following the date of the termination notice, the Collateral Manager will be entitled to appoint a successor and will so appoint a successor within 90 days thereafter, subject to such successor's satisfaction of the Replacement Manager Conditions and the approval of such successor by Holders of a Majority of each Class of Notes and a Majority-in-Interest of Preference

Shareholders. In lieu thereof, or, if the successor Collateral Manager appointed by the resigning or removed Collateral Manager is disapproved, the resigning or removed Collateral Manager, the Issuer or the holders of at least 25% of the Voting Percentages of the Preference Shares or Holders of at least 25% of the Aggregate Outstanding Amount of any Class of Notes may petition any court of competent jurisdiction for the appointment of a successor Collateral Manager, which appointment shall not require the consent of, nor be subject to the disapproval of, the Issuer or any holder of Notes or Preference Shares.

(e) Upon expiration of the applicable notice period with respect to termination specified in this Section 12 or Section 13, as applicable, and upon the acceptance by a successor Collateral Manager of such appointment, all authority and power of the Collateral Manager under this Agreement and the Indenture, whether with respect to the Collateral Debt Securities or otherwise, shall automatically and without further action by any Person pass to and be vested in the successor Collateral Manager.

13. Termination for Cause.

This Agreement may be terminated, and the Collateral Manager may be removed for “cause” by the Issuer or the Trustee, at the direction of a Special-Majority-in-Interest of Preference Shareholders or by the Holders of at least 66-2/3% of the Aggregate Outstanding Amount of the Notes of the Controlling Class (excluding, in each such calculation, any Collateral Manager Securities), upon 10 days’ prior written notice to the Collateral Manager.

For purposes of determining “cause” with respect to any termination of this Agreement such term shall mean the occurrence and continuation of any of the following events:

(a) the Collateral Manager willfully violates, or takes any action that it knows breaches, any provision of this Agreement or the Indenture applicable to it;

(b) the Collateral Manager breaches in any material respect any provision of this Agreement or any terms of the Indenture applicable to it or any representation, certificate or other statement made or given in writing by the Collateral Manager (or any of its directors or officers) pursuant to this Agreement or the Indenture shall prove to have been incorrect in any material respect: when made or given, which breach or materially incorrect representation, certificate or statement (i) has a material adverse effect on the Noteholders of any Class of Notes or any Preference Shareholders and (ii) within 60 days of its becoming aware (or receiving notice from the Trustee) of such breach, or such materially incorrect representation, certificate or statement, the Collateral Manager fails to cure such breach, or to take such action so that the facts (after giving effect to such actions) conform in all material respects to such representation, certificate or statement;

(c) the Collateral Manager is wound up or dissolved or there is appointed over it or a substantial portion of its assets in connection with any winding up, liquidation, reorganization or other relief under any bankruptcy, insolvency, receivership or similar law, a receiver, administrator, administrative receiver, trustee or similar officer; or the Collateral Manager (i) ceases to be able to, or admits in writing its inability to, pay its debts as they become due and payable, or makes a general assignment for the benefit of, or enters into any composition

or arrangement with, its creditors generally; (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 Manager or of any substantial part of its properties or assets in connection with any winding up, liquidation, reorganization or other relief under any bankruptcy, insolvency, receivership or similar law, or authorizes such an application or consent, or proceedings seeking such appointment are commenced without such authorization, consent or application against the Collateral Manager and continue undismissed for 60 consecutive days; (iii) authorizes 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, reorganization, arrangement, readjustment of debt, insolvency or dissolution, or authorizes such application or consent, or proceedings to such end are instituted against the Collateral Manager without such authorization, application or consent and are approved as properly instituted and remain undismissed for 60 consecutive 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 remains undismissed for 60 consecutive days;

(d) the occurrence of an Event of Default under the Indenture which breach substantially results from any breach or default by the Collateral Manager of its duties under this Agreement or under the Indenture, which breach or default is not cured within any applicable cure period; or

(e) (i) the Collateral Manager being indicted for criminal fraud or other criminal activity in the performance of its obligations under this Agreement or a final judicial determination of civil fraud having been made with respect to any act of the Collateral Manager in the performance of such obligations or (ii) the Collateral Manager or any of its executive officers primarily responsible for administration of the Collateral Debt Securities (in the performance of his or her investment management duties) being convicted of a criminal offense related to its primary business.

Any Collateral Manager Securities will have no voting rights with respect to any vote (i) in connection with this Section 13 or (ii) increasing the rights or decreasing the obligations of the Collateral Manager under any of the Operative Documents, and shall be deemed not to be Outstanding in connection with any such vote; *provided* that any such Collateral Manager Securities shall have voting rights and shall be deemed outstanding with respect to all other matters as to which Noteholders or Preference Shareholders are entitled to vote.

The Collateral Manager shall promptly notify the Issuer, the Trustee, the Preference Share Paying Agent and the Rating Agencies if, to its actual knowledge, a “cause” event, or an event which with the giving of notice or the lapse of time (or both) would become “cause,” occurs.

For the avoidance of doubt, notwithstanding any provision to the contrary herein or in the Indenture, the Collateral Manager may not be removed without “cause.”

14. Action Upon Termination.

(a) From and after the effective date of termination of this Agreement, the Collateral Manager shall not be entitled to compensation for further services hereunder, but shall be paid all compensation accrued to the effective date of termination, as provided in Section 8 and shall be entitled to receive any amounts owing under Sections 7, 8 and 10. Upon such termination, the Collateral Manager shall as soon as practicable:

(i) deliver to the Issuer all property and documents of the Trustee or the Issuer or otherwise relating to the Collateral Debt Securities and Eligible Investments then in the custody of the Collateral Manager (although the Collateral Manager may keep copies of such documents for its records); and

(ii) deliver to the Trustee or the successor Collateral Manager appointed pursuant to Section 12(d) its books and records with respect to the Collateral Debt Securities (although the Collateral Manager may keep copies of such documents for its records).

Notwithstanding such termination, (i) the Collateral Manager shall remain liable for (a) its obligations under Section 10 and its acts or omissions giving rise thereto (subject to the limitations in Section 10) arising prior to termination and (b) any expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys' fees) in respect of or arising out of a breach of the representations and warranties made by the Collateral Manager in Section 16(b) or from any failure of the Collateral Manager to comply with the provisions of this Section 14, and (ii) the Issuer shall remain liable for its obligations under Sections 7 and ~~10.10~~, [and Section 32 shall remain in effect.](#)

15. Delegation and Assignment.

(a) This Agreement shall not be delegated by the Collateral Manager, in whole or in part, without (i) the prior written consent of the Issuer, (ii) the prior written consent of or affirmative vote by a Majority-in-Interest of Preference Shareholders (excluding any Collateral Manager Securities) and (iii) satisfaction of the Rating Condition with respect to such delegation; *provided, however*, that the Collateral Manager may delegate any or all of its obligations under this Agreement to an Affiliate of the Collateral Manager without obtaining the consents specified in the preceding clauses (i), (ii) and (iii), if such Affiliate meets the Replacement Manager Conditions, and if immediately after the delegation, such Affiliate employs principal personnel performing the duties under this Agreement who are the same individuals who would have performed such duties had the delegation not occurred. The delegee shall execute and deliver to the Issuer and the Trustee a counterpart of this Agreement naming such delegee as Collateral Manager. Upon the execution and delivery of such a counterpart by the delegee, the Collateral Manager shall be released from further obligation pursuant to this Agreement, except with respect to its obligations arising under Section 7 of this Agreement prior to such assignment and except with respect to its obligations specified in Section 14 hereof as surviving such a termination. No delegation of obligations or duties by the Collateral Manager, other than a delegation described in the first sentence of this Section 15(a), shall (1) relieve the Collateral Manager from any liability under this Agreement or (2) cause any third party to be a third party

beneficiary under this Agreement or any other document to which the Collateral Manager is a party.

(b) This Agreement shall not be assigned by the Issuer without the prior written consent of the Collateral Manager and the prior written consent of or affirmative vote by a Majority of the Controlling Class and the holders of a Special-Majority-in-Interest of Preference Shareholders, except in the case of assignment by the Issuer (i) to an entity which is a successor to the Issuer permitted under the Indenture, in which case such successor organization shall be bound under this Agreement and by the terms of such assignment in the same manner as the Issuer is bound under the Indenture or (ii) to the Trustee as contemplated by the Indenture. In the event of any assignment by the Issuer, the Issuer shall use its best efforts to cause its successor to execute and deliver to the Collateral Manager such documents as the Collateral Manager shall consider reasonably necessary to effect fully such assignment.

(c) Any corporation, partnership or limited liability company into which the Collateral Manager may be merged or converted or with which it may be consolidated, or any corporation, partnership or limited liability company resulting from any merger, conversion or consolidation to which the Collateral Manager shall be a party, or any corporation, partnership or limited liability company succeeding to all or substantially all of the collateral management business of the Collateral Manager, shall be the successor to the Collateral Manager without any further action by the Collateral Manager, the Co-Issuers, the Trustee, the Noteholders or any other person or entity; *provided* that such corporation, partnership or limited liability company satisfies the Replacement Manager Conditions.

16. Representations, Warranties and Covenants.

(a) The Issuer hereby represents, warrants and covenants to the Collateral Manager as follows as of the date hereof:

(i) The Issuer has been duly incorporated and is validly existing under the laws of the Cayman Islands, has the full corporate power and authority to own its assets and the obligations proposed to be owned by it and included in the Collateral and to transact the business in which it is presently and proposed to be engaged and is duly qualified under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires, or the performance of its obligations under the Operative Documents would require, such qualification, except for failures to be so qualified, authorized or licensed that would not in the aggregate have a material adverse effect on the business, operations, assets or financial condition of the Issuer.

(ii) The Issuer has full corporate power and authority to execute, deliver and perform the Operative Documents and all obligations required under the Operative Documents and has taken all necessary action to authorize the Operative Documents on the terms and conditions hereof and thereof and the execution, delivery and performance of Operative Documents and the performance of all obligations imposed upon it hereunder and thereunder. No consent of any other person including, without limitation, shareholders and creditors of the Issuer, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration

with, any governmental authority is required by the Issuer in connection with the Operative Documents or the execution, delivery, performance, validity or enforceability of the Operative Documents or the obligations imposed upon it hereunder or thereunder. Each Operative Document to which the Issuer is a party has been executed and delivered by the Issuer (by its duly authorized director) and constitutes the valid and legally binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, subject, as to enforcement, to (a) the effect of bankruptcy, insolvency or similar laws affecting generally the enforcement of creditors' rights, as such laws would apply in the event of any bankruptcy, receivership, insolvency or similar event applicable to the Issuer and (b) general equitable principles (whether enforceability of such principles is considered in a proceeding at law or in equity).

(iii) The execution, delivery and performance of this Agreement, the other Operative Documents and the documents and instruments required hereunder and thereunder will not violate any provision of any existing law or regulation binding on the Issuer, or any order, judgment, award or decree of any court, arbitrator or governmental authority binding on the Issuer, or the Governing Instruments of, or any securities issued by, the Issuer or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which the Issuer is a party or by which the Issuer or any of its assets is or may be bound, the violation of which would have a material adverse effect on the business, operations, assets or financial condition of the Issuer or its ability to perform its obligations under this Agreement or the Indenture, and will not result in or require the creation or imposition of any lien on any of its property, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking (other than the lien of the Indenture).

(iv) The Issuer is not an "investment company" required to register under the Investment Company Act.

(v) The Offering Circular did not (as of the date thereof) and did not (as of the Closing Date) contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; except that no representation or warranty is made as to statements in or omissions from the information concerning the ~~Predecessor~~Original Collateral Manager provided by it for the inclusion in the Offering Circular, which information is contained solely under the section entitled "Collateral Manager" therein.

(vi) The Issuer agrees to deliver a true and complete copy of each amendment, supplement or waiver of any Operative Document to the Collateral Manager as promptly as practicable after its adoption or execution.

(b) The Collateral Manager hereby represents, warrants and covenants to the Issuer as follows as of the date hereof:

(i) The Collateral Manager is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware and has full

power and authority as a limited liability company to own its assets and to transact the business in which it is currently engaged and is duly qualified as a limited liability company and is in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires, or the performance of this Agreement would require, such qualification, except for those jurisdictions in which the failure to be so qualified, authorized or licensed would not have a material adverse effect on the business, operations, assets or financial condition of the Collateral Manager or on the ability of the Collateral Manager to perform its obligations hereunder, or on the validity or enforceability of this Agreement and the provisions of the Indenture applicable to the Collateral Manager.

(ii) The Collateral Manager is registered as an investment adviser under the Advisers Act and is in compliance with all filing and other requirements thereunder.

(iii) The Collateral Manager has the necessary limited liability company power and authority to execute, deliver and perform this Agreement and all obligations required hereunder and under the provisions of the Indenture applicable to the Collateral Manager and has taken all necessary limited liability company action to authorize this Agreement on the terms and conditions hereof and the execution, delivery and performance of this Agreement and all obligations required hereunder and under the terms of the Indenture applicable to the Collateral Manager. No consent of any other person, including, without limitation, members or creditors of the Collateral Manager, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required by the Collateral Manager in connection with this Agreement or the execution, delivery, performance, validity or enforceability of this Agreement or the obligations required hereunder or under the terms of the Indenture applicable to the Collateral Manager. Each Operative Document to which the Collateral Manager is a party has been executed and delivered by the Collateral Manager (by its duly authorized officer), and constitutes the valid and legally binding obligation of the Collateral Manager enforceable against the Collateral Manager in accordance with its terms, subject, as to enforcement, to (a) the effect of bankruptcy, insolvency or similar laws affecting generally the enforcement of creditors' rights, as such laws would apply in the event of any bankruptcy, receivership, insolvency or similar event applicable to the Collateral Manager and (b) general equitable principles (whether enforceability of such principles is considered in a proceeding at law or in equity).

(iv) The execution, delivery and performance of this Agreement and the terms of the Indenture applicable to the Collateral Manager and the documents and instruments required hereunder or under such terms of the Indenture will not violate any provision of any existing law or regulation binding on the Collateral Manager, or any order, judgment, award or decree of any court, arbitrator or governmental authority binding on the Collateral Manager, or the Governing Instruments of, or any securities issued by, the Collateral Manager or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which the Collateral Manager is a party or by which the Collateral Manager or any of its assets may be bound, the violation of which

would have a material adverse effect on the business operations, assets or financial condition of the Collateral Manager or any of its subsidiaries, and will not result in or require the creation or imposition of any lien on any of its property, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking.

(v) There is no charge, investigation, action, suit or proceeding before or by any court pending or, to the best knowledge of the Collateral Manager, threatened that, if determined adversely to the Collateral Manager, would have a material adverse effect upon the business, operations, assets or financial condition of the Collateral Manager or upon the performance by the Collateral Manager of its duties under this Agreement.

(vi) Upon execution of this Agreement by the parties hereto, the Collateral Manager satisfies the Replacement Manager Conditions (as defined in the Predecessor Collateral Management Agreement).

(c) The Collateral Manager makes no representation, express or implied, with respect to the Issuer or any portion of the Offering Circular.

17. Notices.

Unless expressly provided otherwise herein, all notices, requests, demands and other communications required or permitted under this Agreement shall be in writing (including by telecopy) and shall be deemed to have been duly given, made and received when delivered against receipt or upon actual receipt of registered or certified mail, postage prepaid, return receipt requested, or, in the case of telecopy notice, when received in legible form, addressed as set forth below:

(a) If to the Issuer:

Kleros Preferred Funding, Ltd.
c/o ~~Intertrust SPV (Cayman)~~ [Fund Fiduciary Partners](#) Limited
~~190 Elgin Avenue~~ [2nd Floor, Harbour Centre](#)
[42 North Church Street](#)
George Town
Grand Cayman, ~~KY1-9005~~, Cayman Islands
Telephone: (345) ~~945-3727~~
~~Telecopy: (345) 945-4757~~ [947-5854](#)
Attention: The Directors

(b) If to the Collateral Manager:

~~Vertical~~ [Dock Street Capital](#), [Management](#) LLC
~~437 Madison~~ [575-B Riverside](#) Avenue, ~~39th Floor~~
~~New York, New York 10022~~
[Westport, CT 06880](#)
Telephone: (212) ~~786-5300~~ [457-8258](#)

Telecopy: (212) ~~786-5301~~[457-8269](tel:457-8269)
Attention: ~~Brett T. Graham~~[David Crowle](mailto:David.Crowle)

(c) If to the Trustee:

Wells Fargo Bank, National Association,
9062 Old Annapolis Road
Columbia, MD 21045
Telephone: (410) 884-2000
Telecopy: (410) 715-3798
Attention: CDO Trust Services Group - Kleros Preferred Funding, Ltd.

(d) If to the Preference Share Paying Agent:

Wells Fargo Bank, National Association,
9062 Old Annapolis Road
Columbia, MD 21045
Phone Number: (410) 884-2000
Fax Number: (410) 715-2380
Attention: CDO Trust Services Group - Kleros Preferred Funding, Ltd.

(e) If to the Noteholders:

At their respective addresses set forth on the Note Register.

(f) If to the Rating Agencies:

At their respective addresses set forth in the Indenture.

Any party may alter the address or telecopy number to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this Section 17 for the giving of notice.

18. Amendment to this Agreement.

(a) No provision of this Agreement may be amended, waived, discharged or terminated orally, but only by an instrument in writing signed by all of the parties hereto.

(b) Neither the Issuer nor the Collateral Manager shall enter into any agreement amending, modifying or terminating this Agreement (other than an amendment or modification of the type permitted under Section 8.1 of the Indenture) without the satisfaction of the Rating Condition with respect to Standard & Poor's. Any such amendment, modification, termination or consent without such required satisfaction of the Rating Condition shall be void. If this Agreement is amended in accordance with this Section 18, the Rating Agencies shall receive notice of any such amendment.

19. Binding Nature of Agreement; Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns as provided herein.

20. Entire Agreement.

This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof.

21. Conflict with the Indenture.

In the event that this Agreement requires any action to be taken with respect to any matter and the Indenture requires that a different action be taken with respect to such matter, and such actions are mutually exclusive, the provisions of the Indenture in respect thereof shall control.

22. Priority of Payments; Non-Recourse; Non-Petition.

The Collateral Manager agrees that the payment of all amounts to which it is entitled pursuant to this Agreement shall be subject to the Priority of Payments and shall be payable only to the extent funds are available in accordance with the Priority of Payments.

Notwithstanding any other provision of this Agreement and except as provided in the preceding paragraph, the liability of the Issuer to the Collateral Manager hereunder is limited in recourse to the Collateral and to the extent the proceeds of the Collateral, when applied in accordance with the Priority of Payments, are insufficient to meet the obligations of the Issuer hereunder in full, the Issuer shall have no further liability in respect of any such outstanding obligations, which shall thereupon extinguish and not thereafter revive.

Notwithstanding any other provision of this Agreement, the Collateral Manager agrees not to institute against, or join any other Person in instituting against, either of the Co-Issuers any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings, or other proceedings under Cayman Islands bankruptcy laws, United States Federal or state bankruptcy laws, or similar laws until at least one year and one day or the then applicable preference period after the payment in full of all amounts payable in respect of the Securities *plus* one day; *provided, however*, that nothing in this provision shall preclude, or be deemed to stop, the Collateral Manager (A) from taking any action prior to the expiration of the aforementioned one year and one day period (or, if longer, the applicable preference period then in effect *plus* one day) in (x) any case or proceeding voluntarily filed or commenced by the Issuer or the Co-Issuer, as the case may be, or (y) any involuntary insolvency proceeding filed or commenced against the Issuer or the Co-Issuer, as the case may be, by a Person other than the Collateral Manager or (B) from commencing against the Issuer or the Co-Issuer or any properties of the Issuer or the

Co-Issuer any legal action which is not a bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceeding.

Each of the Collateral Manager and Issuer hereby consents to the assignment of this Agreement as provided in Section 15.4 of the Indenture.

The Issuer hereby acknowledges and agrees that the Collateral Manager's obligations hereunder shall be solely the limited liability company obligations of the Collateral Manager, and the Issuer shall not have any recourse hereunder to any Collateral Manager Affiliates with respect to any claims, losses, damages, liabilities, indemnities or other obligations hereunder.

The provisions of this Section 22 shall survive termination of this Agreement for any reason whatsoever.

23. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATION LAW OF THE STATE OF NEW YORK).

24. Indulgences Not Waivers.

Neither the failure nor any delay on the part of any party hereto to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any other right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

25. Titles Not to Affect Interpretation.

The titles of paragraphs and subparagraphs contained in this Agreement are for convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation hereof.

26. Execution in Counterparts.

This Agreement may be executed in any number of counterparts by facsimile or other written form of communication, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

27. Provisions Separable.

The provisions of this Agreement are independent of and separable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part.

28. Number and Gender.

Words used herein, regardless of the number and gender specifically used, will be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

29. Submission to Jurisdiction.

THE PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, AND SUCH PARTIES HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR FEDERAL COURT, THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT THAT THEY MAY LEGALLY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING, THE PARTIES HERETO IRREVOCABLY CONSENT TO THE SERVICE OF ANY AND ALL PROCESS IN ANY ACTION OR PROCEEDING BY THE MAILING OR DELIVERY OF COPIES OF SUCH PROCESS TO EACH SUCH PARTY AT THE ADDRESS SPECIFIED IN SECTION 17, THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

30. Written Disclosure Statement.

The Issuer acknowledges receipt of Part II of the Collateral Manager's Form ADV, as required by Rule 204-3 under the Advisers Act, on or before the date of execution of this Agreement.

31. Consent to Posting of Documents on Repository.

The Collateral Manager hereby consents to (a) the posting of the Indenture, the Monthly Reports and Note Valuation Reports to be delivered pursuant to the Indenture and any amendments or other modifications to any such documents and agreements on the Repository for use in the manner provided in the Repository and (b) the display of its name on the Repository in connection therewith.

32. Restatement Effective Date.

The Issuer and the Collateral Manager acknowledge and agree that, from and after the Restatement Effective Date:

(a) ~~Vertical Capital~~Dock Street shall accept and assume all of the rights, protections, indemnities, interests and obligations of the Collateral Manager under this Agreement and the Operative Documents; *provided*, that in no event shall ~~Vertical Capital~~Dock Street or any Collateral Manager Affiliate be liable for any of the Predecessor Collateral Manager's obligations and liabilities under or in connection with the Predecessor Collateral Management Agreement and the Operative Documents arising during or relating to the period prior to the Restatement Effective Date, including, without limitation, (i) liabilities for breaches by the Predecessor Collateral Manager of its representations, warranties and covenants under the Predecessor Collateral Management Agreement and the Collateral Administration Agreement, (ii) the Predecessor Collateral Manager's obligation to provide indemnification under Section 10(a) of the Predecessor Collateral Management Agreement, (iii) the Predecessor Collateral Manager's obligation to pay certain fees and expenses pursuant to Section 7(a) of the Predecessor Collateral Management Agreement, and (iv) the Predecessor Collateral Manager's obligations and agreements arising under Sections 14 and 22 of the Predecessor Collateral Management Agreement.

(b) ~~Vertical Capital~~Dock Street shall be entitled to all Management Fees calculated as provided in the Indenture, prorated as of the Restatement Effective Date for any partial periods between Distribution Dates.

(c) All references in the Operative Documents to the "Collateral Manager", "Strategos," "Strategos Capital Management, LLC" or any term of similar import and all references in any other documents necessary or incidental to carrying out the terms of the Operative Documents shall refer to ~~Vertical~~Dock Street Capital ~~;~~Management LLC as successor Collateral Manager.

(d) The Agreement amends, restates and replaces the Predecessor Collateral Management Agreement in its entirety and any reference to the "Collateral Management Agreement" in any Operative Document shall be to this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this [Second Amended and Restated Collateral Management Agreement](#) (as a deed in the case of the Issuer) as of the date first written above.

~~VERTICAL~~[DOCK STREET CAPITAL](#)
[MANAGEMENT](#) LLC, as Collateral Manager

By: _____
Name
Title:

KLEROS PREFERRED FUNDING, LTD., as
Issuer

By: _____
Name
Title:

EXHIBIT A

INVESTMENT GUIDELINES

1. The Collateral Manager agrees not to cause the Issuer to receive any fees for services paid by an obligor in connection with the origination or syndication of a Collateral Debt Security.
2. The Collateral Manager agrees not to cause the Issuer to hold itself out as being willing to enter into either side of, or to offer to enter into, assume, offset, assign or otherwise terminate positions in (x) interest rate, currency, equity, or commodity swaps or caps or (y) derivative financial instruments (including options, forward contracts, short positions, and similar instruments) in any commodity, currency, share of stock, partnership or trust, note, bond, debenture or other evidence of indebtedness, swap or cap.
3. The Collateral Manager agrees not to take any action that it actually knows would cause the Issuer to be required to register as or become subject to regulatory supervision or other legal requirements under the laws of any country or political subdivision thereof as a bank, insurance company or finance company.
4. The Collateral Manager agrees not to take any action that it actually knows would cause the Issuer to be treated as a bank, insurance company or finance company for purposes of (i) any tax, securities law or other filing or submission made to any governmental authority, (ii) any application made to a rating agency or (iii) qualification for any exemption from tax, securities law or any other legal requirements.
5. The Collateral Manager agrees not to cause the Issuer to hold itself out to the public as a bank, insurance company or finance company.
6. The Collateral Manager agrees not to cause the Issuer to hold itself out to the public, through advertising or otherwise, as originating loans, lending funds or making a market in loans or other assets.
7. The Collateral Manager agrees not to cause the Issuer to acquire a Collateral Debt Security unless it (or, if it is a certificate of beneficial interest in an entity that is treated as a grantor trust or a partnership and not as a REMIC or FASIT for U.S. Federal tax purposes, each of the debt instruments or securities held by such entity) is described in at least one of the following four clauses:
 - (i) it was issued pursuant to an effective registration statement under the Securities Act of 1933, as amended, in a firm commitment underwriting for which neither the Collateral Manager nor an Affiliate thereof served as underwriter;
 - (ii) it was not purchased by the Issuer (or by the Collateral Manager) in any of the following manners (a) directly or indirectly from its issuer, (b) pursuant to a legally binding agreement made before the issuance of the security or (c) from any Affiliate of the Collateral Manager or any account or fund managed or controlled by the Collateral Manager or any of its Affiliates, unless such Affiliate, account or fund either (A) acquired the security in a way that would have satisfied these requirements or (B) (1) regularly acquires securities of the same type

for its own account, (2) could have held the security for its own account consistent with its policies (such policies requiring arm's-length transactions involving market prices), (3) did not identify the security as intended for sale to the Issuer (or the Collateral Manager) within 90 days of its issuance and (4) held the security for at least 90 days;

(iii) it is a privately placed security eligible for resale under Rule 144A or Regulation S under the Securities Act of 1933, as amended, and

(a) it was originally issued pursuant to an offering memorandum, private placement memorandum or similar offering document;

(b) the Issuer, the Collateral Manager and the Affiliates of the Collateral Manager and accounts and funds managed or controlled by the Collateral Manager or any of its Affiliates either (1) did not at original issuance acquire 50% or more of the aggregate principal amount of any class of securities offered by the issuer of the Collateral Debt Security in the offering and any related offering or (2) if the Issuer, the Collateral Manager and the Affiliates of the Collateral Manager and accounts and funds managed or controlled by the Collateral Manager or any of its Affiliates acquire 50% or more of the aggregate principal amount of any class of securities, did not at original issuance acquire 33% or more of the aggregate principal amount of all classes of securities offered by the issuer of the Collateral Debt Security in the offering and any related offering; provided in each case that any acquisition by an Affiliate of the Collateral Manager that is not a direct or indirect subsidiary of the Collateral Manager or any account or fund managed by an Affiliate of the Collateral Manager that is not a direct or indirect subsidiary of the Collateral Manager shall be included only if the Collateral Manager or any of its employees or agents knew or had reason to know of such acquisition; and

(c) the Issuer, the Collateral Manager and any Affiliate of the Collateral Manager did not participate in negotiating or structuring the terms of the Collateral Debt Security, except (1) to the extent such participation consisted of an election by the Issuer, the Collateral Manager or an Affiliate of the Collateral Manager to tranche the subordinate classes of securities of an issue in the form of one of the structuring options offered by the issuer of the securities or (2) for the purposes of (i) commenting on offering documents to an unrelated underwriter or placement agent where the ability to comment on such documents was generally available to investors, (ii) due diligence of the kind customarily performed by investors in securities, *provided* that granting or withholding consent, after the date the Issuer has acquired such security, to any amendments or other modifications of its terms shall not be deemed to be participating in the negotiation or structuring of the terms of such security or (iii) service by the Collateral Manager or any Affiliate of the Collateral Manager solely as the Collateral Manager of its issuer, *provided* that to the extent the Collateral Manager or any Affiliate of the Collateral Manager either directly or indirectly through an investment bank, is the issuer of the Collateral Debt Security, the Collateral Manager or any Affiliate of the Collateral Manager may in addition participate in negotiating or structuring the terms of such security on behalf of such issuer; *provided further* that any participation in negotiating or structuring by any Affiliate of the Collateral Manager that is not a direct or indirect

subsidiary of the Collateral Manager shall be included only if the Collateral Manager or any of its employees or agents knew or had reason to know of such participation; or

(iv) it is the sole material obligation of a repackaging vehicle formed and operated exclusively to hold a single Collateral Debt Security described in at least one of clauses (i), (ii) or (iii), which vehicle may also hold a derivative financial instrument or guarantee designed solely to offset one or more terms of such Collateral Debt Security.

8. The Collateral Manager agrees not to cause the Issuer to acquire a Collateral Debt Security if (i) after the acquisition of a Collateral Debt Security, the Issuer is required by the Underlying Instruments related thereto to make any payment or advance to the issuer thereof or any obligor thereon, or to the related Synthetic Security Counterparty under the related Underlying Instruments, (ii) such security is treated for U.S. Federal income tax purposes as an equity interest in an entity, the ownership of which would cause the Issuer to be subject to income tax on a net income basis in any jurisdiction, (iii) the gain from the disposition of such security will be subject to U.S. Federal income or withholding tax under Section 897 or Section 1445 of the Code and the Treasury Regulations promulgated thereunder or (iv) as a result of the ownership by the Collateral Manager (or its Affiliate) of any equity security in such issuer and of equity in the Issuer, any payments to the Issuer under such Collateral Debt Security would be subject to withholding tax. Except for clause (i), the Collateral Manager may rely upon the offering materials and Underlying Instruments, if any, made available to it and shall not be obligated to make independent investigation of any of the foregoing.

9. The Collateral Manager agrees not to cause the Issuer to acquire a Collateral Debt Security unless (i) it is the obligation of a single issuer treated as a corporation under the state or Federal laws of the United States; (ii) the Issuer has received the advice of Schulte Roth & Zabel LLP or an opinion of counsel that the issuer of the Collateral Debt Security will be treated as a corporation for U.S. Federal income tax purposes; (iii) the Issuer has received the advice of Schulte Roth & Zabel LLP or an opinion of counsel that owning the Collateral Debt Security will not subject the Issuer to U.S. Federal income tax on a net income basis or cause the Issuer to be treated as engaged in a trade or business within the United States; (iv) the Issuer has received the advice of Schulte Roth & Zabel LLP or an opinion of counsel that the Collateral Debt Security will be treated as debt for U.S. Federal income tax purposes; (v) the Issuer has been provided with a tax opinion rendered at the issuance of such security to the effect that such security will be treated as debt for U.S. Federal income tax purposes or that the ownership of such security will not result in a non-U.S. investor being subject to U.S. Federal income tax on a net income basis or treated as engaged in a trade or business within the United States (along with appropriate agreements or other documentation permitting the Issuer to rely on such opinion); (vi) the Issuer has received documents pursuant to which such security was offered, if any, which include or refer to an opinion of counsel to the effect that such security will be treated as debt for U.S. Federal income tax purposes or that the ownership of such security will not result in a non-U.S. investor being subject to U.S. Federal income tax on a net income basis or treated as engaged in a trade or business within the United States (along with appropriate agreements or other documentation permitting the Issuer to rely on such opinion); (vii) the Issuer has received an opinion of counsel that the Collateral Debt Security will be treated as a regular interest in a REMIC or FASIT for United States Federal income tax purposes; or (viii) the security is a certificate of beneficial interest in a trust treated as a grantor trust for purposes of the Code, all

the assets of which are (a) either (x) regular interests in an entity that is a REMIC or a FASIT within the meaning of the Code (as evidenced by an opinion of counsel or a reference to an opinion of counsel in offering documents (along with appropriate agreements or other documentation permitting the Issuer to rely on such opinion)) or (y) assets which could be acquired directly by the Issuer under clauses (i) through (vii) of this paragraph 9, and/or (b) interest rate swaps, caps or other notional principal contracts (within the meaning of Treasury Regulations) designed to hedge interest rate risk with respect to such assets, *provided* that (A) in the case of clauses (v), (vi) and (vii) above there has been no change in the terms of such security prior to the date of such security's acquisition by the Issuer and (B) for purposes of this paragraph 9, an opinion of counsel that the issuer of such security will be treated as a REMIC or FASIT within the meaning of the Code shall be treated as an opinion of counsel that such security will be treated as debt for U.S. Federal income tax purposes (unless such security is the residual interest in the REMIC or the ownership interest in the FASIT) within the meaning of the Code.

10. Notwithstanding the criteria set forth above in these Investment Guidelines, a Collateral Debt Security will be eligible for purchase, or the Collateral Manager may cause the Issuer to engage in any activity if the Collateral Manager, on behalf of the Issuer has received advice of Schulte Roth & Zabel LLP that the acquisition (including manner of acquisition), ownership, enforcement or disposition of such Collateral Debt Security, or such activity will not cause the Issuer to be treated as engaged in a trade or business within the United States or U.S. Federal income tax purposes or otherwise subject the Issuer to U.S. Federal, state or local income tax on a net income basis.

11. The Collateral Manager agrees not to cause the Issuer to violate these Investment Guidelines indirectly through a Synthetic Security.

12. The Collateral Manager agrees not to cause the Issuer to acquire a CDO Obligation as a Collateral Debt Security unless (i) it is subject of an opinion of counsel that it "will" be treated as debt for U.S. Federal income tax purposes or (ii) it is rated investment grade and it is subject of an opinion of counsel that it "should" be treated as debt for U.S. Federal income tax purposes.

EXHIBIT B

Document Delivery Responsibilities of the Issuer to be performed by the Collateral Manager on behalf of the Issuer:

1. Rule 144A Information delivered by Issuer pursuant to Section 7.14.
2. [Reserved].
3. [Reserved].
4. Notice delivered by Issuer pursuant to the second sentence of Section 7.16.
5. [Reserved].
6. Notice delivered by Issuer pursuant to Section 9.2(a).
7. Report delivered by Issuer pursuant to the third paragraph following Section 10.7(a)(40) beginning with the words, "In addition to the Monthly Report."
8. Report delivered by Issuer pursuant to the third paragraph following Section 10.7(b)(9) beginning with the words, "In addition to the Note Valuation Report."
- 9.
10. ~~4816-5627-6772, v. 1~~

Document comparison by Workshare Compare on Tuesday, August 04, 2015
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Input:	
Document 1 ID	C:\Users\jachimowski.adam\My Documents\ndeloc\Kleros Preferred Funding Ltd - Collateral Management Agreement (1).docx
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Document 2 ID	C:\Users\jachimowski.adam\My Documents\ndeloc\Kleros Preferred Funding Ltd - Collateral Management Agreement (Amended Restated).docx
Description	C:\Users\jachimowski.adam\My Documents\ndeloc\Kleros Preferred Funding Ltd - Collateral Management Agreement (Amended Restated).docx
Rendering set	Standard

Legend:	
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	Deletion
	Moved from
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	Style change
	Format change
	Moved deletion
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Format changed	0
Total changes	111