

**Avoca CLO IV plc**

21 August 2015

**Notice to the Noteholders of Meetings of Noteholders**

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF THE HOLDERS OF EACH CLASS OF THE NOTES. IF ANY NOTEHOLDER IS IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN INDEPENDENT PROFESSIONAL ADVISERS AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 IMMEDIATELY

**If you have recently sold or otherwise transferred your entire holding(s) of Notes referred to below, you should immediately forward this document to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee**

AVOCA CLO IV PLC  
Pinnacle 2  
Eastpoint Business Park  
Clontarf  
Dublin 3  
Ireland  
(the "**Issuer**")

**€31,000,000 Class B Senior Secured Deferrable Floating Rate Notes due 2022**  
**ISIN: XS0236400239/ US053813AB78**  
**€27,000,000 Class C1 Senior Secured Deferrable Floating Rate Notes due 2022**  
**ISIN: XS0236403092/ US053813AC51**  
**€5,000,000 Class C2 Senior Secured Deferrable Fixed Rate Notes due 2022**  
**ISIN: XS0238096647/ US053813AH49**  
**€20,500,000 Class D Senior Secured Deferrable Floating Rate Notes due 2022**  
**ISIN: XS0236403845/ US053813AD35**  
**€20,500,000 Class E Senior Secured Deferrable Floating Rate Notes due 2022**  
**ISIN: XS0236404223/ US053813AE18**  
**€39,000,000 Class F Subordinated Notes due 2022**  
**ISIN: XS0236404819/ US053813AF82**  
**€10,000,000 Class N Combination Notes due 2022**  
**ISIN: XS0237385975/ US053813AK77**  
(together the "**Notes**")

**NOTICE IS HEREBY GIVEN** that separate meetings convened by the Issuer (each a "**Meeting**" and together the "**Meetings**") of the Noteholders of each Class will be held at the offices of Ashurst LLP at Broadwalk House, 5 Appold Street, London EC2A 2HA on 15 September 2015 (which is at least 21 clear days after the date hereof) at 2:00 p.m. (in respect of the Class B Notes), 2:20 p.m. (in respect of the Class C1 Notes), 2:40 p.m. (in respect of the Class C2 Notes), 3:00 p.m. (in respect of the Class D Notes), 3:20 p.m. (in respect of the Class E Notes) and 3:40 p.m. (in respect of the Class F Notes) or, in each case, as soon after the time stated above as the previous meeting of the holders of the relevant Class shall have been concluded or adjourned and, in each case, London time. The Meetings will be held for the purpose of considering and, if thought fit, passing the resolution set out in Annex 1 hereto, which will be proposed as an Extraordinary Resolution, in accordance with the provisions of Schedule 5 (*Provisions for Meetings of the Noteholders of each Class*) of the trust deed dated 5 January 2006 (the "**Trust Deed**") made between, among others, the Issuer and Deutsche Trustee Company Limited (the "**Trustee**") and constituting the Notes. The Issuer confirms that, other than the Notes as listed above there are no other Classes of Notes Outstanding.

Capitalised terms used, but not defined, in this Notice shall have the meaning given thereto in or pursuant to the Trust Deed including the Conditions of the Notes set out therein.

## BACKGROUND

Commencing on September 15, 2008 and periodically thereafter, Lehman Brothers Holdings Inc. ("**LBHI**") and certain of its subsidiaries (collectively, the "**Debtors**") commenced voluntary cases under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") before the United States Bankruptcy Court for the Southern District of New York (the "**Court**"), Case No. 08-13555 (SCC).

By order, dated 15 September 2011 [Docket No. 20019] (The "**Committee Standing Order**"), the Court authorised the Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc., et al. (the "**Committee**") to, inter alia, prosecute and settle the claims on behalf of the Debtors. The Committee's authority to settle claims is governed by the Court's Order Pursuant to Section 105 of the Bankruptcy Code and Bankruptcy Rule 9019 Authorising the Debtors to Implement Procedures for the Settlement of Avoidance Claims, dated 18 May 2011 [Docket No. 16940] (the "**Settlement Procedures Order**").

We refer to the facility agreement entered into between AVR Acquisitions B.V., as borrower and Lehman Commercial Paper Inc., UK Branch ("**LCPI**") as lender (the "**AVR Facility**"). During or prior to September 2008, the Issuer acquired a participation interest in the AVR Facility (the "**AVR Participation**"). In September 2008, the Issuer's rights under the AVR Participation were elevated from participant to lender of record under the AVR Facility (the "**AVR Elevation**").

The Committee claims that the Issuer and LCPI entered into a Tolling and Forbearance Agreement (the "**Tolling Agreement**"), which had the effect of extending LCPI's time to commence an action against the Issuer asserting claims (the "**LCPI Claims**") to, among other things, avoid the AVR Elevation as a preferential transfer.

On 6 December 2011, the Court entered an order confirming the *Modified Third Amended Joint Chapter 11 Plan for Lehman Brothers Holdings Inc., And Its Affiliated Debtors* (the "**Plan**") and the Plan became effective on 6 March 2012. Pursuant to the terms of the Plan, following the effective date, the litigation and derivatives subcommittees of the Committee continue functioning for certain purposes, including the purpose of resolving pending litigation.

LCPI and the Committee assert, among other things, that through the AVR Elevation, the Issuer converted an asset of LCPI into an asset of the Issuer. In essence, LCPI and the Committee claim that, among other things, prior to the AVR Elevation, the Issuer was a creditor of LCPI with only a claim against LCPI for amounts due under the AVR Participation. LCPI and the Committee further claim, among other things, that the AVR Elevation occurred in violation of Section 547 of the Bankruptcy Code.

The Issuer vigorously disputes the validity and amount of the damages asserted in respect of the LCPI Claims. Additionally, the Issuer contends that if the Committee could successfully prosecute the LCPI Claims on behalf of the LCPI estate, the Issuer would be entitled to a claim against LCPI's estate pursuant to Section 502(h) of the Bankruptcy Code in the amount of any amount recovered from the Issuer in respect of the LCPI Claims (the "**502(h) Claim**", collectively with the LCPI Claims, the "**Claims**").

## SETTLEMENT

Settlement negotiations have been ongoing over a period of time and have involved the exchange of information, the discussion of defences to the LCPI Claims, offers and counter-offers. The current settlement proposal as set out in a settlement agreement to be entered into by, amongst others, LCPI and the Issuer (the "**Settlement Agreement**") involves payment of USD 694,000.00 (the "**Settlement Amount**") by the Issuer to LCPI to, among other things, resolve the LCPI Claims (the "**Settlement**"). Following the payment of the Settlement Amount, the Settlement Agreement provides that LCPI and the Issuer shall mutually release each other from, among other things, any and all claims arising from or relating to the LCPI Claims, the AVR

Participation or the AVR Elevation and that LCPI shall have no further right to payment or relief from or against the Issuer relating to or in connection with the LCPI Claims.

LCPI has agreed to reduce the demand in connection with the Settlement as follows:

Firstly, the Settlement reflects a reduction in the total action value attributable to the Issuer by 89.5%, leaving a net action value of 10.5% of the sum originally being claimed or approximately USD 694,000. This is because the Settlement takes into account that, upon the return of the avoidable transfer to the LCPI estate, the Issuer would have a cross-claim against the estate of LCPI for such amounts as it was entitled to receive under the AVR Participation. In other words, the demand of LCPI is reduced by the estimated value of the cross-claim of the Issuer and in exchange, the Issuer agrees to waive receipt of the distribution on account of the cross-claim.

Secondly, negotiations with counsel to the Committee also involved the discussion of potential defences and litigation risks. Again, the demand of LCPI is reduced based upon an assessment of the likely additional costs of litigation and litigation risk.

**In summary, the Settlement involves payment of USD 694,000.00 by the Issuer to LCPI compared to the initial claim value of an amount of USD 6,638,940 which represents approximately a discount of USD 5,944,940.**

**Such amount would resolve: (i) the LCPI Claims; and (ii) the cross-claim of the Issuer which would arise against the LCPI estate as a result of the return of the avoided transfer and that such amounts are netted out.**

#### **PROPOSED AMENDMENTS TO THE CONDITIONS OF THE NOTES**

It is proposed that, to allow the Issuer to pay LCPI the Settlement Amount under the Settlement Agreement, Conditions 3(c)(i), 3(c)(ii) and 3(j)(ii) of the Notes be amended so that the Settlement Amount shall be paid in accordance with the Priorities of Payment (the "**Proposed Amendment**"), as set out in a deed of amendment, the form of which is set out in the Schedule hereto (the "**Amendment Deed**").

#### **PROPOSAL**

The purpose of the Meetings is for the Noteholders of each Class to consider and, if thought fit, approve the following course of action (the "**Proposal**"):

- entry into the Settlement Agreement by the Issuer and the Trustee;
- approval of the Proposed Amendment, including authorisation and direction to the Trustee to concur and agree to the Proposed Amendment and to the Trustee, the Issuer, the Custodian and the Collateral Administrator to execute the Amendment Deed;
- payment of the Settlement Amount by the Issuer in accordance with the terms of the Settlement Agreement and the Amendment Deed;
- establishment by the Issuer of a reserve in an amount equal to EUR 100,000 to be held in the Interest Account to fund any indemnity claims received by the Issuer from the Trustee under the Settlement Agreement during a period of one year from the payment of the Settlement Amount and payment of such reserve (or any remainder thereof) to the Noteholders in accordance with the Priorities of Payment on the later of expiry of such one year period and the resolution of any such indemnity claims that may be asserted in the respect of the Settlement Agreement in accordance with the terms of the Settlement Agreement and the Amendment Deed; and
- the payment of the fees (including VAT thereon) of Ashurst as legal adviser to the Investment Manager, Matheson as legal adviser to the Issuer, Allen & Overy LLP as legal

adviser to the Trustee in relation to the LCPI Claims, the Settlement Agreement, the Proposal and its implementation and other expenses associated with holding the Meeting.

If the Proposal is not approved by an Extraordinary Resolution of the Noteholders of each Class and the Settlement Agreement is not entered into, it is uncertain what the consequences of this will be, though these may include litigation by LCPI against the Issuer in respect of the LCPI Claims.

The Proposal will not be approved, and the Settlement Agreement will not be entered into, if any Class of Noteholders does not pass the Extraordinary Resolution.

If the Proposal is approved and the Settlement Agreement is entered into but the Settlement Amount is not paid by 28 February 2016 LCPI and the Committee have the right to terminate the Settlement Agreement upon 30 days' written notice to the Issuer. Upon such termination the provisions of the Settlement Agreement shall have no further force or effect. The consequences of such termination may include, as above, litigation by LCPI against the Issuer in respect of the LCPI Claims.

The cost and any award of damages in any litigation may exceed the Settlement Amount and may result in a reduction of interest and principal proceeds available for distribution to Noteholders in accordance with the Priorities of Payment. In addition, litigation may result in a significant delay in the payment of distributions.

#### **FORM OF THE EXTRAORDINARY RESOLUTION**

The resolution that will be put to the Noteholders of each Class at the relevant Meeting in order to pass the Proposal is set out in Annex 1 hereto. The Proposal is set out in a single Extraordinary Resolution and the same Extraordinary Resolution will be put to each Class of Noteholders.

#### **DOCUMENTATION**

Copies of the Trust Deed (including the Conditions of the Notes), the Settlement Agreement and the Amendment Deed (in each case, referred to in the Extraordinary Resolution set out in Annex 1 hereto) will be available for inspection by the Noteholders during normal business hours at the specified office of the Transfer Agent set out below. Contact details of the Investment Manager are also set out below.

**The Trustee has not been involved in the formulation or negotiation of the Settlement, the Settlement Amount or Proposal (as defined herein) and, in accordance with normal practice, the Trustee expresses no opinion on the merits of the Proposal (or any of them) (which it was not involved in negotiating) or the Extraordinary Resolution (as set out herein) (or any of them) and no opinion on whether the Noteholders of any Class would be acting in their best interests voting for or against the Proposals or the Extraordinary Resolution (or any of them) but on the basis of the information contained in this Notice has authorised it to be stated that it has no objection to the Extraordinary Resolution being submitted to the Noteholders of each Class for their consideration. The Trustee makes no representation that all relevant information has been disclosed to the Noteholders in connection with the Proposal in this Notice or otherwise. The Trustee is not responsible for the accuracy, completeness, validity or correctness of the statements made in this Notice or omissions therefrom. Nothing in this Notice should be construed as a recommendation to the Noteholders of any Class from the Trustee to vote in favour of, or against, any of the Proposal or the Extraordinary Resolution. The Trustee recommends that the Noteholders take their own independent professional advice on the merits and the consequences of voting in favour of, or against, each of the Extraordinary Resolution and the Proposal.**

**No person has been authorised to make any recommendation on behalf of the Issuer, the Trustee or the Principal Paying Agent as to whether or how the Noteholders of any Class should vote pursuant to the Proposal. No person has been authorised to give any information, or to make any representation in connection therewith, other than those**

**contained herein. If made or given, such recommendation or any such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee or the Principal Paying Agent.**

**This Notice is issued and directed only to the Noteholders and no other person shall, or is entitled to, rely or act on, or be able to rely or act on, its contents.**

**Each person receiving this Notice must make its own analysis and investigation regarding each Proposal and make its own voting decision, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such voting decision. If such person is in any doubt about any aspect of the Proposal and/or the action it should take in respect of it, it should consult its professional advisers.**

## **QUORUM AND VOTING**

The provisions governing the convening and holding of the Meetings are set out in Schedule 5 to the Trust Deed (*Provisions for Meetings of Noteholders of each Class*).

### **Quorum and voting for the holders of the Combination Notes**

Holders of the Combination Notes shall vote with the relevant Class of each Component of their Combination Notes, in proportion to the size of their Component thereof.

For the purposes of calculating the quorum and the percentage of the aggregate Principal Amount Outstanding of the Notes voting in favour thereof, (a) references to the Class D Senior Secured Deferrable Floating Rate Notes and the Class E Senior Secured Deferrable Floating Rate Notes shall be deemed to include the principal amount of the Class D Component and the Class E Component of the relevant class of Combination Notes, and (b) references to votes to be given by the holders of the Class D Senior Secured Deferrable Floating Rate Notes and the Class E Senior Secured Deferrable Floating Rate Notes shall be deemed to include references to a proportional amount of such votes that are related to the Class D Component and the Class E Component of the relevant class of Combination Notes.

### **Quorum**

The quorum required at a meeting called to pass the Extraordinary Resolution is two or more persons holding or representing not less than 50% of the aggregate original principal amount of the relevant Class.

If a quorum is not present at any meeting within 15 minutes from the time initially fixed for that Meeting, the relevant Meeting shall be adjourned until such date, not less than 14 nor more than 42 days later, at such place as the chairman of such meeting, appointed in accordance with the Trust Deed (the "**Chairperson**") determines (with the approval of the Trustee). At least 10 days' notice (exclusive of the day on which the notice is given and of the day on which the relevant meeting is to be resumed) shall be given of the resumption of a meeting adjourned for want of a quorum. Such notice shall state the quorum required at the adjourned meeting. The quorum required at any such adjourned meeting will be two or more persons holding or representing any Notes of the relevant Class regardless of the aggregate original principal amount of the Notes so held or represented.

**The holder of a Global Note shall be treated as two persons for the purpose of any quorum requirements of a meeting of Noteholders.**

**A. Regulation S Notes held through Euroclear and Clearstream, Luxembourg**

**Voting certificates and block voting instructions**

Noteholders wishing to attend and vote at the relevant Meeting or wishing to include the votes attributable to their Notes, as applicable, in a block voting instruction and to appoint a proxy who attends and votes at the relevant Meeting on their behalf may:

- (a) in the case of Noteholders wishing to attend and vote at the relevant Meeting, obtain a voting certificate from the Transfer Agent by depositing the Notes for that purpose at least 48 hours before the time fixed for the relevant Meeting with the Transfer Agent or to the order of the Transfer Agent with a bank or other depository nominated by the Transfer Agent for the purpose. The Transfer Agent will issue a voting certificate in respect of such Notes so blocked. The bearer of a voting certificate shall be entitled to attend and vote at the relevant Meeting; or
- (b) in the case of Noteholders wishing to include the votes attributable to their Notes in a block voting instruction and to appoint a Proxy who will attend and vote at the relevant Meeting on their behalf, at least 48 hours before the time fixed for the relevant Meeting:
  - (i) deposit the Notes for that purpose with the Transfer Agent or to the order of the Transfer Agent in an account with a bank or other depository nominated by the Transfer Agent for the purpose or blocked in an account with a clearing system; and
  - (ii) either themselves or through a duly authorised person on their behalf, direct the Transfer Agent how the votes attributable to such Notes are to be cast.

Each block voting instruction shall be deposited at least 24 hours before the time fixed for the relevant Meeting at the specified office of the Registrar (or such other place as may have been specified by the Issuer for that purpose) and in default it shall not be valid unless the chairman of the meeting decides otherwise before the meeting proceeds to business. A notarially certified copy of each block voting instruction shall if required by the Trustee be produced by the proxy at the meeting but the Trustee need not investigate or be concerned with the validity of the proxy's appointment.

Once the Transfer Agent has issued a voting certificate for a Meeting in respect of any Notes, it will not release such Notes until either:

- (a) the relevant Meeting has been concluded; or
- (b) such voting certificate has been surrendered to the Transfer Agent.

Once the Transfer Agent has issued block voting instructions in respect of the votes attributable to any Notes in relation to a Meeting:

- (a) except as provided in the paragraph below, it shall not release such Notes until the relevant Meeting has been concluded; and
- (b) the directions to which it gives effect may not be revoked or altered during the 48 hours before the time fixed for the relevant Meeting.

Any vote cast in accordance with a block voting instruction or a voting certificate shall be valid even if it or any of the Noteholders' instructions pursuant to which it was executed has previously been amended or revoked, unless written intimation of such revocation or amendment is received

by the Transfer at its registered office at least 24 hours before the time fixed for the relevant Meeting.

In relation to the times and dates indicated above, Noteholders should note the particular practices and policies of the relevant bank or other depository nominated by the Transfer Agent regarding their communications deadlines, which will determine the latest time at which instructions and revocations of such instructions may be delivered to the relevant bank or other depository (which may be earlier than the deadlines set out herein) so that they are received by the Transfer Agent within the deadlines set out herein.

The Regulation S Notes are represented by a Registered note, registered in the name of BT Globenet Nominees Limited as nominee for Deutsche Bank AG, London Branch acting as common depository (the "**Common Depository**") for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.A. ("**Euroclear**") and their respective participants.

For the purposes of the Meeting, a **Direct Participant** shall mean each person who is for the time being shown in the records of Euroclear or Clearstream as the holder of a particular principal amount of the Notes.

Only a Direct Participant may attend and vote at the relevant Meeting or appoint a proxy to attend and vote at the relevant Meeting.

If a beneficial owner is not a Direct Participant and wishes to attend and vote at the relevant Meeting, it should arrange for the Direct Participant through which it holds Notes to make arrangements for the issue of a voting certificate in respect of those Notes for the purpose of attending and voting at the relevant Meeting in person. Such beneficial owner must make such arrangements in accordance with the times and dates indicated above.

If a beneficial owner is not a Direct Participant and wishes to vote but does not wish to attend the relevant Meeting, it should arrange for the Direct Participant through which it holds Notes to make arrangements to include the votes attributable to their Notes in a block voting instruction and to appoint a Proxy to attend and vote at the relevant Meeting on their behalf. Such beneficial owner must make such arrangements in accordance with the times and dates indicated above.

Noteholders are advised to check with the Custodian or Direct Participant through which they hold Notes if such entity would require to receive instructions to participate before the deadlines specified in this Notice. The deadlines set by each Clearing System for submission and revocation may also be earlier than the relevant deadlines specified in this Notice.

Noteholders should also note that in accordance with the rules of operation of the Clearing Systems, Direct Participants will only be entitled to instruct in respect of each minimum denomination of Note being €100,000 and integral multiples of €1,000 in excess thereof.

## **B. Rule 144A Notes held through DTC**

### **DTC voting procedures**

The Rule 144A Notes of any Class of Notes are represented by a permanent global note in bearer form held by the Global Note Custodian who holds a 100 per cent. interest therein.

For the purposes of Notes held through DTC, each direct participant in DTC holding a principal amount of the Notes, as reflected in the records of DTC, as at the close of business in London on 10 September 2015 (the **Record Date**) will be considered to be a Noteholder upon DTC granting an omnibus proxy authorising DTC direct participants to vote at the relevant Meeting (by delivering a form of proxy).

The Record Date has been fixed as the date for the determination of Noteholders entitled to vote at a Meeting. The delivery of a form of proxy, as defined and described below, will not affect a

Noteholder's right to sell or transfer any Notes, and a sale or transfer of any Notes after the Record Date will not have the effect of revoking any form of proxy properly delivered by a Noteholder. Therefore, each properly delivered form of proxy will remain valid notwithstanding any sale or transfer of any Notes to which such form of proxy relates.

A DTC direct participant, duly authorised by an omnibus proxy from DTC, may, by an instrument in writing in the English language (a form of proxy) in the form available from the office of Deutsche Bank AG, London Branch (the **Principal Paying Agent**) specified below signed by such DTC direct participant, or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Principal Paying Agent no later than 10 September 2015 at 2:00 p.m. (London time), being 72 hours (excluding Saturday and Sunday) before the time fixed for the relevant Meeting, appoint any person (a proxy) to act on his or its behalf in connection with the relevant Meeting and any adjourned meeting.

A proxy so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with the relevant Meeting (or any adjourned such meeting) to be the holder of the Notes to which such appointment relates and the persons granting such proxy shall be deemed for such purposes not to be the holder of such Notes.

Only DTC direct participants authorised by an omnibus proxy from DTC may deliver a form of proxy to the Principal Paying Agent. A beneficial owner of an interest in Notes held through a DTC direct participant must direct such DTC direct participant to deliver a form of proxy on its behalf.

Any DTC direct participant who intends to deliver one or more properly completed forms of proxy should deliver the same by registered mail, hand delivery, overnight courier or by e-mail or facsimile (with an original delivered subsequently) to the Principal Paying Agent at its address, e-mail address or facsimile number set forth below. Such forms of proxy must be received by the Principal Paying Agent no later than 10 September 2015 at 2:00 p.m. (London time), being 72 hours (excluding Saturday and Sunday) before the time fixed for the relevant Meeting.

Noteholders should also note that in accordance with the rules of operation of the Clearing Systems, Direct Participants will only be entitled to instruct in respect of each minimum denomination of Note being €250,000 and integral multiples of €1,000 in excess thereof.

The registered ownership of a Note as of the Record Date shall be proved by the Principal Paying Agent. The ownership of Notes held through DTC by DTC direct participants shall be established by a DTC security position listing provided by DTC as of the Record Date.

DTC direct participants wishing to obtain and/or deliver a form of proxy in accordance with the voting procedure described above should contact:

Deutsche Bank AG London  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
Attn: Issuer Services - Debt & Agency Services  
email: xchange.offer@db.com  
Tel. +44 (0) 20 7547 5000  
Fax. +44 (0) 20 7547 6149/5001

### **Voting**

Every question submitted to a Meeting will be decided on a show of hands, unless a poll is demanded (before, or on the declaration of the result of, the show of hands) by the Chairperson of the relevant Meeting or by the Issuer, the Trustee or by one or more voters holding or



representing two per cent. of the aggregate original principal amount of the Notes for the time Outstanding.

On a show of hands, each Voter shall have one vote.

On a poll, every person who is present in person and who produces a Note or a voting Global Note or is a proxy shall have one vote for each €1,000 in principal amount of Notes so produced or represented by the voting certificate so produced or for which he is a proxy or representative. The holder of a Global Note shall be treated as having one vote for each €1,000 original principal amount of Notes represented by such Global Note. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.

Unless a poll is demanded, a declaration by the Chairperson that the Extraordinary Resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.

If a poll is demanded, it shall be taken in such manner as the Chairperson directs. The result of the poll shall be deemed to be the resolution of the relevant Meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the relevant Meeting continuing for the transaction of business other than the question on which it has been demanded.

In case of equality of votes, the Chairperson shall, both on a show of hands and on a poll, have a casting vote in addition to any other votes which he or she may have.

To be passed at a Meeting, an Extraordinary Resolution requires a majority of at least 66 2/3 per cent. of the votes cast.

The passing of the Extraordinary Resolution will be conclusive evidence that the circumstances justify its being passed.

If the Extraordinary Resolution is passed at a Meeting, the Issuer will give notice of such passing to the Transfer Agent (with a copy to the Trustee) within 14 days of conclusion of the relevant Meeting. Failure by the Issuer to give such notice will not invalidate the Extraordinary Resolution. However, as provided in the following paragraph, the Proposal will not take effect unless the Extraordinary Resolution is passed by each Class of Noteholders.

Subject to the Extraordinary Resolution being passed by the Noteholders of each Class by a majority of at least 66 2/3 per cent. of the votes cast at each Meeting and all relevant documents being executed, the Proposal will become effective and the Noteholders will be notified thereof by the Issuer in accordance with the Conditions.

This notice is given by:

Avoca CLO IV plc



**Dated 21 August 2015**

**Contact details:**

**Transfer Agent**

**Deutsche Bank Trust Company Americas**

**1761 East St. Andrew Place**

**Santa Ana, California 92705**

**United States of America**

**Attention: Eva Wong**

**Email: eva.wong@db.com**

**Telephone: (+1) 714 247 6263**

**Contact details:**

**Investment Manager**

**KKR Credit Advisors (Ireland)**

**75 St. Stephen's Green**

**Dublin 2**

**Attention: Pdraig O'Connell**

**Email: padraig.oconnell@kkcr.com**

**Telephone: (+353) 1 479 3108**

**Contact details:**

**Principal Paying Agent**

**Deutsche Bank AG London**

**Winchester House**

**1 Great Winchester Street**

**London EC2N 2DB**

**Attn: Issuer Services - Debt & Agency Services**

**email: xchange.offer@db.com**

**Tel. +44 (0) 20 7547 5000**

**Fax. +44 (0) 20 7547 6149/5001**

## **ANNEX 1**

### **FORM OF EXTRAORDINARY RESOLUTION**

"THAT this meeting of the holders of the [●] of Avoca CLO IV plc currently Outstanding (the "**Noteholders**", the "**Notes**" and the "**Issuer**" respectively) constituted by the trust deed dated 5 January 2006 (the "**Trust Deed**") made between, among others, the Issuer and Deutsche Trustee Company Limited (the "**Trustee**") as trustee for the Noteholders (the "**Noteholders**") hereby resolves by way of Extraordinary Resolution to:

1. (a) assent to the amendment to Conditions 3(c)(i) and 3(c)(ii) of the Notes so that the Settlement Amount shall be paid subject to and in accordance with the Priorities of Payment in accordance with the terms of the deed of amendment, the form of which is available for inspection by the Noteholders at the meeting (the "**Amendment Deed**"); (b) assent to the entry into the Settlement Agreement, the form of which is available for inspection by the Noteholders at the meeting, and the Amendment Deed by, *inter alios*, the Issuer, the Collateral Administrator and the Trustee; (c) assent to the payment of the Settlement Amount by the Issuer in accordance with the terms of the Settlement Agreement; (d) assent to the amendment to Condition 3(j)(ii) of the Notes so that the establishment of a reserve in an amount equal to EUR 100,000 to be held in the Interest Account to fund any indemnity claims received by the Issuer from the Trustee during a period of one year from the payment of the Settlement Amount and for the payment of such reserve (or any remainder thereof) to the Noteholders in accordance with the Priorities of Payment on the later of the expiry of such one year period and the date of the resolution of any such indemnity claims that may be asserted in respect of the Settlement Agreement in accordance with the terms of the Settlement Agreement and the Amendment Deed; and (e) assent to the payment of the fees and expenses (including VAT thereon) of Ashurst as legal adviser to the Investment Manager, Matheson as legal adviser to the Issuer and Allen & Overy LLP as legal adviser to the Trustee in relation to the LCPI Claims, the Settlement, the Proposal and its implementation and other expenses associated with holding the Meeting (together the "**Proposal**");
2. sanction every abrogation, modification, variation, compromise or arrangement in respect of the rights of the Noteholders appertaining to the Notes, whether or not such rights arise under the Trust Deed, involved in or resulting from or effected by the Proposal and its implementation;
3. authorise, direct, request and empower the Trustee, the Issuer and the Collateral Administrator to concur in the Proposal and, in order to give effect thereto and to implement the same, to execute the Settlement Agreement and the Amendment Deed (the Amendment Deed which shall be in the form of the draft Amendment Deed produced to this Meeting and for the purpose of identification signed by the Chairperson thereof with such amendments (if any) thereto as the Trustee shall require or approve) and to execute and do, all such other deeds, instruments, acts and things as may be necessary or appropriate to carry out and give effect to this Extraordinary Resolution and the implementation of the Proposal;
4. discharge and exonerate the Trustee, the Issuer, the Custodian and the Collateral Administrator from all and any Liability for which they may have become or may become responsible under the Trust Deed or the Notes in respect of any act or omission in

connection with the Proposal, its implementation or this Extraordinary Resolution and its implementation;

5. acknowledge that capitalised terms used in this Extraordinary Resolution have the same meanings as those defined in the Notice of Meeting and/ or the Trust Deed (including the Conditions of the Notes), unless otherwise defined herein or unless the context otherwise requires; and
6. acknowledges that the Proposal will not become effective unless and until the Extraordinary Resolution is passed by each other Class of Noteholders."

## ANNEX 2

### VOTING INSTRUCTION FORM

#### For Use by DTC Participants Only

***DTC Participants and the holders of beneficial interests in the Notes should read and complete the Voting Instruction Form in conjunction with Solicitation of Noteholders – Notice of Meeting dated 21 August 2015 sent by [●] in its capacity as Trustee of the Notes.***

For use in connection with the Solicitation of Noteholders – Notice of Meeting of Noteholders dated 21 August 2015.

**Avoca CLO IV plc**  
Pinnacle 2  
Eastpoint Business Park  
Clontarf  
Dublin 3  
Ireland  
(the "**Issuer**")

**€31,000,000 Class B Senior Secured Deferrable Floating Rate Notes due 2022**  
**ISIN: XS0236400239/ US053813AB78**  
**€27,000,000 Class C1 Senior Secured Deferrable Floating Rate Notes due 2022**  
**ISIN: XS0236403092/ US053813AC51**  
**€5,000,000 Class C2 Senior Secured Deferrable Fixed Rate Notes due 2022**  
**ISIN: XS0238096647/ US053813AH49**  
**€20,500,000 Class D Senior Secured Deferrable Floating Rate Notes due 2022**  
**ISIN: XS0236403845/ US053813AD35**  
**€20,500,000 Class E Senior Secured Deferrable Floating Rate Notes due 2022**  
**ISIN: XS0236404223/ US053813AE18**  
**€39,000,000 Class F Subordinated Notes due 2022**  
**ISIN: XS0236404819/ US053813AF82**  
**€10,000,000 Class N Combination Notes due 2022**  
**ISIN: XS0237385975/ US053813AK77**  
(together the "**Notes**")

**This Voting Instruction Form should be completed and signed by a DTC Participant and the original lodged with [●] in respect of the Avoca CLO IV plc Noteholder Meetings [●] at its office at [●], Email [●], Fax [●] Attention. by [●] [a.m./p.m.] (London time) on [●] to appoint the beneficial owner or another nominee or employee(s) of [●] (to be nominated by it) as a sub-proxy to attend and vote at the Creditors' Meeting or any subsequent adjourned Creditors' Meeting.**

We hereby certify that:

1. Notes of aggregate principal amount specified below were held by us as a DTC Participant on [●], 2015, being the Record Date for the purposes of the Meeting.
2. We appoint:
  - (i) Employee(s) of [●] nominated by it of [●]OR
  - (ii) [INSERT NAME OF BENEFICIAL OWNER/NOMINEE] of [ADDRESS] with [passport number/driving licence number] [●]<sup>1</sup>

---

1. Conform identity of proxy to the terms of the offer.

to act as our sub-proxy and to attend the Meeting on our behalf and to cast the votes in respect of the Notes described below in the manner set out below.

3. No other person has been appointed as a sub-proxy in respect of the above Avoca CLO IV plc Notes and no voting instruction has been given in relation to such Avoca CLO IV plc Notes.

The total principal amount Avoca CLO IV plc Notes in respect of which the votes attributable to them should be cast by such sub-proxy IN FAVOUR OF/AGAINST/ABSTAIN the Extraordinary Resolutions as set out in the Solicitation of Noteholders – Notice of Meeting dated [●] 2015 as the sub-proxy wishes in respect of the Extraordinary Resolutions is:

Total principal amount of Notes: US \$ [ \_\_\_\_\_ ] ([CUSIP])

Capital terms used but not defined in this sub-proxy shall have the meanings ascribed to them in the Trust Deed and the Solicitation of Noteholders – Notice of Meeting of the Noteholders dated [●] 2015.

.....

Signed by a duly authorised officer on behalf of the DTC Participant

Name of DTC Participant:

Account number of DTC Participant:

Contact Person:

Mailing Address:

Telephone:

E-mail address:

Date:

[Insert medallion stamp here]

**SCHEDULE 1**  
**Form of Amendment Deed**



## Deed of Amendment

Avoca CLO IV plc  
as Issuer

and

Deutsche Trustee Company Limited  
as Trustee

and

Deutsche Bank AG, London Branch

as Principal Paying Agent, Calculation Agent, Account Bank, Custodian  
and Collateral Administrator

and

Deutsche Bank Trust Company Americas

as Registrar, Transfer Agent and Depositary

and

KKR Credit Advisors (Ireland)

as Investment Manager

and

Deutsche International Corporate Services (Ireland)  
Limited

as Irish Transfer and Paying Agent

.....2015



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**THIS DEED OF AMENDMENT** (this "**Deed**") is made on

2015

**BETWEEN:**

- (1) **AVOCA CLO IV plc**, a public company with limited liability incorporated under the laws of Ireland and having its registered office at Pinnacle 2, Eastpoint Business Park, Clontarf, Dublin 3, Ireland (the "**Issuer**");
- (2) **DEUTSCHE TRUSTEE COMPANY LIMITED** of Winchester House, 1 Great Winchester Street, London EC2N 2DB, in its capacity as trustee (the "**Trustee**");
- (3) **DEUTSCHE BANK AG, LONDON BRANCH** of Winchester House, 1 Great Winchester Street, London EC2N 2DB, as the Principal Paying Agent, Calculation Agent, Account Bank, Custodian and Collateral Administrator (each such capitalised term as defined in the Conditions);
- (4) **DEUTSCHE BANK TRUST COMPANY AMERICAS** of 1761 East St. Andrew Place, Santa Ana, California 92705, as Registrar, Transfer Agent and Depository (each such capitalised term as defined in the Conditions);
- (5) **KKR CREDIT ADVISORS (IRELAND) (FORMERLY AVOCA CAPITAL HOLDINGS)** of 75 St. Stephen's Green, Dublin 2, Ireland as Investment Manager (the "**Investment Manager**"); and
- (6) **DEUTSCHE INTERNATIONAL CORPORATE SERVICES (IRELAND) LIMITED** of Pinnacle 2, Eastpoint Business Park, Clontarf, Dublin 3, Ireland as the Irish Paying Agent (as defined in the Conditions).

**WHEREAS**

- (A) The Issuer and the Trustee hereto entered into a trust deed dated 5 January 2006 (the "**Trust Deed**") relating to the creation and issue of €54,000,000 Class A1A Senior Secured Floating Rate Notes due 2022 (the "**Class A1A Notes**"), €255,000,000 Class A1B Senior Secured Floating Rate Notes due 2022 (the "**Class A1B Notes**"), €6,000,000 Class A2 Senior Secured Floating Rate Notes due 2022 (the "**Class A2 Notes**"), €31,000,000 Class B Senior Secured Deferrable Floating Rate Notes due 2022 (the "**Class B Notes**"), €27,000,000 Class C1 Senior Secured Deferrable Floating Rate Notes due 2022 (the "**Class C1 Notes**"), €5,000,000 Class C2 Senior Secured Deferrable Fixed Rate Notes due 2022 (the "**Class C2 Notes**"), €20,500,000 Class D Senior Secured Deferrable Floating Rate Notes due 2022 (the "**Class D Notes**"), €20,500,000 Class E Senior Secured Deferrable Floating Rate Notes due 2022 (the "**Class E Notes**" and together with the Class A1A Notes, the Class A1B Notes, the Class A2 Notes, the Class B Notes, the Class C1 Notes, the Class C2 Notes, the Class D Notes and the Class E Notes, the "**Senior Notes**"), €39,000,000 Class F Subordinated Notes due 2022 (the "**Class F Subordinated Notes**"), €7,500,000 Class M Combination Notes due 2022 (the "**Class M Combination Notes**"), €10,000,000 Class N Combination Notes due 2022 (the "**Class N Combination Notes**"), €3,000,000 Class O Combination Notes due 2022 (the "**Class O Combination Notes**"), €9,000,000 Class P Combination Notes due 2022 (the "**Class P Combination Notes**"), €4,000,000 Class Q Combination Notes due 2022 (the "**Class Q Combination Notes**") and €2,600,000 Class R Combination Notes due 2022 (the "**Class R Combination Notes**" and together with the Class M Combination Notes, the Class N Combination Notes, the Class O Combination Notes, the Class P Combination Notes and the Class Q Combination Notes, the "**Combination Notes**" and the Combination Notes together with the Senior Notes, the "**Rated Notes**" and the Rated Notes together with the Class F Subordinated Notes, the "**Notes**").
- (B) We refer to the facility agreement entered into between AVR Acquisitions B.V. ("**AVR**") as borrower and Lehman Commercial Paper Inc. as lender (the "**AVR Facility**"). During or

prior to September 2008, the Issuer acquired a participation interest in the AVR Facility (the "**AVR Participation**") In September 2008 the Issuer's rights under the AVR Participation were elevated from participant to lender of record under the AVR Facility (the "**AVR Elevation**").

- (C) On September 15, 2010, the Issuer and LCPI entered into a Tolling and Forbearance Agreement (a "**Tolling Agreement**"), which had the effect of extending LCPI's time to, among other things, commence an action against the Issuer asserting claims (the "**LCPI Claims**") to avoid the AVR Elevation as a preferential transfer. After good-faith, arms' length negotiations, LCPI and the Issuer have agreed to resolve the LCPI Claims pursuant to the terms and conditions set forth in the Settlement Agreement whereby the Issuer agrees to make a payment to LCPI of the Settlement Amount.
- (D) In accordance with an Extraordinary Resolution of the Noteholders of each Class duly passed on [●] 2015 (the "**Resolution**"), the parties hereto wish to amend the Conditions of the Notes on the terms set out in this Deed to allow the Settlement Amount to paid subject to and in accordance with the Priorities of Payment in accordance with Conditions 3(c)(i) and 3(c)(ii) of the Notes (as amended herein).

**NOW IT IS HEREBY AGREED AS FOLLOWS:**

**1. INTERPRETATION**

Capitalised terms used in this Deed but not otherwise defined herein shall have the same meanings as set out in the Trust Deed.

**2. AMENDMENTS TO THE CONDITIONS**

The parties hereto hereby agree that on and with effect from the date hereof, the Conditions shall be amended as follows:

**2.1 Condition 1 (*Definitions and Interpretation*) shall be amended as follows:**

- (a) The following definition shall be added after the definition of "Aggregate Principal Balance":

**"Amendment Deed"** means the amendment deed dated [●] 2015 between, *inter alios*, the Issuer and the Trustee;

- (b) The following definition shall be added after the definition of "Noteholders":

**"Noteholder Resolution"** means the Extraordinary Resolution of the Noteholders of each Class duly passed on [●] 2015 at a meeting of the Noteholders of such Class, pursuant to which the Noteholders of each Class approved the amendment to the Conditions of the Notes to allow the Settlement Amount to paid subject to and in accordance with the Priorities of Payment in accordance with Condition 3(c)(i) and 3(c)(ii) of the Notes (as amended);

- (c) The following definitions shall be added after the definition of "Senior Notes":

**"Settlement Agreement"** means the settlement agreement dated [●] between, *inter alia*, the Issuer, the Trustee and Lehman Commercial Paper Inc.;

**"Settlement Amount"** means a payment by the Issuer to Lehman Commercial Paper Inc. of an amount in cash equal to Six Hundred and Ninety Four Thousand Dollars (USD 694,000.00) subject to and in accordance with the provisions of the Settlement Agreement;

- (d) The following definition shall be added after the definition of "Substitute Collateral Debt Obligation":

**"Support Letter"** means the support letter dated [●] between, inter alia, the Issuer, the Trustee and Lehman Commercial Paper Inc.;

- 2.2 Condition 3(c)(i) (*Application of Interest Proceeds*) shall be deleted in its entirety and replaced with the following:

(i) **Application of Interest Proceeds**

- (A) to the payment of taxes owing by the Issuer accrued in respect of the related Due Period, if any, as certified by an Authorised Officer of the Issuer to the Trustee (save for any value added tax payable in respect of any Investment Management Fee); and
- (B) to the payment of any unpaid Financed Amount then due and payable, provided that such amount paid on any Payment Date may not exceed the Financed Amount Threshold for such Payment Date plus any Financed Amount Interest payable in respect of such Payment Date;
- (C) to the payment of accrued and unpaid Trustee Fees and Expenses and fees payable to the Depository pursuant to the Depository Agreement up to an amount equal to the Senior Expenses Cap in respect of any Due Period, provided that the Senior Expenses Cap shall not apply to this paragraph at any time following the taking of any Enforcement Action by the Trustee;
- (D) to the payment of Administrative Expenses (firstly, to Administrative Expenses referred to in paragraph (a) of the definition thereof and secondly, to Administrative Expenses referred to in paragraphs (b) through (j) of the definition thereof on a *pro rata* basis) in relation to each item thereof, up to an amount equal to the Senior Expenses Cap in respect of the related Due Period less any amounts paid pursuant to paragraph (C) above;
- (E) to the payment on a *pro rata* basis to the Investment Manager of the Senior Investment Management Fee due and payable on such Payment Date and any value added tax in respect thereof up to an amount in aggregate of such fee and value added tax equal to the Senior Investment Management Fee Cap and, thereafter, to the payment of any Senior Investment Management Fee and to the payment of any value added tax in respect thereof in each case, due and payable but not paid pursuant to this paragraph (E) on any prior Payment Date (otherwise than by reason of the limitation of the amount payable pursuant to the Senior Investment Management Fee Cap);
- (F) to the payment on a *pro rata* basis of (i) any Scheduled Periodic Asset Swap Issuer Payments due and payable under any Asset Swap Transaction (to the extent not paid from funds available in the account applicable to the related Asset Swap Transaction within the Non-Euro Account) and (ii) any Scheduled Periodic Interest Rate Hedge Issuer Payments due and payable to any Interest Rate Hedge Counterparty;
- (G) to the payment, on a *pro rata* basis, of (i) any Asset Swap Issuer Termination Payments due and payable to any Asset Swap Counterparty to the extent not paid from funds available in the Hedge Termination Account, save for any Defaulted Asset Swap Termination Payments and (ii) any Interest Rate Hedge Issuer Termination Payments due and payable to any Interest Rate Hedge Counterparty, to the extent not paid from funds available in the Hedge Termination Account, save for any Defaulted Interest Rate Hedge Termination Payments;
- (H) to the payment on a *pro rata* basis of (i) all Interest Amounts due and payable on the Class A1A Notes and the Class A2 Notes (such amount to be applied first to the payment of Interest Amounts due and payable on the Class A1A

Notes and then to the payment of Interest Amounts due and payable on the Class A2 Notes) and (ii) all Interest Amounts due and payable on the Class A1B Notes in respect of the Accrual Period ending on such Payment Date and thereafter any Interest Amounts previously due and payable on the Class A Notes but unpaid, together with any default interest payable thereon pursuant to the Trust Deed;

- (I) to the payment on a *pro rata* basis of any amounts due and payable by the Issuer to (i) any Asset Swap Counterparty on or prior to such Payment Date in connection with the entry into a Replacement Asset Swap Agreement and (ii) to any Interest Rate Hedge Counterparty on or prior to such Payment Date in connection with the entry into a Replacement Interest Rate Hedge Agreement, in either case, to the extent that such amounts exceed amounts received by the Issuer upon termination of the Interest Rate Hedge Agreement or an Asset Swap Agreement being replaced;
- (J) in the event that the Class A Par Value Test is not satisfied on the related Determination Date, to the payment in accordance with the Note Payment Sequence to the extent necessary to cause the Class A Par Value Test to be met if recalculated following such payment;
- (K) only on the Payment Date falling on 18 February 2016 to the payment of:
  - (i) firstly, the Settlement Amount due under the Settlement Agreement to Lehman Commercial Paper Inc.;
  - (ii) secondly, on a *pro-rata* and *pari-passu* basis, the legal fees and expenses (including VAT thereon) of (i) Ashurst LLP as legal adviser to the Investment Manager, (ii) Matheson Ormsby Prentice as legal adviser to the Issuer and (iii) Allen and Overy LLP as legal adviser to the Trustee, in each case payable in relation to the Settlement Agreement, the Proposal and its implementation and other expenses associated with holding the Noteholder Meeting; and
  - (iii) thirdly, an amount equal to EUR 100,000 as a deferred payment of interest to the Noteholders to the Interest Account to be applied in accordance with Condition 3(j)(ii)(4);
- (L) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class B Notes in respect of the Accrual Period ending on such Payment Date and thereafter to the payment on a *pro rata* basis of any Deferred Interest on the Class B Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
- (M) in the event that either of the Class B Coverage Tests is not satisfied on the related Determination Date, to the payment in accordance with the Note Payment Sequence to the extent necessary to cause the Class B Coverage Tests to be met if recalculated following such payment;
- (N) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class C Notes in respect of the Accrual Period ending on such Payment Date and thereafter to the payment on a *pro rata* basis of any Deferred Interest on the Class C Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
- (O) in the event that either of the Class C Coverage Tests is not satisfied on the related Determination Date, to the payment in accordance with the Note Payment Sequence to the extent necessary to cause the Class C Coverage Tests to be met if recalculated following such payment;
- (P) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class D Notes in respect of the Accrual Period ending on such Payment Date and thereafter to the payment on a *pro rata* basis of any Deferred Interest on the Class D Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);

- (Q) in the event that either of the Class D Coverage Tests is not satisfied on the related Determination Date, to the payment in accordance with the Note Payment Sequence to the extent necessary to cause the Class D Coverage Tests to be met if recalculated following such payment;
- (R) to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class E Notes in respect of the Accrual Period ending on such Payment Date and thereafter to the payment on a *pro rata* basis of any Deferred Interest on the Class E Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
- (S) in the event that either of the Class E Coverage Tests is not satisfied on the related Determination Date, to the payment in accordance with the Note Payment Sequence to the extent necessary to cause the Class E Coverage Tests to be met if recalculated following such payment;
- (T) on any Payment Date following the Effective Date, in the event of the occurrence of an Effective Date Rating Event which is continuing on the Business Day prior to such Payment Date, to redeem the Notes in accordance with the Note Payment Sequence or, if earlier, until the Rating Agencies confirm or affirm the Initial Ratings of the Notes;
- (U) during the Reinvestment Period, in the event that the Reinvestment Diversion Test is not satisfied Interest Proceeds shall be applied either (at the discretion of the Investment Manager (acting on behalf of the Issuer)), (i) to the payment into the Principal Account for the acquisition of additional Collateral Debt Obligations or (ii) to payment in accordance with the Note Payment Sequence, in either case in an amount equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment and (2) the amount which would be sufficient to cause the Reinvestment Diversion Test to be met if recalculated following such payment;
- (V) on any Payment Date following redemption in full of the Class M Combination Notes, the Class N Combination Notes, the Class O Combination Notes, the Class P Combination Notes, the Class Q Combination Notes and the Class R Combination Notes to the payment on a *pro rata* basis of any (i) Defaulted Asset Swap Termination Payments due to any Asset Swap Counterparty and (ii) Defaulted Interest Rate Hedge Termination Payments due to any Interest Rate Hedge Counterparty, in either case, to the extent not paid from funds available in the Hedge Termination Account;
- (W) to the payment of Trustee Fees and Expenses and fees payable to the Depositary (if any) not paid by reason of the Senior Expenses Cap;
- (X) to the payment of Administrative Expenses, if any, (firstly, to Administrative Expenses referred to in paragraph (a) of the definition thereof and secondly, to Administrative Expenses referred to in paragraphs (b) through (i) of the definition thereof on a *pro rata* basis) not paid by reason of the Senior Expenses Cap, in relation to each item thereof;
- (Y) to the payment on a *pro rata* basis to the Investment Manager of any unpaid Senior Investment Management Fee not paid pursuant to paragraph (E) above on any prior Payment Dates (by reason of the limitation of the amount payable by reference to the Senior Investment Management Fee Cap) and any value added tax in respect thereof;
- (Z) to the payment on a *pro rata* basis to the Investment Manager of the Subordinated Investment Management Fee due on such Payment Date and any value added tax in respect thereof and, thereafter, to the payment on a *pro rata* basis of any unpaid Subordinated Investment Management Fee and any value added tax in respect thereof;
- (AA) at the discretion of the Investment Manager (acting on behalf of the Issuer) to payment into the Collateral Enhancement Account up to a maximum

aggregate amount (taking into account all payments into the Collateral Enhancement Account pursuant to the Interest Proceeds Priority of Payments and/or out of the Interest Account on any prior Payment Date) of €125,000;

- (BB) to the extent not paid out of Collateral Enhancement Obligation Proceeds pursuant to Condition 3(c)(iii) (*Application of Collateral Enhancement Obligation Proceeds*) or the Balance standing to the credit of the Collateral Enhancement Account, and provided there is no Balance standing to the credit of the Collateral Enhancement Account, to the repayment of any Investment Manager Advances;
- (CC) until the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class F Subordinated Noteholders and any distribution to be made to Class F Subordinated Noteholders on such Payment Date), to the payment of interest on the Class F Subordinated Notes on a *pro rata* basis by reference to that proportion immediately prior to such redemption provided, however, that prior to the end of the Reinvestment Period, the Investment Manager will have the option (but not the obligation) to divert a portion of this interest distribution into the Principal Account in an amount up to but not exceeding one half of the excess (if any) of the aggregate amount available to be distributed over 6 per cent. of the aggregate principal amount of the Class F Subordinated Notes as at the Issue Date. Any diversion will be entirely at the option of the Investment Manager, including the amount of such diversion, subject to such limit as aforesaid;
- (DD) after the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class F Subordinated Noteholders and any distribution to be made to Class F Subordinated Noteholders on such Payment Date):
  - (i) 20 per cent. of any remaining Interest Proceeds, to the payment on a *pro rata* basis to the Investment Manager as an Incentive Investment Management Fee and to the payment of any value added tax in respect thereof; and
  - (ii) 80 per cent. of any remaining Interest Proceeds to the payment of interest on the Class F Subordinated Notes on a *pro rata* basis.

2.3 Condition 3(c)(ii) (*Application of Principal Proceeds*) shall be deleted in its entirety and replaced with the following:

**Application of Principal Proceeds**

- (A) to the payment on a sequential basis of the amounts referred to in paragraphs (A) through (H) then paragraphs (J), (K), (M), (O), (Q), (S) and (T) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (B) to payment in accordance with the Note Payment Sequence (1) in an amount equal to the Special Redemption Amount (if any) applicable to such Payment Date if it is a Special Redemption Date or (2) in an amount equal to all remaining Principal Proceeds in the event of any redemption of the Notes pursuant to Condition 7(b) (*Redemption at the Option of the Class F Subordinated Noteholders*);
- (C) (1) during the Reinvestment Period, either to the purchase of Substitute Collateral Debt Obligations or to the Principal Account pending reinvestment in Substitute Collateral Debt Obligations at a later date;
- (2) after the Reinvestment Period, all Principal Proceeds (other than those permitted to be and actually designated for reinvestment in accordance with the Investment Management Agreement), in redemption of the Notes in accordance with the Note Payment Sequence;

- (D) to the payment on a sequential basis of the amounts referred to in paragraphs (I) and (V) through (BB) (inclusive) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (E) until the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class F Subordinated Noteholders and any distribution to be made to Class F Subordinated Noteholders on such Payment Date), to the payment of principal on the Class F Subordinated Notes on a *pro rata* basis;
- (F) after the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class F Subordinated Noteholders and any distribution to be made to Class F Subordinated Noteholders on such Payment Date):
  - (i) 20 per cent. of any remaining Principal Proceeds, to the payment on a *pro rata* basis to the Investment Manager as an Incentive Investment Management Fee and to the payment of any value added tax in respect thereof ; and
  - (ii) 80 per cent. of any remaining Principal Proceeds to the payment of principal on the Class F Subordinated Notes on a *pro rata* basis.

2.4 Condition 3(j)(ii) (*Interest Account*) shall be amended by:

- (a) the insertion of the following sub-paragraph immediately underneath sub-paragraph (H):
  - "(I) an amount equal to EUR 100,000 payable into the Interest Account on [[●] 2015] pursuant to the Priorities of Payment as a deferred payment of interest to the Noteholders (the "**Reserve Amount**") to be applied solely in accordance with sub-paragraph (4) below."
- (b) The deletion of sub-paragraph (1) and its replacement with the following:
  - "(1) on the second Business Day prior to each Payment Date, all Interest Proceeds standing to the credit of the Interest Account (save with respect to the Reserve Amount which shall only be transferred in accordance with sub-paragraph (4) below) shall be transferred to the Payment Account to the extent required for disbursement pursuant to the Interest Proceeds Priority of Payments, save for amounts deposited after the end of the related Due Period and, on any Payment Date, other than a Payment Date on which all of the Notes are to be redeemed in full;"
- (c) the insertion of the following sub-paragraph immediately underneath sub-paragraph (3):
  - "(4) the Reserve Amount paid into the Interest Account in accordance with sub-paragraph (L) above to be paid as follows: (1) if at any time prior to [[●] 2016] (the "**Long-Stop Date**") the Trustee makes a claim for indemnification in accordance with clause 15.6 of the Trust Deed for any Liability incurred in connection with its entry into of the Support Letter and/ or Settlement Agreement and/or the Amendment Deed and/or and any act taken to implement or enforce the Resolution, the Support Letter and/or the Settlement Agreement; an amount equal to the amount of such claim (subject to a maximum of the lower of (i) EUR 100,000 and (ii) the Reserve Amount remaining in the Interest Account as at such date) shall forthwith be transferred from the Interest Account to the Payment Account to be disbursed as Trustee Fees and Expenses in accordance with the Interest Proceeds Priority of Payment provided that the Senior Expenses Cap shall not apply to any such disbursement; and, secondly,



(2) on the later of (x) the Long-Stop Date and (y) five Business Days following the date on which any pending Trustee indemnity claim referred to under (1) above has been paid in full, the Reserve Amount (or any remainder thereof) shall be paid to the Noteholders in accordance with the Priorities of Payment (and *pro rata* and *pari passu* in respect of each Class)".

3. **PROVISIONS OF TRUST DEED APPLICABLE**

The provisions of clause 27 (*Limited Recourse and Non-Petition*), clause 28 (*Notices*), clause 29 (*Governing Law and Jurisdiction*) and 30 (*Counterparts*) of the Trust Deed shall apply to and be incorporated into this Deed, *mutatis mutandis*.

4. **MISCELLANEOUS**

Save as varied by this Amendment Deed and the Trust Deed, the Conditions shall remain in full force and effect upon the terms and conditions set out therein.

**THIS DEED** has been executed and delivered as a deed on the date stated at the beginning of this Deed.

**SIGNATORIES**

**Issuer**

**GIVEN** under the Common Seal of )  
**AVOCA CLO IV plc** )

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director / Secretary

**Trustee**

THE COMMON SEAL OF )  
**DEUTSCHE TRUSTEE COMPANY LIMITED** )  
was hereto affixed in the presence of )

Director / Associate Director

Director / Associate Director

**Principal Paying Agent, Calculation Agent, Account Bank, Custodian and Collateral Administrator**

**SIGNED** as a deed by )  
**DEUTSCHE BANK AG, LONDON BRANCH** acting by )  
two authorised signatories )

Authorised Signatory:

Authorised Signatory:

**Registrar, Transfer Agent and Depositary**

**EXECUTED** as a deed )  
and delivered by a duly authorised signatory of )  
**DEUTSCHE BANK TRUST COMPANY AMERICAS** )

Authorised Signatory:

Authorised Signatory:

**Investment Manager**

**SIGNED AND DELIVERED** for and on behalf of  
and as a deed by **KKR CREDIT ADVISORS (IRELAND)**  
by its lawfully appointed attorney

(Name):

(Signature):

**in the presence of:**

(Signature of Witness):

(Name of Witness):

(Address of Witness):

(Occupation of Witness):

**GIVEN** under the Common Seal of **DEUTSCHE** )  
**INTERNATIONAL CORPORATE SERVICES** )  
**(IRELAND) LIMITED** )

\_\_\_\_\_  
Director

\_\_\_\_\_  
Authorised Signatory

**SCHEDULE 2**

**Blackline showing Amendments to the Conditions**

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

- (a) the Aggregate Principal Balance of all Collateral Debt Obligations, save that:
  - (i) for the purpose of calculating the Aggregate Principal Balance for the purposes of the Portfolio Profile Tests and the Collateral Quality Tests and in each case where Defaulted Obligations are specifically excluded, the Principal Balance of each Defaulted Obligation shall be excluded; save that, for the purpose of the Collateral Quality Test entitled "S&P CDO Monitor Test" the Principal Balance of Defaulted Obligations shall be included;
  - (ii) for all purposes other than as set forth in paragraph (i) above, for the purpose of calculating the Aggregate Principal Balance, the Principal Balance of each Defaulted Obligation shall be the lower of its S&P Collateral Value and its Moody's Collateral Value; and
  - (iii) the Principal Balance of each Current Pay Obligation shall be the lesser of (A) the Market Value of such Current Pay Obligation and (B) 80 per cent. of the Principal Balance of such Current Pay Obligation;
- (b) the Balances standing to the credit of the Principal Account and the Unused Proceeds Account; and
- (c) Purchased Accrued Interest to the extent not realised or accounted for in (b) above.

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

**"Amendment Deed" means the amendment deed dated [●] 2015 between, inter alios, the Issuer and the Trustee.**

**"Applicable Margin"** has the meaning given thereto in Condition 6(e)(A)(4) (*Floating Rate of Interest*).

**"Asset Swap Agreement"** means each 1992 or 2002 ISDA Master Agreement (Multicurrency-Cross Border Currency) (or such other ISDA pro forma master agreement as may be published by ISDA from time to time), together with the Schedule and, where the context admits, any confirmations relating thereto entered into by the Issuer with an Asset Swap Counterparty in connection with Non-Euro Obligations under which the Issuer swaps cash flows receivable on such Non-Euro Obligations for Euro-denominated cash flows from an Asset Swap Counterparty.

**"Asset Swap Counterparty"** means each financial institution with which the Issuer enters into an Asset Swap Agreement or any permitted assignee or successor thereto under the terms of the related Asset Swap Agreement in each case, which satisfies the applicable Rating Requirement (taking into account any guarantor thereof).

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

**"Asset Swap Counterparty Termination Payment"** means any amount payable by an Asset Swap Counterparty to the Issuer upon termination of an Asset Swap Transaction.

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

**"Asset Swap Issuer Termination Payment"** means any amount payable to an Asset Swap Counterparty by the Issuer upon termination of an Asset Swap Transaction.

**"Asset Swap Obligation"** means a Non-Euro Obligation and the related Asset Swap Transaction.

Management Agreement, and which is deliverable to the Issuer, the Trustee, the Investment Manager and the Rating Agencies and, upon request therefor in accordance with Condition 4(f) (*Information Regarding the Collateral*), to any holder of a beneficial interest in any Note and which shall include information regarding the status of certain of the Collateral pursuant to the Investment Management Agreement.

**"Moody's"** means Moody's Investors Service, Inc. and any successor or successors thereto.

**"Moody's Collateral Value"** means in the case of any applicable Collateral Debt Obligation the lower of:

- (a) its prevailing Market Value; and
- (b) the relevant Moody's Recovery Rate;

in each case, multiplied by its outstanding principal amount (in the case of any Non-Euro Obligation, converted into Euro at the applicable Asset Swap Transaction Exchange Rate), provided that if the Market Value cannot be determined for any reason, the Market Value shall be deemed to be for this purpose the relevant Moody's Recovery Rate multiplied by its outstanding principal amount (in the case of any Non-Euro Obligation, converted into Euro at the applicable Asset Swap Transaction Exchange Rate).

**"Moody's Recovery Rate"** means, in respect of each Collateral Debt Obligation, the recovery rate determined in accordance with the Investment Management Agreement.

**"Non-Call Period"** means the period from and including, the Issue Date, up to, but excluding, the Payment Date falling on or about 18 February 2010.

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

**"Non-Euro Obligation"** means any Collateral Debt Obligation purchased by or on behalf of the Issuer which is not denominated in Euro (or in one of the predecessor currencies of those EU member states which have adopted the Euro as their currency) but is denominated in the currency of a Qualifying Country and satisfies each of the Eligibility Criteria.

**"Noteholders"** and **"holders"** means the several persons who are for the time being the holders of any Notes, which expression shall, whilst any Global Note remains Outstanding, mean in relation to the Notes represented thereby, each person who is for the time being shown in the records of the Clearing Systems as the holder of a particular principal amount outstanding of Book-Entry Interest(s) in CDI(s) representing such Notes for all purposes (in which regard any certificate or other document issued by the Clearing System as to the principal amount outstanding of such CDI(s) representing the Notes, in turn, represented by the Global Note standing to the account of any person shall be conclusive and binding for all purposes) other than with respect to the payment of any principal and interest on such Notes, the right to which shall be vested, as against the Issuer, solely in the bearer of the Global Note (being, at the Issue Date, the Global Note Custodian on behalf of the Depositary, solely on behalf and for the benefit of the CDI holders), in accordance with and subject to its terms and the terms of the Trust Deed, and **"holder"** (in respect of the Notes) shall be construed accordingly.

**"Noteholder Resolution" means the Extraordinary Resolution of the Noteholders of each Class duly passed on [●] 2015 at a meeting of the Noteholders of such Class, pursuant to which the Noteholders of each Class approved the amendment to the Conditions of the Notes to allow the Settlement Amount to be paid subject to and in accordance with the Priorities of Payment in accordance with Condition 3(c)(i) and 3(c)(ii) of the Notes (as amended).**

**"Note Payment Sequence"** means the application of Interest Proceeds in accordance with the Interest Proceeds Priority of Payments or the application of Principal Proceeds in accordance with the Principal Proceeds Priority of Payments, as applicable, in the following order:

- (a) to the redemption on a *pro rata* basis (i) the Class A1A Notes and the Class A2 Notes taken together (such redemption to be applied first to the Class A1A Notes until they have been fully redeemed and then to the Class A2 Notes until they have been fully redeemed) and (ii) the Class A1B Notes at the applicable Redemption Price in whole or in part until the Class A Notes have been fully redeemed;

**"Senior Investment Management Fee Cap"** means, in respect of each Due Period 0.15 per cent. per annum (calculated semi-annually on the basis of a 360-day year and the actual number of days elapsed in such Due Period) of the Aggregate Collateral Balance as at the first day of the Due Period immediately preceding the Payment Date in respect of such Due Period.

**"Senior Loan"** means Collateral Debt Obligations (which maybe a Delayed Drawdown Obligation) that is (a) a senior secured or unsecured loan obligation as determined by the Investment Manager or a Participation therein or (b) a Synthetic Security, the Reference Obligation applicable to which is an obligation of the type described in (a).

**"Senior Notes"** means, so long as any Notes of the relevant Class remains Outstanding, each Class of Notes other than the Class F Subordinated Notes and the Combination Notes.

**"Settlement Agreement" means the settlement agreement dated [●] between, inter alia, the Issuer, the Trustee and Lehman Commercial Paper Inc..**

**"Settlement Amount" means a payment by the Issuer to Lehman Commercial Paper Inc. of an amount in cash equal to Six Hundred and Ninety Four Thousand Dollars (USD 694,000.00) subject to and in accordance with the provisions of the Settlement Agreement.**

**"Special Redemption"** has the meaning given to it in Condition 7(d) (*Special Redemption*).

**"Special Redemption Amount"** has the meaning given to it in Condition 7(d) (*Special Redemption*).

**"Special Redemption Date"** has the meaning given to it in Condition 7(d) (*Special Redemption*).

**"Stated Maturity"** means, with respect to any Collateral Debt Obligation, Synthetic Collateral or Eligible Investment the date specified in such obligation as the fixed date on which the final payment or repayment of principal of such obligation is due and payable or, in the case of a Synthetic Security, the scheduled date of termination of such instrument or agreement.

**"Subordinated Investment Management Fee"** means the fee payable to the Investment Manager in arrear on each Payment Date in respect of the immediately preceding Due Period, pursuant to the Investment Management Agreement equal to 0.50 per cent. per annum (calculated semi-annually on the basis of a 360-day year and the actual number of days elapsed in such Due Period) of the Aggregate Collateral Balance as at the first day of the Due Period immediately preceding such Payment Date, as determined by the Collateral Administrator.

**"Substitute Collateral Debt Obligation"** means a Collateral Debt Obligation purchased out of Principal Proceeds pursuant to the terms of the Investment Management Agreement and which satisfies both the Eligibility Criteria and the Reinvestment Criteria.

**"Support Letter" means the support letter dated [●] between, inter alia, the Issuer, the Trustee and Lehman Commercial Paper Inc..**

**"Synthetic Collateral"** means any collateral which shall be in the form of cash or securities which satisfies the requirements of the definition of Eligible Investment, save for that relating to the Stated Maturity thereof (in each case as permitted by the terms of the applicable Synthetic Security) required to be delivered by the Issuer as security for its obligations to any Synthetic Counterparty under any Synthetic Security pursuant to the terms thereof. References to the price payable upon the acquisition of or entry into a Synthetic Security acquired or entered into by the Issuer on an unfunded basis shall be deemed to be the aggregate price of Synthetic Collateral required to be delivered by the Issuer to the applicable Synthetic Counterparty.

**"Synthetic Collateral Account"** means the Account of the Issuer with the Custodian into which all Synthetic Collateral is to be deposited.

**"Synthetic Counterparty"** means any counterparty required to make payments on a Synthetic Security, which counterparty satisfies the applicable Rating Requirement (or whose obligations are guaranteed by a guarantor which satisfies the applicable Rating Requirement).



be subordinated to payments of principal on each Class of Notes (if any) ranking in priority thereto pursuant to the Note Payment Sequence. Notwithstanding the foregoing, in the circumstances described below payment of interest on a more junior ranking Class of Notes may be paid prior to payment of principal on a Class of Notes ranking senior in priority thereto as a result of the operation of the Interest Proceeds Priority of Payments, including following enforcement of the security over the Collateral.

For purposes of subordination and the Priorities of Payment set out in Condition 3(c) (*Priorities of Payment*), the Combination Notes shall not be treated as separate Classes of Notes and Components of the relevant Class of Combination Notes will be treated as Notes of the Classes represented by such Components.

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

- (i) Application of Interest Proceeds
  - (A) to the payment of taxes owing by the Issuer accrued in respect of the related Due Period, if any, as certified by an Authorised Officer of the Issuer to the Trustee (save for any value added tax payable in respect of any Investment Management Fee); and
  - (B) to the payment of any unpaid Financed Amount then due and payable, provided that such amount paid on any Payment Date may not exceed the Financed Amount Threshold for such Payment Date plus any Financed Amount Interest payable in respect of such Payment Date;
  - (C) to the payment of accrued and unpaid Trustee Fees and Expenses and fees payable to the Depository pursuant to the Depository Agreement up to an amount equal to the Senior Expenses Cap in respect of any Due Period, provided that the Senior Expenses Cap shall not apply to this paragraph at any time following the taking of any Enforcement Action by the Trustee;
  - (D) to the payment of Administrative Expenses (firstly, to Administrative Expenses referred to in paragraph (a) of the definition thereof and secondly, to Administrative Expenses referred to in paragraphs (b) through (j) of the definition thereof on a *pro rata* basis) in relation to each item thereof, up to an amount equal to the Senior Expenses Cap in respect of the related Due Period less any amounts paid pursuant to paragraph (C) above;
  - (E) to the payment on a *pro rata* basis to the Investment Manager of the Senior Investment Management Fee due and payable on such Payment Date and any value added tax in respect thereof up to an amount in aggregate of such fee and value added tax equal to the Senior Investment Management Fee Cap and, thereafter, to the payment of any Senior Investment Management Fee and to the payment of any value added tax in respect thereof in each case, due and payable but not paid pursuant to this paragraph (E) on any prior Payment Date (otherwise than by reason of the limitation of the amount payable pursuant to the Senior Investment Management Fee Cap);
  - (F) to the payment on a *pro rata* basis of (i) any Scheduled Periodic Asset Swap Issuer Payments due and payable under any Asset Swap Transaction (to the extent not paid from funds available in the account applicable to the related Asset Swap Transaction within the Non-Euro Account) and (ii) any Scheduled Periodic Interest Rate Hedge Issuer Payments due and payable to any Interest Rate Hedge Counterparty;
  - (G) to the payment, on a *pro rata* basis, of (i) any Asset Swap Issuer Termination Payments due and payable to any Asset Swap Counterparty to the extent not paid from funds available in the Hedge Termination Account, save for any Defaulted Asset Swap Termination Payments and (ii) any Interest Rate Hedge Issuer Termination Payments due and payable to any Interest Rate Hedge Counterparty, to the extent not paid from funds available in the Hedge Termination Account, save for any Defaulted Interest Rate Hedge Termination Payments;

- (H) to the payment on a *pro rata* basis of (i) all Interest Amounts due and payable on the Class A1A Notes and the Class A2 Notes (such amount to be applied first to the payment of Interest Amounts due and payable on the Class A1A Notes and then to the payment of Interest Amounts due and payable on the Class A2 Notes) and (ii) all Interest Amounts due and payable on the Class A1B Notes in respect of the Accrual Period ending on such Payment Date and thereafter any Interest Amounts previously due and payable on the Class A Notes but unpaid, together with any default interest payable thereon pursuant to the Trust Deed;
- (I) to the payment on a *pro rata* basis of any amounts due and payable by the Issuer to (i) any Asset Swap Counterparty on or prior to such Payment Date in connection with the entry into a Replacement Asset Swap Agreement and (ii) to any Interest Rate Hedge Counterparty on or prior to such Payment Date in connection with the entry into a Replacement Interest Rate Hedge Agreement, in either case, to the extent that such amounts exceed amounts received by the Issuer upon termination of the Interest Rate Hedge Agreement or an Asset Swap Agreement being replaced;
- (J) in the event that the Class A Par Value Test is not satisfied on the related Determination Date, to the payment in accordance with the Note Payment Sequence to the extent necessary to cause the Class A Par Value Test to be met if recalculated following such payment;

**(K) only on the Payment Date falling on 18 February 2016 to the payment of:**

**(i) firstly, the Settlement Amount due under the Settlement Agreement to Lehman Commercial Paper Inc.;**

**(ii) secondly, on a *pro-rata* and *pari-passu* basis, the legal fees and expenses (including VAT thereon) of (i) Ashurst LLP as legal adviser to the Investment Manager, (ii) Matheson Ormsby Prentice as legal adviser to the Issuer and (iii) Allen and Overy LLP as legal adviser to the Trustee, in each case payable in relation to the Settlement Agreement, the Proposal and its implementation and other expenses associated with holding the Noteholder Meeting; and**

**(iii) thirdly, an amount equal to EUR 100,000 as a deferred payment of interest to the Noteholders to the Interest Account to be applied in accordance with Condition 3(j)(ii)(4);**

**(L)** ~~(K)~~ to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class B Notes in respect of the Accrual Period ending on such Payment Date and thereafter to the payment on a *pro rata* basis of any Deferred Interest on the Class B Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);

**(M)** ~~(L)~~ in the event that either of the Class B Coverage Tests is not satisfied on the related Determination Date, to the payment in accordance with the Note Payment Sequence to the extent necessary to cause the Class B Coverage Tests to be met if recalculated following such payment;

**(N)** ~~(M)~~ to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class C Notes in respect of the Accrual Period ending on such Payment Date and thereafter to the payment on a *pro rata* basis of any Deferred Interest on the Class C Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);

**(O)** ~~(N)~~ in the event that either of the Class C Coverage Tests is not satisfied on the related Determination Date, to the payment in accordance with the Note Payment Sequence to the extent necessary to cause the Class C Coverage Tests to be met if recalculated following such payment;

**(P)** ~~(O)~~ to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class D Notes in respect of the Accrual Period ending on such Payment Date and thereafter to the payment on a *pro rata* basis of any Deferred Interest on the Class D Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);

**(Q)** ~~(P)~~ in the event that either of the Class D Coverage Tests is not satisfied on the related Determination Date, to the payment in accordance with the Note Payment Sequence to the extent necessary to cause the Class D Coverage Tests to be met if recalculated following such payment;

- (R) ~~(Q)~~ to the payment on a *pro rata* basis of the Interest Amounts due and payable on the Class E Notes in respect of the Accrual Period ending on such Payment Date and thereafter to the payment on a *pro rata* basis of any Deferred Interest on the Class E Notes which is due and payable pursuant to Condition 6(c) (*Deferral of Interest*);
- (S) ~~(R)~~ in the event that either of the Class E Coverage Tests is not satisfied on the related Determination Date, to the payment in accordance with the Note Payment Sequence to the extent necessary to cause the Class E Coverage Tests to be met if recalculated following such payment;
- (T) ~~(S)~~ on any Payment Date following the Effective Date, in the event of the occurrence of an Effective Date Rating Event which is continuing on the Business Day prior to such Payment Date, to redeem the Notes in accordance with the Note Payment Sequence or, if earlier, until the Rating Agencies confirm or affirm the Initial Ratings of the Notes;
- (U) ~~(T)~~ during the Reinvestment Period, in the event that the Reinvestment Diversion Test is not satisfied Interest Proceeds shall be applied either (at the discretion of the Investment Manager (acting on behalf of the Issuer)), (i) to the payment into the Principal Account for the acquisition of additional Collateral Debt Obligations or (ii) to payment in accordance with the Note Payment Sequence, in either case in an amount equal to the lesser of (1) 50 per cent. of all remaining Interest Proceeds available for payment and (2) the amount which would be sufficient to cause the Reinvestment Diversion Test to be met if recalculated following such payment;
- (V) ~~(U)~~ on any Payment Date following redemption in full of the Class M Combination Notes, the Class N Combination Notes, the Class O Combination Notes, the Class P Combination Notes, the Class Q Combination Notes and the Class R Combination Notes to the payment on a *pro rata* basis of any (i) Defaulted Asset Swap Termination Payments due to any Asset Swap Counterparty and (ii) Defaulted Interest Rate Hedge Termination Payments due to any Interest Rate Hedge Counterparty, in either case, to the extent not paid from funds available in the Hedge Termination Account;
- (W) ~~(V)~~ to the payment of Trustee Fees and Expenses and fees payable to the Depository (if any) not paid by reason of the Senior Expenses Cap;
- (X) ~~(W)~~ to the payment of Administrative Expenses, if any, (firstly, to Administrative Expenses referred to in paragraph (a) of the definition thereof and secondly, to Administrative Expenses referred to in paragraphs (b) through (i) of the definition thereof on a *pro rata* basis) not paid by reason of the Senior Expenses Cap, in relation to each item thereof;
- (Y) ~~(X)~~ to the payment on a *pro rata* basis to the Investment Manager of any unpaid Senior Investment Management Fee not paid pursuant to paragraph (E) above on any prior Payment Dates (by reason of the limitation of the amount payable by reference to the Senior Investment Management Fee Cap) and any value added tax in respect thereof;
- (Z) ~~(Y)~~ to the payment on a *pro rata* basis to the Investment Manager of the Subordinated Investment Management Fee due on such Payment Date and any value added tax in respect thereof and, thereafter, to the payment on a *pro rata* basis of any unpaid Subordinated Investment Management Fee and any value added tax in respect thereof;
- (AA) ~~(Z)~~ at the discretion of the Investment Manager (acting on behalf of the Issuer) to payment into the Collateral Enhancement Account up to a maximum aggregate amount (taking into account all payments into the Collateral Enhancement Account pursuant to the Interest Proceeds Priority of Payments and/or out of the Interest Account on any prior Payment Date) of €125,000;
- (BB) ~~(AA)~~ to the extent not paid out of Collateral Enhancement Obligation Proceeds pursuant to Condition 3(c)(iii) (*Application of Collateral Enhancement Obligation Proceeds*) or the Balance standing to the credit of the Collateral Enhancement Account, and provided there is no Balance standing to the credit of the Collateral Enhancement Account, to the repayment of any Investment Manager Advances;
- (CC) ~~(BB)~~ until the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class F Subordinated Noteholders and any distribution to be made to Class F Subordinated Noteholders on such Payment Date), to the payment of interest on the Class F Subordinated Notes on a *pro rata* basis by reference to that proportion immediately prior to such redemption provided, however, that

prior to the end of the Reinvestment Period, the Investment Manager will have the option (but not the obligation) to divert a portion of this interest distribution into the Principal Account in an amount up to but not exceeding one half of the excess (if any) of the aggregate amount available to be distributed over 6 per cent. of the aggregate principal amount of the Class F Subordinated Notes as at the Issue Date. Any diversion will be entirely at the option of the Investment Manager, including the amount of such diversion, subject to such limit as aforesaid;

~~(DD)~~ ~~(CC)~~ after the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class F Subordinated Noteholders and any distribution to be made to Class F Subordinated Noteholders on such Payment Date):

~~(ii)~~ ~~(i)~~ 20 per cent. of any remaining Interest Proceeds, to the payment on a *pro rata* basis to the Investment Manager as an Incentive Investment Management Fee and to the payment of any value added tax in respect thereof; and

~~(iii)~~ ~~(ii)~~ 80 per cent. of any remaining Interest Proceeds to the payment of interest on the Class F Subordinated Notes on a *pro rata* basis.

## (ii) Application of Principal Proceeds

- (A). to the payment on a sequential basis of the amounts referred to in paragraphs (A) through (H) then paragraphs (J), ~~(L)~~~~(K)~~, ~~(N)~~~~(M)~~, ~~(P)~~, ~~(R)~~~~(O)~~, ~~(Q)~~, ~~(S)~~ and ~~(S)~~~~(T)~~ of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (B). to payment in accordance with the Note Payment Sequence (1) in an amount equal to the Special Redemption Amount (if any) applicable to such Payment Date if it is a Special Redemption Date or (2) in an amount equal to all remaining Principal Proceeds in the event of any redemption of the Notes pursuant to Condition 7(b) (*Redemption at the Option of the Class F Subordinated Noteholders*);
- (C). (1) during the Reinvestment Period, either to the purchase of Substitute Collateral Debt Obligations or to the Principal Account pending reinvestment in Substitute Collateral Debt Obligations at a later date;
- (2) after the Reinvestment Period, all Principal Proceeds (other than those permitted to be and actually designated for reinvestment in accordance with the Investment Management Agreement), in redemption of the Notes in accordance with the Note Payment Sequence;
- (D). to the payment on a sequential basis of the amounts referred to in paragraphs (I) and ~~(U)~~~~(V)~~ through ~~(A)~~~~A~~~~B~~~~B~~ (inclusive) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (E). until the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class F Subordinated Noteholders and any distribution to be made to Class F Subordinated Noteholders on such Payment Date), to the payment of principal on the Class F Subordinated Notes on a *pro rata* basis;
- (F). after the Incentive Investment Management Fee IRR Threshold has been reached (after taking into account all prior distributions to Class F Subordinated Noteholders and any distribution to be made to Class F Subordinated Noteholders on such Payment Date):
- (i) 20 per cent. of any remaining Principal Proceeds, to the payment on a *pro rata* basis to the Investment Manager as an Incentive Investment Management Fee and to the payment of any value added tax in respect thereof ; and
- (ii) 80 per cent. of any remaining Principal Proceeds to the payment of principal on the Class F Subordinated Notes on a *pro rata* basis.

pursuant to the Investment Management Agreement, provided that no such designation may be made in respect of (i) any Purchased Accrued Interest or (ii) any such proceeds that represent deferred interest accrued in respect of any Deferring Mezzanine Obligation;

- (D) all Scheduled Periodic Asset Swap Counterparty Payments received by the Issuer under an Asset Swap Transaction and all Scheduled Periodic Interest Rate Hedge Counterparty Payments received by the Issuer under an Interest Rate Hedge Transaction;
- (E) cash amounts (representing any excess standing to the credit of the Non-Euro Account after provisioning by the Investment Manager for any amounts due to be paid to any Asset Swap Counterparty pursuant to any Asset Swap Transaction) transferred from the Non-Euro Account, converted into Euro at the prevailing spot rate of exchange as determined by the Calculation Agent at the direction of the Investment Manager;
- (F) all amounts received by the Issuer in respect of interest paid in respect of any collateral deposited by the Issuer with a third party as security for any reimbursement or indemnification obligations to any other lender under a Delayed Drawdown Obligation in an account established pursuant to an ancillary facility;
- (G) amounts transferred from the Unused Proceeds Account upon confirmation by the Rating Agencies of the Initial Ratings assigned to the Notes after the Effective Date in the circumstances described under paragraph (iii) (Unused Proceeds Account) below; and
- (H) amounts transferred by the Investment Manager to the Interest Account pursuant to Condition 3(j)(i)(5) (*Principal Account*).
- (I) an amount equal to EUR 100,000 payable into the Interest Account on [●] 2015] pursuant to the Priorities of Payment as a deferred payment of interest to the Noteholders (the "Reserve Amount") to be applied solely in accordance with sub-paragraph (4) below.

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Interest Account:

- (1) on the second Business Day prior to each Payment Date, all Interest Proceeds standing to the credit of the Interest Account (save with respect to the Reserve Amount which shall only be transferred in accordance with sub-paragraph (4) below) shall be transferred to the Payment Account to the extent required for disbursement pursuant to the Interest Proceeds Priority of Payments, save for amounts deposited after the end of the related Due Period and, on any Payment Date, other than a Payment Date on which all of the Notes are to be redeemed in full;
- (2) at any time, subject to insufficient amounts being available in the Collateral Enhancement Account for the acquisition or exercise of any Collateral Enhancement Obligation at such time, amounts required by the Issuer or the Investment Manager for such purpose at such time, to be deposited into the Collateral Enhancement Account, provided that:
  - (x) each Coverage Test and Collateral Quality Test is satisfied if recalculated following any such withdrawal; and
  - (y) the amount of funds withdrawn from the Interest Account or pursuant to paragraph (Z) of the Interest Proceeds Priority of Payment pursuant to this paragraph (2) for such purpose in each case in aggregate in any particular Due Period, do not exceed €125,000;
- (3) at any time, any amount determined by the Investment Manager at its discretion to be transferred to the Principal Account provided that (i) following such transfer each of the Interest Coverage Tests is satisfied and (ii) the most recent Monthly Report contains a statement that each of the Interest Coverage Tests is satisfied.
- (4) the Reserve Amount paid into the Interest Account in accordance with sub-paragraph (L) above to be paid as follows: (1) if at any time prior to [●] 2016] (the "Long-Stop Date") the Trustee makes a claim for indemnification in accordance with clause 15.6 of the Trust Deed for any Liability incurred in connection with its entry into of the Support Letter and/ or Settlement Agreement and/or the Amendment Deed and/or and any act taken to implement or enforce the Resolution, the Support Letter and/or the Settlement Agreement; an amount equal to the amount of such claim (subject to a maximum of the lower of (i) EUR 100,000 and (ii)

the Reserve Amount remaining in the Interest Account as at such date) shall forthwith be transferred from the Interest Account to the Payment Account to be disbursed as Trustee Fees and Expenses in accordance with the Interest Proceeds Priority of Payment provided that the Senior Expenses Cap shall not apply to any such disbursement; and, secondly, (2) on the later of (x) the Long-Stop Date and (y) five Business Days following the date on which any pending Trustee indemnity claim referred to under (1) above has been paid in full, the Reserve Amount (or any remainder thereof) shall be paid to the Noteholders in accordance with the Priorities of Payment (and *pro rata* and *pari passu* in respect of each Class)".