

Clients & Friends Memo

Master Asset Vehicle II: Redemption Unwind Process

October 28, 2013

On October 2, 2013, after a multi-year implementation process, amendments to the transaction documents of Master Asset Vehicle II (“**MAV II**”) and related documents (collectively, the “**Amendments**”) were executed.¹ The Amendments establish a mechanism that allows holders of the Notes issued by MAV II to optionally redeem their Notes prior to the stated maturity thereof (each such redemption, a “**Redemption Unwind**”). Cadwalader, Wickersham & Taft LLP and Davies Ward Phillips & Vineberg LLP acted as United States and Canadian counsel, respectively, to a group of MAV II Noteholders (the “**Group**”) represented by Moelis & Company LLC (“**Moelis**”) in connection with the multi-year process that culminated with the implementation of the Amendments. The purpose of this Clients & Friends Memo (this “**Memorandum**”) is to highlight certain features of the Redemption Unwind process that may be of interest to MAV II Noteholders.² Capitalized terms used but not defined herein have the meanings set forth in the applicable MAV II transaction documentation, as amended.

I. Who can participate in Redemption Unwinds?

A. Holders of Notes denominated in Canadian Dollars

Only Notes denominated in Canadian Dollars are eligible for redemption in connection with a Redemption Unwind. Notes denominated in United States Dollars are not.³

B. No ERISA plans

United States ERISA plans are prohibited from participating in Redemption Unwinds or holding Liquidation Trust Units. These prohibitions do not apply to Canadian or other foreign pension plans.⁴

¹ The Amendments are available on the Redemption Administrator’s website at <https://www.blackrock.com/X/CMAV2/public/>.

² Please note that a detailed description of the Redemption Unwind process is beyond the scope of this Memorandum.

³ Supplemental Indenture, Section 1(a) (inserting Section 2A.1(2)), page 2.

⁴ Supplemental Indenture, Section 1(a) (inserting Section 2A.1(3)), page 2; Supplemental Indenture, Section 1(k) (inserting the definition of “Benefit Plan Investor”), page 18.

This memorandum has been prepared by Cadwalader, Wickersham & Taft LLP (Cadwalader) for informational purposes only and does not constitute advertising or solicitation and should not be used or taken as legal advice. Those seeking legal advice should contact a member of the Firm or legal counsel licensed in their jurisdiction. Transmission of this information is not intended to create, and receipt does not constitute, an attorney-client relationship. Confidential information should not be sent to Cadwalader without first communicating directly with a member of the Firm about establishing an attorney-client relationship. ©2013 Cadwalader, Wickersham & Taft LLP. All rights reserved.

C. United States securities law considerations

A Noteholder that is a “U.S. person” (as defined in Regulation S promulgated under the United States Securities Act of 1933, as amended (the “**Securities Act**”)) may only participate in a Redemption Unwind if that Noteholder is both (1) a “Qualified Institutional Buyer” (as defined in Rule 144A under the Securities Act) (“**QIB**”) and (2) a “qualified purchaser” within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended (“**QP**”).⁵ However, because the pre-Amendment MAV II transaction documents require that U.S. person Noteholders be both QIBs and QPs, this requirement should not affect any Noteholder’s ability to participate in a Redemption Unwind.⁶ Please note that the participation of non-U.S. based Noteholders (including Cayman-domiciled funds) that meet QIB/QP eligibility criteria is envisioned, as discussed in Section II.A. of this Memorandum.

D. Vertical Strips and Non-Vertical Strips

Notes may be submitted for redemption in Vertical Strips or Non-Vertical Strips.⁷ A “**Vertical Strip**” is a grouping of Canadian Dollar-denominated Class A-1, Class A-2, Class B and Class C Notes with a combined principal amount equal to CAD \$1,000,000, where the principal amount of each Class of Notes forming part of such group is in the same proportion to CAD \$1,000,000 as the aggregate principal amount of all Notes of such Class outstanding is to the aggregate principal amount of all Notes outstanding (rounded to account for minimum denominations).⁸ Notes may also be submitted for redemption other than in Vertical Strips (“**Non-Vertical Strips**”).⁹ The Redemption Administrator will compile Notes submitted as Non-Vertical Strips into the maximum number of Vertical Strips capable of being formed from such Non-Vertical Strips (“**Constructed Vertical Strips**”).¹⁰

⁵ Supplemental Indenture, Section 1(a) (inserting Section 2A.4(2)(b)), page 7; Supplemental Indenture, Schedule 3 (inserting Schedule K), Schedule B.

⁶ Note Indenture, Section 2.21(5), page 25.

⁷ Supplemental Indenture, Section 1(a) (inserting Section 2A.4(1)), page 6.

⁸ Amendment to Omnibus Agreement, Section 1(II) (inserting the definition of “Vertical Strip”), page 46.

⁹ Supplemental Indenture, Section 1(a) (inserting Section 2A.4(1)), page 6.

¹⁰ Supplemental Indenture, Section 1(a) (inserting Section 2A.6(2)), page 8.

II. What documents must a Noteholder submit in order to participate in a Redemption Unwind?

A. Letter of Representations

By no later than 5:00 p.m. (New York time) on the submission deadline specified in the Periodic Redemption Unwind Notice or the Ad Hoc Redemption Unwind Notice,¹¹ as applicable (the “**Submission Deadline**”), or by such earlier time as the Redemption Administrator may specify in the Periodic Redemption Unwind Notice or Ad Hoc Redemption Notice, as applicable, each participating Noteholder must submit a letter of representations in the form set out as Schedule K to the Note Indenture (Schedule 3 to the Supplemental Indenture), with such modifications as the Redemption Administrator and the Liquidation Trustee may agree.¹² Such letter of representations may be submitted by the Noteholders in any manner specified by the Redemption Administrator, the Clearing Agency or any Clearing Agency participant, or through any other means satisfactory to the Liquidation Trustee and its agents.¹³ In the letter of representations, each participating Noteholder must represent that it is not a United States ERISA plan and, if it is a U.S. person, that it is both a QIB and a QP.¹⁴ It should be noted that a number of Noteholders are neither Canadian nor U.S. persons (for example, Cayman-domiciled funds). To the extent these Noteholders satisfy the QIB/QP requirement, they should be eligible to participate in Redemption Unwinds. Noteholders in this category should reach out to BlackRock directly (at cmavinquiries@blackrock.com) regarding satisfaction of the requirements set forth in the letter of representations.

B. Release

Each Noteholder who either elects to participate in a Redemption Unwind or submits a Redemption Unwind Negotiation Request to the Redemption Administrator in order to initiate an Ad-Hoc Redemption Unwind is required to deliver to the Redemption Administrator a release in the form set out in Schedule L to the Note Indenture (Schedule 4 to the Supplemental Indenture) (the “**Release**”) if the Redemption Administrator notifies such Noteholder that doing so is condition precedent to such participation or submission.¹⁵ If it is not so notified, such Noteholder will be deemed to have agreed to the Release.¹⁶ In the Release, the releasing Noteholder will agree (or be deemed to agree) to broadly release a number of parties—including Moelis, BlackRock (in various

¹¹ The Submission Deadline in respect of an Ad-Hoc Redemption Unwind will be the day which is five (5) Business Days following the Ad-Hoc Redemption Unwind Notice. See Supplemental Indenture, Section 1(a) (inserting Section 2A.3(12)(b)), page 6.

¹² Supplemental Indenture, Section 1(a) (inserting Section 2A.4(2)(b)), page 7.

¹³ Supplemental Indenture, Section 1(a) (inserting Section 2A.4(2)(b)), page 7.

¹⁴ Supplemental Indenture, Schedule 3 (inserting Schedule K), paragraph 11 and Schedule B. See related discussion under Sections I.B and I.C. above.

¹⁵ Supplemental Indenture, Section 1(a) (inserting Section 2A.4(3)), p. 7.

¹⁶ Supplemental Indenture, Section 1(a) (inserting Section 2A.4(3)), p. 7.

capacities), MAV II, the Indenture Trustee, the Liquidation Trust and the Liquidation Trustee, the Committee, each other Noteholder, each Existing Counterparty, each Wrap Swap Existing Counterparty, each Dealer party to an Existing Interest Rate Hedge, each Participating Bidder and each Lender, and their respective agents, affiliates, directors and employees—from any claim or loss arising out of or relating to the Redemption Unwind, with limited exceptions.¹⁷ The Release (or deemed Release) will be effective regardless of whether any of such Noteholder's Notes are redeemed or such Redemption Unwind is otherwise completed.¹⁸

C. Redemption Submission Notice

By no later than the Submission Deadline, each Noteholder electing to participate in a Redemption Unwind must provide Computershare Trust Company of Canada with a notice (a “**Redemption Submission Notice**”) setting forth (i) the principal amount of each Class of Notes submitted by such Noteholder for redemption in connection with such Redemption Unwind, (ii) a Reserve Price (determined by such Noteholder) for each Vertical Strip submitted by such Noteholder for redemption, expressed as a percentage of the par amount thereof and stated as an integral multiple of 0.1%, and (iii) a Class Reserve Price (determined by such Noteholder) for Notes of each Class submitted by such Noteholder for redemption other than as a Vertical Strip, expressed as a percentage of the par amount thereof, and stated as an integral multiple of 0.5%, for each Class of Notes.¹⁹

While Noteholder submission technically is provided to Computershare Trust Company of Canada, the practical process for beneficial Noteholders to submit Notes for redemption is expected to involve receipt of notices and submissions of Notes through CDS Clearing and Depository Services, Inc. (“**CDS**”) as Clearing Agency, via each Noteholders' CDS participant. The submission process will go through CDS's CDSX system, whereby CDS participants (but not beneficial holders directly) can submit Reserve Prices and notional amounts for individual tender events (*i.e.*, each Class of Notes or a Vertical Strip).

Please note that any Notes submitted for redemption will be locked out of any further transaction clearing within the relevant clearing system in accordance with the rules, regulations and procedures thereof.²⁰

¹⁷ Supplemental Indenture, Section 1(o), page 25, Schedule 4 (inserting Schedule L).

¹⁸ Supplemental Indenture, Section 1(a) (inserting Section 2A.4(3)), pages 7-8.

¹⁹ Supplemental Indenture, Section 1(a) (inserting Section 2A.4(2)(a)), page 7. For a discussion of Vertical and Non-Vertical Strips, see Section I.D. above.

²⁰ Supplemental Indenture, Section 1(a) (inserting Section 2A.4(4)), page 8.

III. Reserve Price and Class Reserve Price

A. What is a Reserve Price and a Class Reserve Price?

The Reserve Price for a Vertical Strip represents 100% less the maximum Aggregate Unwind Price that a Noteholder is willing to bear in exchange for redemption of each Canadian Dollar of notional amount of such Vertical Strip (before any discount associated with the liquidation of Collateral (and related Wrap Swaps and Unlevered CDS) or any Unknown Other Amounts Due in connection with the applicable Redemption Unwind). No Reserve Price in respect of a Vertical Strip may be less than 40.0%. Only Vertical Strips with Reserve Prices greater than 40.0% and less than or equal to the Clearing Price (*i.e.*, the Collateral Percentage minus the Aggregate Unwind Price) for a Redemption Unwind will be eligible for redemption.²¹

The Class Reserve Price for a Class of Notes represents 100% less the maximum Aggregate Unwind Price that a Noteholder is willing to bear in exchange for redemption of each Canadian Dollar of principal amount of such Class of Notes (before any discount associated with the liquidation of Collateral (and related Wrap Swaps and Unlevered CDS) or any Unknown Other Amounts Due in connection with the applicable Redemption Unwind). A weighted-average Reserve Price will be constructed for each Constructed Vertical Strip (each, a “**Constructed Reserve Price**”) to determine its eligibility for redemption.²²

B. What is the purpose of a Reserve Price and a Class Reserve Price?

Reserve Prices are intended to function as a limit order for Noteholders so as to ensure that a Noteholder electing to participate in a Redemption Unwind will only have its Notes redeemed if the pro rata share of the price paid by MAV II to terminate or novate the Unwind Percentage of the notional amount of all of the LSS CDS plus the fees and expenses of such Redemption Unwind are together less than the price indicated by such Noteholder’s Reserve Price. However, in addition, the liquidation value of the portion of the Collateral (and related Wrap Swaps and Unlevered CDS) that a redeeming Noteholder receives (through ownership of Units in a Liquidation Trust) in exchange for the redemption of its Notes may be materially lower than the implied Cash value of its Reserve Price due to the share of the fees and expenses for such Redemption Unwind such Noteholder must bear and the fact that the liquidation value of the Collateral (and related Wrap Swaps and Unlevered CDS) may be less than the par value of the Collateral (and less than the notional amount of related Wrap Swaps and Unlevered CDS).

²¹ Amendment to Omnibus Agreement, Section 1(II) (inserting the definition of “Reserve Eligible Vertical Strips”), page 43; Supplemental Indenture, Section 1(a) (inserting Section 2A.7(2)), page 10.

²² Supplemental Indenture, Section 1(a) (inserting Section 2A.6(7)), page 9.

Reserve Prices will also be used to determine redemption priority among Noteholders in the event that all Vertical Strips submitted for redemption cannot be redeemed,²³ and Class Reserve Prices will be used to determine (i) priority among Noteholders in the event that all Classes of Notes submitted as Non-Vertical Strips cannot be compiled into Constructed Vertical Strips²⁴ and (ii) the Constructed Reserve Price.²⁵ Constructed Reserve Prices will be used to determine redemption priority among Noteholders in the event that all Vertical Strips and Constructed Vertical Strips cannot be redeemed,²⁶ and the Class Reserve Prices and the Constructed Reserve Price of any Marginal Constructed Vertical Strip will be used in the determination of amounts to be distributed to the holders of Liquidation Trust Units following any Redemption Unwind.²⁷

A Reserve Price (or Class Reserve Price, as the case may be) should ensure that (i) Noteholders electing to participate in a Redemption Unwind will not have their Notes redeemed if the pro rata share of the amounts required to be paid by the MAV to terminate or novate the Unwind Percentage of the notional amount of all of the LSS CDS plus the known fees and expenses in connection with such Redemption Unwind are greater than that which such Noteholders are willing to bear and (ii) Noteholders electing to participate in a Redemption Unwind that are willing to permit the MAV to pay a greater amount to terminate or novate the Redemption Unwind Percentage of the notional amount of all of the LSS CDS will be given priority over Noteholders that are only willing to permit the MAV to pay less.

C. What information will Noteholders be provided to determine their Reserve Price or Class Reserve Price(s)?

In connection with each Periodic Redemption Unwind, the Redemption Administrator will publish estimates of the Anticipated Unwind Price and the Aggregate Fee Amount.²⁸ In connection with each Ad-Hoc Redemption Unwind, Noteholders will be provided with an indicative Aggregate Unwind Cost calculated by the Redemption Administrator.²⁹ This information is in addition to the descriptions of Collateral and valuations of CA-Held Collateral set forth in the Administrator's existing monthly reports.

D. Will a redeeming Noteholder ever receive less Cash than its Reserve Price or Class Reserve Price(s)?

²³ Supplemental Indenture, Section 1(a) (inserting Section 2A.9(2)), page 13.

²⁴ Supplemental Indenture, Section 1(a) (inserting Section 2A.6(4)(c)), page 9.

²⁵ Supplemental Indenture, Section 1(a) (inserting Section 2A.6(7)), page 9.

²⁶ Supplemental Indenture, Section 1(a) (inserting Section 2A.6(7)), page 9.

²⁷ Base Trust Agreement, Section 1.1 (definitions of "Class A-1 Distribution Adjustment", "Class A-2 Distribution Adjustment", "Class B Distribution Adjustment" and "Class C Distribution Adjustment"), pages 3-4.

²⁸ See Section VI.A. below.

²⁹ See Section VI.B below.

It is likely that a redeeming Noteholder will receive less cash than its Reserve Price or Class Reserve Price(s). The actual cash proceeds received in exchange for redemption of Notes in connection with a Redemption Unwind will be a function of the Clearing Price of the LSS CDS Auction (which accounts for known fees and expenses in connection with such Redemption Unwind) and the liquidation value of the released Collateral (and related Wrap Swaps and Unlevered CDS). Because the liquidation value of the released Collateral (and related Wrap Swaps and Unlevered CDS) will not be known prior to submitting a Reserve Price or Class Reserve Price(s), a redeeming Noteholder may ultimately receive Cash proceeds in respect of the Units received in exchange for redemption of its Notes that are less than the implied Cash value of the Reserve Price or Class Reserve Price(s) assigned to such Notes.

In determining the Reserve Price to submit in connection with a Redemption Unwind, Noteholders should factor in their expectation of the ultimate sale proceeds of the Collateral (and related Wrap Swaps and Unlevered CDS). Unlike the Swap Unwind Price, the ultimate proceeds from the liquidation of the Collateral (and related Wrap Swaps and Unlevered CDS) will not be established on the Auction Date, as the Collateral (and related Wrap Swaps and Unlevered CDS) will be liquidated by the Liquidation Agent over time after the Auction Date.³⁰ Noteholders should also factor in the risk and/or potential illiquidity associated with the Liquidation Trust Units, including the Indemnity Holdbacks.³¹

IV. How often will Redemption Unwinds occur?

A. Periodic Redemption Unwinds

Each Periodic Redemption Unwind will be initiated by the delivery, from the Redemption Administrator to various parties, of a Periodic Redemption Unwind Notice. The Redemption Administrator is generally required to deliver a Periodic Redemption Notice on the following dates: (i) a date on or prior to October 31, 2013, (ii) a date on or prior to December 31, 2013 (if reasonably practicable in the determination of the Redemption Administrator), and (iii) the first Business Day following the 15th of January, April, July and October of each year, commencing in January 2014 (each such date, a “**Periodic Redemption Unwind Notification Date**”).³²

However, the Redemption Administrator is not required to provide a Periodic Redemption Unwind Notice—and a Periodic Redemption Unwind will not occur—if (a) prior to a Periodic Redemption Unwind Notification Date, the Redemption Administrator, in its commercially reasonable discretion, determines that a Periodic Redemption Unwind either would be impracticable in light of prevailing adverse market conditions or would be unlikely to be consummated if initiated or (b) a subset of the

³⁰ Base Trust Agreement, Section 3.5, pages 35-36.

³¹ See Section VIII.B. of this Memorandum for further discussion of the Indemnity Holdback concept.

³² Supplemental Indenture, Section 1(a) (inserting Section 2A.2(1)), page 2.

Redemption Unwind Conditions known as the “Specified Conditions” are not satisfied on the Business Day prior to the Periodic Redemption Unwind Notification Date.³³ In addition, the Redemption Administrator may cancel or postpone a Periodic Redemption Unwind after a Periodic Redemption Unwind Notice has been provided if, in its commercially reasonable discretion, it determines that the Periodic Redemption Unwind should be cancelled or postponed or the related Auction Date should be postponed in light of prevailing adverse market conditions or as a result of the occurrence of an Existing Counterparty Force Majeure Event.³⁴

B. Ad-Hoc Redemption Unwinds

Each Ad-Hoc Redemption Unwind will be initiated by the delivery by a Noteholder or a group of Noteholders, collectively holding complete Vertical Strips with a combined principal amount of not less than CAD \$100,000,000 (such Noteholder(s), the “**Initiating Strip Holder**”), to the Redemption Administrator of a Redemption Unwind Negotiation Request.³⁵ An Initiating Strip Holder may deliver a Redemption Unwind Negotiation Request at any time other than (a) during the period from (and including) the date which is five (5) Business Days prior to a Periodic Redemption Unwind Notification Date to (and including) the Redemption Unwind Date for the related Periodic Redemption Unwind or (b) during the period from (and including) the date of a Redemption Unwind Negotiation Request relating to any other Ad-Hoc Redemption Unwind to (and including) the Redemption Unwind Date for the related Ad-Hoc Redemption Unwind.³⁶

Following the delivery of a Redemption Unwind Negotiation Request, an Ad-Hoc Redemption Unwind may be cancelled if (a) the Redemption Administrator has not received the written consent of each Dealer to an Ad-Hoc Redemption Unwind within two (2) Business Days of receipt by the Redemption Administrator of the Redemption Unwind Negotiation Request³⁷ or (b) the Initiating Strip Holder elects to cancel the proposed Ad-Hoc Redemption Unwind by providing notice to the Redemption Administrator no later than one (1) Business Day after receipt by the Initiating Strip Holder of the Ad-Hoc Redemption Unwind Notice (each such notice, an “**Ad-Hoc Redemption Cancellation Request**”).³⁸ In addition, an Ad-Hoc Redemption Unwind may be cancelled or postponed if the Redemption Administrator, in its commercially reasonable discretion, determines that an Ad-Hoc Redemption Unwind should be cancelled or postponed or the related Auction Date

³³ Supplemental Indenture, Section 1(a) (inserting Section 2A.2(2)), page 2.

³⁴ Supplemental Indenture, Section 1(a) (inserting Section 2A.2(5)), page 3.

³⁵ Supplemental Indenture, Section 1(a) (inserting Section 2A.3(1)), page 3.

³⁶ Supplemental Indenture, Section 1(a) (inserting Section 2A.3(3)), page 4.

³⁷ Supplemental Indenture, Section 1(a) (inserting Section 2A.3(9)), page 5.

³⁸ Supplemental Indenture, Section 1(a) (inserting Section 2A.3(10)), pages 5-6. If the Ad-Hoc Redemption Cancellation Request is provided by some (but not all) of the Noteholders comprising the Initiating Strip Holder, such Ad-Hoc Redemption Cancellation Request shall only be effective if, excluding holdings of such Noteholder(s), the remaining Noteholder(s) (if any) who provided the related Redemption Unwind Negotiation Request to the Redemption Administrator would no longer constitute an Initiating Strip Holder pursuant to the definition thereof.

should be postponed in light of prevailing adverse market conditions or as a result of the occurrence of an Existing Counterparty Force Majeure Event.³⁹

V. What fees and expenses are payable in connection with each Redemption Unwind?

As further described below, fees and expenses associated with the Amendments and each Redemption Unwind will be borne by redeeming Noteholders in proportion to the amount of Notes redeemed and will reduce the amount of Collateral otherwise available to redeeming Noteholders.

A. Amounts Due to Administrator

The Administration and Management Agreement entitles the Administrator to a fee at the rate of five (5) basis points per annum on the Fee Basis Amount.⁴⁰ In connection with each Redemption Unwind the Fee Basis Amount will be reduced by the Redemption Unwind Percentage.⁴¹ To compensate the Administrator for the reduction in future fees, in connection with each Redemption Unwind the Administrator will receive from the released Collateral an amount equal to the Administrator Make-Whole Fee.⁴²

With respect to any Redemption Unwind, the “Administrator Make-Whole Fee” will be an amount equal to the sum, for each projected quarterly payment in the applicable Projected Payment Stream,⁴³ of the products of (i) such projected quarterly payment, multiplied by (ii) the related Redemption Unwind Percentage, multiplied by (iii) the CDOR Flat Discount Factor on the Business Day preceding such date of determination applicable to such projected payment.⁴⁴ With respect to

³⁹ Supplemental Indenture, Section 1(a) (inserting Section 2A.3(13)), page 6.

⁴⁰ Administration and Management Agreement, Section 6(a), pages 22-23.

⁴¹ Administration and Management Agreement, Section 1 (definition of “Fee Basis Amount”), page 5.

⁴² Amendment to Omnibus Agreement, Section 1(k) (inserting Section 4.13C(a)(ii)), page 12.

⁴³ “Projected Payment Stream” means, with respect to a Redemption Unwind and any of (x) any related Administrator Make-Whole Fee, (y) any related Lender Make-Whole Fee, or (z) any related SPF Make-Whole Fee: the sum of the scheduled quarterly payments of the periodic fees which the Administrator, the Lenders or the Senior Purchasers, as applicable, would have been entitled to receive under the relevant Transaction Document if no reduction thereto were effected by reason of such Redemption Unwind, during the period from (but excluding) the Payment Date immediately preceding such Redemption Unwind to (and including) the Payment Date scheduled to occur on or immediately following the 20th of December 2016. In each case, the Projected Payment Stream shall be calculated based upon the Payment Dates, rates of interest and day-count conventions specified in the relevant Transaction Document. For purposes of calculating the applicable Projected Payment Stream, each of the Fee Basis Amount (as modified in the following sentence) in respect of any Administrator Make-Whole Fee, the Lender’s Commitment in respect of any Lender Make-Whole Fee and the Original Senior Amount in respect of any SPF Make-Whole Fee is to be determined as at the time immediately prior to any reduction thereto to be effected by reason of such Redemption Unwind on the related Redemption Unwind Date and assuming such amount remains the same during the relevant Projected Payment Period. For the purposes of determining the Administrator Make-Whole Fee and the related Projected Payment Stream, the Fee Basis Amount will not have the meaning set forth in the Redemption Administration Agreement but instead will mean the CAD Equivalent Aggregate Par Value of Collateral. Amendment to Omnibus Agreement, Section 1(II) (inserting definition of “Projected Payment Stream”), pages 40-41.

⁴⁴ Amendment to Omnibus Agreement, Section 1(II) (inserting definition of “Administrator Make-Whole Fee”), page 30.

each Redemption Unwind, the Administrator Make-Whole Fee will be the “**Amounts Due to Administrator**” for such Redemption Unwind.⁴⁵

B. Amounts Due to Redemption Administrator

In connection with each Redemption Unwind, the Redemption Administrator will be entitled to receive a fee in an amount equal to 50 basis points (0.50%) multiplied by the principal amount of Notes redeemed in connection with such Redemption Unwind.⁴⁶

C. Amounts Due to Senior Purchasers

The Agreement to Purchase Senior Notes entitles the Senior Purchasers to an Original SPF Fee at the rate of 119 basis points (1.19%) per annum on its Original Senior Amount.⁴⁷ In connection with each Redemption Unwind, each Original Senior Amount will be reduced by the Redemption Unwind Percentage.⁴⁸ To compensate the Senior Purchasers for the reduction in future Original SPF Fees, in connection with each Redemption Unwind each Senior Purchaser will receive from the released Collateral an amount equal to the SPF Make-Whole Fee.⁴⁹

With respect to any Redemption Unwind and the Senior Purchasers, the “**SPF Make-Whole Fee**” will be an amount equal to the sum of the products of (i) the amount of each quarterly payment in the Projected Payment Stream originally scheduled to be made to the Senior Purchasers (the “**Projected Payment**”), multiplied by (ii) the related Redemption Unwind Percentage, multiplied by (iii) the Senior Purchaser Discount Factor applicable to such Projected Payment.⁵⁰ With respect to each Redemption Unwind, the SPF Make-Whole Fee will be the “**Amounts Due to Senior Purchasers**” for such Redemption Unwind.⁵¹

D. Amounts Due to Lenders

The Margin Funding Facility Agreement (the “**Credit Facility**”) entitles each Lender to fees at the rate of 120 basis points per annum of its Lender’s Commitment.⁵² In connection with each Redemption Unwind, each Lender’s Commitment will be reduced by the Redemption Unwind

⁴⁵ Amendment to Omnibus Agreement, Section 1(l) (inserting definition of “Amounts Due to Administrator”), page 31.

⁴⁶ Amendment to Omnibus Agreement, Section 1(k) (inserting Section 4.13C(a)(ii)), page 12; Amendment to Omnibus Agreement, Section 1(l) (inserting definition of “Amounts Due to Redemption Administrator”), page 31.

⁴⁷ Agreement to Purchase Senior Notes, Section 4.2(b), page 12.

⁴⁸ Amendment to Agreement to Purchase Senior Notes, Section 1(a) (replacing the second sentence of Section 4.2(b)), page 2.

⁴⁹ Amendment to Omnibus Agreement, Section 1(k) (inserting Section 4.13C(a)(iii)), page 12.

⁵⁰ Amendment to Omnibus Agreement, Section 1(l) (inserting definition of “SPF Make-Whole Fee”), page 44.

⁵¹ Amendment to Omnibus Agreement, Section 1(l) (inserting definition of “Amounts Due to Senior Purchasers”), page 31.

⁵² Margin Funding Facility Agreement, Section 4.4, page 11.

Percentage.⁵³ As compensation for the reduction in future MFF Fees, the Credit Facility has been amended to provide that, in connection with each Redemption Unwind, each Lender thereunder will receive from the released Collateral an amount equal to the applicable Lender Make-Whole Fee.⁵⁴

With respect to any Redemption Unwind, the “**Lender Make-Whole Fee**” will be an amount equal to the sum, for each quarterly payment in the applicable Projected Payment Stream, of the products of (i) such quarterly payment, multiplied by (ii) the related Redemption Unwind Percentage, multiplied by (iii) the CDOR Flat Discount Factor on the Business Day preceding such date of determination applicable to such projected payment.⁵⁵ With respect to each Redemption Unwind, the Lender Make-Whole Fee will be the “**Amounts Due to Lenders**” for such Redemption Unwind.⁵⁶

E. Amounts Due to Professional Advisors

As consideration for providing strategic advisory services in connection with structuring the Amendments, Moelis, in its capacity as financial advisor to certain Noteholders, will receive a structuring fee in the amount of thirty (30) basis points (0.30%) per principal amount of Notes redeemed in connection with each Redemption Unwind. With respect to each Redemption Unwind, the sum of the amounts payable to Moelis (inclusive of any other amounts payable by Moelis to any other professional advisors selected by Moelis) will be the “**Amounts Due to Professional Advisors**” for such Redemption Unwind.⁵⁷

F. Amounts Due to Group

In connection with structuring and implementation of the Amendments, the Group incurred legal fees and certain other expenses. In connection with each Redemption Unwind, the Group will receive reimbursement for such amounts equal to 15 basis points (0.15%) per principal amount of Notes redeemed in connection with each Redemption Unwind until all such amounts are repaid (or, with respect to any Redemption Unwind, such lower basis point amount as would result in the reimbursement of all remaining fees and expenses owing to the Group).

The Group is entitled to such reimbursements only to the extent that it has provided reasonable evidence to the Redemption Administrator that such fees and expenses have (i) been incurred and (ii) not been reimbursed. The Group must provide the Redemption Administrator a calculation of

⁵³ Amendment to Margin Funding Facility, Section 1(d) (inserting Section 3.5(f)), page 2.

⁵⁴ Amendment to Margin Funding Facility, Section 1(f) (amending Section 4.4), pages 2-3. See also Amendment to Omnibus Agreement, Section 1(k) (inserting Section 4.13C(a)(iv)), page 12.

⁵⁵ Amendment to Omnibus Agreement, Section 1(II) (inserting definition of “Lender Make-Whole Fee”), page 38.

⁵⁶ Amendment to Omnibus Agreement, Section 1(II) (inserting definition of “Amounts Due to Lenders”), page 31.

⁵⁷ Amendment to Omnibus Agreement, Section 1(k) (inserting Section 4.13C(a)(v)), page 12; Amendment to Omnibus Agreement, Section 1(II) (inserting definition of “Amounts Due to Professional Advisors”), page 31.

such fees and expenses on the Business Day immediately preceding the applicable Submission Deadline in respect of each Redemption Unwind. With respect to each Redemption Unwind, the sum of the amounts payable to these Noteholders will be the “**Amounts Due to Group**” for such Redemption Unwind.⁵⁸

G. Other Amounts Due

With respect to any Redemption Unwind, any other amounts payable by MAV II from the proceeds of the Redemption Unwind Percentage of the Unwind Collateral, directly or indirectly for the benefit of redeeming Noteholders, in respect of fees, expenses or indemnities in connection with such Redemption Unwind, including amounts in respect of Expense Proportion Increases and fees incurred by each of the Administrator and the Redemption Administrator for legal or other professional services provided to it in such respective capacity, will be either “**Known Other Amounts Due**” or “**Unknown Other Amounts Due**” for such Redemption Unwind. To the extent any such amounts are notified to the Redemption Administrator at least two Business Days prior to the date of the Submission Deadline for any Redemption Unwind, the Redemption Administrator will disclose such amounts to the Noteholders at least one Business Day prior to the date of the Submission Deadline for such Redemption Unwind, and such amounts will be the “**Known Other Amounts Due**” for such Redemption Unwind.⁵⁹ However, it is possible that some or all such amounts may be notified to the Redemption Administrator after the second Business Day prior to the date of the Submission Deadline or disclosed by the Redemption Administrator after the Business Day prior to the date of the Submission Deadline, and such amounts will be the “**Unknown Other Amounts Due**” for such Redemption Unwind.⁶⁰

VI. What information will Noteholders have before deciding whether to participate in a Redemption Unwind?

A. Periodic Redemption Unwinds

The Periodic Redemption Unwind Notice provided by the Redemption Administrator to Noteholders in connection with each Periodic Redemption Unwind will contain, among other things, (i) a link to the Redemption Administrator’s website where certain definitive documentation regarding the Redemption Unwind process as well as conditions of participation in the Redemption Unwind have been posted, (ii) the Activation Date, (iii) the Submission Deadline, (iv) the expected Auction Date, (v) the related Minimum Redemption Unwind Percentage and the related Maximum Redemption

⁵⁸ Amendment to Omnibus Agreement, Section 1(k) (inserting Section 4.13C(a)(viii)), page 13; Amendment to Omnibus Agreement, Section 1(l) (inserting definition of “Amounts Due to Group”), page 31.

⁵⁹ Amendment to Omnibus Agreement, Section 1(k) (inserting Section 4.13C(a)(ix)), page 13; Amendment to Omnibus Agreement, Section 1(l) (inserting definition of “Known Other Amounts Due”), page 38.

⁶⁰ Amendment to Omnibus Agreement, Section 1(k) (inserting Section 4.13C(a)(x)), page 13; Amendment to Omnibus Agreement, Section 1(l) (inserting definition of “Unknown Other Amounts Due”), page 45.

Unwind Percentage, and (vi) each related Outstanding Class Percentage which is used to determine the relative composition of a Vertical Strip.⁶¹

In addition, (i) by 6:00 p.m. (New York time) on each of the first (1st), fifth (5th) and tenth (10th) Business Days during the Swap Pricing Period (i.e., the period commencing at 9:00 a.m. (New York time) on the day that is eleven (11) Business Days preceding the related Submission Deadline and terminating at 6:00 p.m. (New York time) on the day that is two (2) Business Days prior to the related Submission Deadline),⁶² the Redemption Administrator will publish the Anticipated Unwind Price in respect of such date;⁶³ (ii) on the Business Day prior to the Submission Deadline, the Redemption Administrator will calculate and publish an estimate of the Aggregate Fee Amount;⁶⁴ and (iii) by 10:00 a.m. (New York time) on the Submission Deadline, the Redemption Administrator will calculate and publish an estimate of the Anticipated Unwind Price.⁶⁵

B. Ad-Hoc Redemption Unwinds

The Ad-Hoc Redemption Unwind Notice provided by the Redemption Administrator to Noteholders in connection with each Ad-Hoc Periodic Redemption Unwind will contain, among other things, (i) a link to the Redemption Administrator's website where certain definitive documentation regarding the Redemption Unwind process as well as conditions of participation in the Redemption Unwind have been posted, (ii) the Activation Date, (iii) the Submission Deadline, (iv) the expected Auction Date, and (v) the indicative Aggregate Unwind Cost.⁶⁶

VII. What will redeeming Noteholders receive in exchange for their Notes?

Noteholders whose Notes are redeemed in connection with a Redemption Unwind will receive units ("Units") issued by a newly formed trust (a "**Liquidation Trust**") established in connection with that Redemption Unwind.⁶⁷ Each redeeming Noteholder will receive CAD \$1 par amount of Units in exchange for each CAD \$1 principal amount of Notes redeemed in connection with such Redemption Unwind, with each Class A-1 Note being exchanged for a Class A-1 Unit, each Class A-2 Note being exchanged for a Class A-2 Unit, each Class B Note being exchanged for a Class B Unit and each Class C Note being exchanged for a Class C Unit.⁶⁸

⁶¹ Supplemental Indenture, Section 1(a) (inserting Section 2A.2(3)), page 3.

⁶² Amendment to Omnibus Agreement, Section 1(II) (inserting the definition of "Swap Pricing Period"), page 44.

⁶³ Schedule 1 to Swap Unwind Protocol, Section 4.3, page 1-9.

⁶⁴ Schedule 1 to Swap Unwind Protocol, Section 4.4, page 1-9.

⁶⁵ Schedule 1 to Swap Unwind Protocol, Section 4.5, page 1-9.

⁶⁶ Supplemental Indenture, Section 1(a) (inserting Section 2A.3(7)), page 5.

⁶⁷ Supplemental Indenture, Section 1(a) (inserting Section 2A.10), pages 13-14; Base Trust Agreement, Section 2.3, pages 18-19.

⁶⁸ Supplemental Indenture, Section 1(a) (inserting Section 2A.10), pages 13-14; Base Trust Agreement, Section 2.3, pages 18-19.

VIII. What distributions will redeeming Noteholders receive in respect of their Liquidation Trust Units?

A. Initial Distribution Amounts and Subsequent Distribution Amounts

The Liquidation Agent is charged with liquidating each Liquidation Trust's Liquidation Assets.⁶⁹ The Liquidation Trust Units issued to redeeming Noteholders will be entitled to receive an Initial Distribution Amount on the fortieth (40th) Business Day following the related Redemption Unwind Date (the "**Initial Distribution Date**") equal to the sum of any cash liquidation proceeds, coupon payments, cash dividends and principal payments received in respect of the Liquidation Trust Collateral, in each case through and including the fifth (5th) Business Day to the Initial Distribution Date.⁷⁰ The Liquidation Agent may postpone the Initial Distribution Date (a) for up to one (1) month if, in its reasonable determination, any items of Liquidation Trust Collateral cannot be liquidated at a price that reasonably reflects the intrinsic value thereof or (b) until such time as the Liquidation Agent determines is advisable.⁷¹

To the extent any Remaining Collateral cannot be liquidated at a price that reasonably reflects such Remaining Collateral's intrinsic value by the Initial Distribution Date, as reasonably determined by the Liquidation Agent, such Remaining Collateral may be retained by the Trust to be liquidated over time or held until maturity, at the discretion of the Liquidation Agent.⁷² Accordingly, in addition to the Initial Distribution Amount payable on the Initial Distribution Date, the Liquidation Trust Units will also be entitled to receive a Subsequent Distribution Amount on the last Business Day of each month, beginning with the month following the month in which the related Initial Distribution Date occurs, and ending with the last month in which any cash proceeds are received by the Liquidation Trust in respect of any Remaining Collateral (the "**Subsequent Distribution Date**").⁷³ The "**Subsequent Distribution Amount**" means in addition to any portion of the Indemnity Holdbacks then available for distribution in accordance with the terms of the Base Trust Agreement, an amount equal to all liquidation proceeds, coupon payments, cash dividends, and principal payments received in respect of the Remaining Collateral, in all cases received through (and including) the fifth (5th) Business Day prior to the related Subsequent Distribution Date.⁷⁴

The payment of the Initial Distribution Amount and each Subsequent Distribution Amount on the Initial Distribution Date and each Subsequent Distribution Date, as applicable, is subject to the prior payment of Items of Expense in accordance with the Priority of Payments set forth in the Base Trust

⁶⁹ Base Trust Agreement, Section 3.5, page 35.

⁷⁰ Base Trust Agreement, Section 3.5(a), page 35-36.

⁷¹ Base Trust Agreement, Section 3.5(a), pages 35-36.

⁷² Base Trust Agreement, Section 3.5(b), page 36.

⁷³ Base Trust Agreement, Section 3.5(d), page 36.

⁷⁴ Base Trust Agreement, Section 3.5(d), page 36.

Agreement and the holding back of the applicable Indemnity Holdback and any Estimated Liquidation Trust Indemnification Amount.⁷⁵

Cash payments in respect of the Units will be dependent upon the amount of liquidation proceeds realized following the liquidation of such Collateral (and related Wrap Swaps and Unlevered CDS). It is likely that some or all of such Collateral will be liquidated at a discount, and in some cases a material discount, to the par value of such Collateral. Consequently, the Cash received in respect of Units may be substantially lower than the market value of the Notes exchanged for those Units. Likewise, the Cash distributed in respect of Units of a Liquidation Trust may be substantially lower than the par value of the Notes corresponding to such Units. Noteholders that believe that they will recover the par value of the Notes from MAV II at or before maturity should not participate in a Redemption Unwind.

B. Indemnity Holdbacks

No amounts will be distributed in respect of any Units unless immediately prior to and after giving effect to such distribution an amount equal to the applicable Indemnity Holdback is on deposit in the Indemnity Holdback Account. At the inception of each Liquidation Trust, an amount of Cash delivered thereto by MAV II equal to three percent (3.0%) of the aggregate principal amount of Notes redeemed in connection with the related Redemption Unwind will be deposited into an Indemnity Holdback Account held in trust for the benefit of MAV II (the “**Initial Indemnity Holdback**”).⁷⁶ An amount of Cash equal to the Initial Indemnity Holdback will be maintained in the Indemnity Holdback Account until the second anniversary of the related Redemption Unwind, at which point an amount equal to 0.5 percent (0.5%) of the aggregate principal amount of Notes redeemed in connection with the related Redemption Unwind will be held back in the Indemnity Holdback Account (the “**Reduced Indemnity Holdback**”, and together with the Initial Indemnity Holdback, the “**Indemnity Holdbacks**”) until April 22, 2017 or such earlier or later date on which the principal amounts of all Notes have been repaid or reduced to zero pursuant to the Note Indenture (the “**Release Date**”).⁷⁷ The purpose of the Indemnity Holdback is to indemnify MAV II for losses arising prior to the Redemption Unwind Date or out of the Redemption Unwind (each, an “**Indemnifiable Loss**”).⁷⁸ If MAV II, the Administrator or the Redemption Administrator becomes aware of a pending claim that could give rise to an Indemnifiable Loss, the amount in the Indemnity Holdback Account can, in certain circumstances, be retained until the date such pending claim is resolved even if such date is after the Release Date.⁷⁹ The amount of the Initial Indemnity Holdback or the Reduced Indemnity Holdback can be increased if the Administrator or Redemption

⁷⁵ Base Trust Agreement, Section 3.7, page 46; second proviso to Section 3.3(d), clause (E), pages 33-34.

⁷⁶ Amendment to Omnibus Agreement, Section 1(k) (adding Section 4.13C(a)(xi)), page 13; Base Trust Agreement, Section 3.6(a), pages 36-37.

⁷⁷ Base Trust Agreement, Section 3.6(b), pages 37-38.

⁷⁸ Base Trust Agreement, Section 3.6(d), pages 38-39.

⁷⁹ Base Trust Agreement, Section 3.6(l), pages 44-45.

Administrator determines that such increase is necessary to satisfy Indemnifiable Losses.⁸⁰ Furthermore, to the extent that claims are made on the Indemnity Holdback Account, any Cash in the Liquidation Trust will first be used to “top-up” the Indemnity Holdback before being released to Unitholders.⁸¹

C. Estimated Liquidation Trust Indemnification Amount

The Liquidation Trustee and the Liquidation Agent may also hold back in the Collection Account amounts needed to satisfy losses that may be suffered by the Liquidation Trust or for which the Liquidation Trust Trustee or the Liquidation Agent would be entitled to indemnification pursuant to the Liquidation Trust Agreement or the Liquidation Agency Agreement. Such amounts held back (the “**Estimated Liquidation Trust Indemnification Amounts**”) will not be available for distribution to the Unitholders until the claim giving rise to such losses has been settled or abandoned.⁸²

IX. Are the Liquidation Trust Units transferable?

It is intended that, except in limited circumstances,⁸³ the Units issued by each Liquidation Trust will be book-entry Units held through CDS Clearing and Depository Services Inc.⁸⁴ Any redeeming Noteholder may transfer its Liquidation Trust Units, provided that the transferee (1) satisfies the restrictions described in Section I.B. above,⁸⁵ (2) (if it is a U.S. person) satisfies the restrictions described in Section I.C.⁸⁶ above or (if it is not a U.S. person) acquires the Units in an offshore transaction in reliance on Regulation S promulgated under the Securities Act,⁸⁷ and (3) acquires Units in minimum denominations of CAD \$300,000 and integral multiples of \$1.00 in excess thereof.⁸⁸

* * * * *

⁸⁰ Base Trust Agreement, Section 3.6(c), page 38.

⁸¹ Base Trust Agreement, Section 3.3(d)(v)(A), page 31.

⁸² Base Trust Agreement, second proviso to Section 3.3(d), clause (E), pages 33-34.

⁸³ Base Trust Agreement, Section 2.19, pages 26-27.

⁸⁴ Base Trust Agreement, Section 2.17, pages 24-25.

⁸⁵ Base Trust Agreement, Section 2.20, pages 27-28.

⁸⁶ Base Trust Agreement, Exhibit C, Annex A.

⁸⁷ Base Trust Agreement, Exhibit C, paragraph 1(b).

⁸⁸ Base Trust Agreement, Section 2.12, page 23.

Please feel free to contact any of the following Cadwalader attorneys if you have any questions regarding this Memorandum.

| | | |
|------------------|------------------|--|
| Richard Schetman | +1 212 504 6906 | richard.schetman@cwt.com |
| Jed Miller | +1 212 504 6821 | jed.miller@cwt.com |
| Nick Shiren | +44 020 71708778 | nick.shiren@cwt.com |
| Moises Messulan | +1 212 504 6904 | moises.messulan@cwt.com |